

BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2021

BOROUGH OF HASBROUCK HEIGHTS

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
	Independent Auditor’s Report	1-3
Financial Statements		
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-14
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	15-16
B-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Other Trust Fund	17
B-2	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Assessment Trust Fund	18
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	19
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis - General Capital Fund	20
D	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	21
E	Comparative Balance Sheets of General Fixed Assets – Regulatory Basis – General Fixed Assets Accounts Group	21
	Notes to Financial Statements	22-63
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Current Cash – Regular Fund	64
A-5	Statement of Cash – Change Funds	65
A-6	Statement of Petty Cash Fund	65
A-7	Statement of Cash – Grant Fund	65
A-8	Statement of Due to State of New Jersey for Senior Citizens’ & Veterans’ Deductions	66
A-9	Statement of Deferred Charges – Special Emergency Authorization	66
A-10	Schedule of Demolition Lien Receivable	66
A-11	Statement of Taxes Receivable/Property Tax Levy	67
A-12	Statement of Tax Title Liens Receivable	68
A-13	Statement of Revenue Accounts Receivable	69
A-14	Statement of 2020 Appropriation Reserves	70-72
A-15	Statement of Encumbrances Payable	73
A-16	Statement of Other Accounts Payable	73
A-17	Statement of Prepaid Taxes	73
A-18	Statement of Tax Overpayments	74
A-19	Statement of Special Emergency Note Payable	74
A-20	Statement of County Taxes Payable	74
A-21	Statement of School Taxes Payable	75
A-22	Statement of Due to State of New Jersey – Surcharge Fees	75

BOROUGH OF HASBROUCK HEIGHTS

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Current Fund (Continued)</u>		
A-23	Statement of Reserve for Tax Appeals	76
A-24	Statement of Reserve for Sale of Municipal Assets	76
A-25	Statement of Reserve for Insurance Proceeds	76
A-26	Statement of Reserve for Terminal Pay	76
A-27	Statement of Maintenance of Free Public Library with State Aid	77
A-28	Statement of Federal and State Grants Receivable – Grant Fund	78
A-29	Statement of Appropriated Grant Reserves – Grant Fund	78
A-30	Statement of Unappropriated Grant Reserves – Grant Fund	78
A-31	Statement of Encumbrances Payable – Grant Fund	78
<u>Trust Funds</u>		
B-3	Statement of Trust Cash	79
B-4	Statement of Due to the State of New Jersey – Animal Control Fund	80
B-5	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	80
B-6	Statement of Miscellaneous Reserves – Other Trust Fund	81
B-7	Statement of Payroll Deductions Payable – Other Trust Fund	82
B-8	Statement of Police Outside Duty Receivable -Other Trust Fund	82
B-9	Statement of Reserve for Unemployment Insurance – Other Trust Fund	83
B-10	Statement of Reserve for FEMA Reimbursements – Other Trust Fund	83
B-11	Statement of Due to State of New Jersey – Unemployment Insurance	
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash	84
C-3	Analysis of General Capital Cash	85-86
C-4	Statement of Grants Receivable – State of N.J.	87
C-5	Schedule of Grants Receivable – County of Bergen – Community Development Block Grant/Open Space Grant	87
C-6	Statement of Grants Receivable FEMA	88
C-7	Statement of Deferred Charges Funded	88
C-8	Statement of Deferred Charges to Future Taxation – Unfunded	89-90
C-9	Statement of Improvement Authorizations	91-92
C-10	Statement of General Serial Bonds	93
C-11	Statement of Bond Anticipation Notes	94-98
C-12	Statement of Capital Improvement Fund	99
C-13	Statement of Reserve for Debt Service	99
C-14	Statement of Contracts Payable	100
C-17	Statement of Bonds and Notes Authorized But Not Issued	101
<u>Public Assistance Fund</u>		
D-1	Statement of Public Assistance Cash – Treasurer	102
D-2	Statement of Public Assistance Revenues	102
D-3	Statement of Public Assistance Expenditures	102
D-4	Statement of Reserve for Public Assistance	103

BOROUGH OF HASBROUCK HEIGHTS

TABLE OF CONTENTS

<u>Exhibits</u>	<u>Page</u>
<u>Part II – Government Auditing Standards</u>	
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	104-105
Schedule of Expenditures of Federal Awards – Schedule A	106
Schedule of Expenditures of State Financial Assistance – Schedule B	107
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	108
Schedule of Findings and Responses	109-110
Summary Schedule of Prior Year Audit Findings	111
<u>Part III-Supplementary Data and Letter of Comments and Recommendations</u>	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	112
Comparative Schedule of Tax Rate Information	113
Comparison of Tax Levies and Collection Currently	113
Delinquent Taxes and Tax Title Liens	114
Property Acquired by Tax Title Lien Liquidation	114
Comparative Schedule of Fund Balance	114
Officials in Office and Surety Bonds	115
General Comments	116-117
Appreciation	118
Suggestions to Management	118
Recommendations	119

BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021 and 2020, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2021, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2021 and 2020, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the respective revenues - regulatory basis and expenditures - regulatory basis of the Current Fund for the year ended December 31, 2021 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.

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 section of our report, 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, 2021 and 2020, or changes in financial position for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Hasbrouck Heights and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 years ended December 31, 2021 and 2020. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 46 percent and 47 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2021 and 2020, respectively.

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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Hasbrouck Heights’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Hasbrouck Heights’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Hasbrouck Heights's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Hasbrouck Heights. 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.

Other Information

Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2022 on our consideration of the Borough of Hasbrouck Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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's 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's internal control over financial reporting and compliance.

Serch Vinci & Bliss, LLP

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

Andrew Parent

Andrew D. Parente
 Registered Municipal Accountant
 RMA Number CR00529

Fair Lawn, New Jersey
 August 30, 2022

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
REGULAR FUND			
Cash	A-4	\$ 3,497,294	\$ 3,044,037
Cash - Change Funds	A-5	<u>275</u>	<u>275</u>
		<u>3,497,569</u>	<u>3,044,312</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-11	313,335	389,447
Tax Title Liens Receivable	A-12	201,018	218,567
Demolition Liens Receivable	A-10	49,717	
Revenue Accounts Receivable	A-13	<u>5,276</u>	<u>2,456</u>
		<u>569,346</u>	<u>610,470</u>
Deferred Charges:			
Special Emergency Authorization	A-9	<u>590,000</u>	<u>-</u>
Total Regular Fund		<u>4,656,915</u>	<u>3,654,782</u>
GRANT FUND			
Cash	A-7	<u>780,588</u>	<u>129,892</u>
Total Grant Fund		<u>780,588</u>	<u>129,892</u>
Grand Total		<u>\$ 5,437,503</u>	<u>\$ 3,784,674</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCES			
REGULAR FUND			
Liabilities:			
Appropriation Reserves	A-3, A-14	\$ 759,516	\$ 971,632
Encumbrances Payable	A-15	243,986	135,103
Other Accounts Payable	A-16	1,611	
Prepaid Taxes	A-17	223,582	198,236
Tax Overpayments	A-18	14,005	48,092
Special Emergency Notes	A-19	590,000	
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	A-8	6,116	7,616
Due to County for Added Taxes	A-20	9,724	6,379
Due to State of New Jersey:			
Building Surcharge Fees	A-22	3,722	2,703
Marriage License Fees	A-22	225	1,908
Burial Permit Fees	A-22	-	1,790
Reserve for:			
Tax Appeals	A-23	233,445	209,198
Insurance Proceeds	A-25	26,273	
Terminal Pay	A-26	228,037	175,000
Maintenance of Free Public Library with State Aid	A-27	6,106	4,152
		2,346,348	1,761,809
Reserve for Receivables and Other Assets	A	569,346	610,470
Fund Balance	A-1	1,741,221	1,282,503
 Total Regular Fund		4,656,915	3,654,782
 GRANT FUND			
Encumbrances Payable	A-31	10,660	
Appropriated Grant Reserves	A-29	111,660	106,988
Unappropriated Grant Reserves	A-30	658,268	22,904
 Total Grant Fund		780,588	129,892
 Grand Total		\$ 5,437,503	\$ 3,784,674

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
REVENUE AND OTHER INCOME			
Fund Balance Utilized	A-2	\$ 1,280,000	\$ 1,315,000
Miscellaneous Revenue Anticipated	A-2	3,061,238	2,652,381
Receipts from Delinquent Taxes	A-2	395,177	327,792
Receipts from Current Taxes	A-2	52,681,562	51,382,575
Non-Budget Revenues	A-2	111,016	30,483
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	302,124	335,433
Cancellation of Appropriated Grant Reserves	A		324
Liquidated Prior Year Receivable	A		6,413
Special Emergency Authorization - COVID 19	A-9	590,000	
Cancellation of Prior Year Fees Payable	A-22	3,429	
Cancellation of Tax Overpayments	A-18	10,357	-
Cancellation of Trust Fund Balances	A-4	55,875	-
		<u>58,490,778</u>	<u>56,050,401</u>
Total Income			
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	9,902,600	9,363,732
Other Expenses	A-3	6,871,791	6,959,593
Capital Improvements	A-3	40,000	75,000
Municipal Debt Service	A-3	1,204,949	1,366,556
Deferred Charges and Statutory Expenditures	A-3	2,308,000	2,006,628
County Taxes	A-20	4,769,146	4,604,020
Due to County for Added Tares	A-20	9,724	6,379
Local District School Tax	A-21	31,594,523	30,887,794
Senior Citizens Deductions Disallowed - Prior Years	A-8	591	250
Demolition Lien Receivable - Created	A-10	49,717	
Refund of Prior Year Revenue	A-4	1,019	20,455
		<u>56,752,060</u>	<u>55,290,407</u>
Total Expenditures			
Statutory Excess in Revenues		1,738,718	759,994
Fund Balance, Beginning of Year	A	<u>1,282,503</u>	<u>1,837,509</u>
		3,021,221	2,597,503
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	<u>1,280,000</u>	<u>1,315,000</u>
Fund Balance, End of Year	A	<u>\$ 1,741,221</u>	<u>\$ 1,282,503</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,280,000	\$ 1,280,000	-
MISCELLANEOUS REVENUES				
Licenses:				
Alcoholic Beverages	A-13	14,900	15,775	\$ 875
Other	A-13	58,500	85,748	27,248
Fees and Permits	A-13	50,000	51,627	1,627
Fines and Costs:				
Municipal Court	A-13	100,000	69,210	(30,790)
Interest and Costs on Taxes	A-13	123,000	131,225	8,225
Interest on Investments and Deposits	A-13	8,500	8,592	92
Lease - Hasbrouck Heights Swim Club	A-13	7,000	7,000	-
Cable TV Franchise Fees	A-13	91,784	91,784	-
Cable TV Franchise Fees - Verizon FIOS	A-13	69,291	69,291	-
Car Dealership Registration Fees	A-13	85,000	116,200	31,200
Energy Receipts Taxes	A-13	1,083,148	1,083,148	-
Uniform Construction Code Fees	A-13	201,500	249,028	47,528
Hotel and Motel Occupancy Fee	A-13	200,000	327,676	127,676
Uniform Fire Safety Act (P.L. 1983, Ch. 383)	A-13	12,000	13,948	1,948
State and Federal Revenues Offset with Appropriations:				
Reserve for Recycling Tonnage Grant	A-28	18,220	18,220	-
Body Amor Fund	A-28	2,280	2,280	-
Reserve for Clean Communities Program - Reserve	A-30	20,653	20,653	-
Reserve for Alcohol Education & Rehabilitation - Reserve	A-30	2,251	2,251	-
Other Special Items:				
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field	A-13	58,819	58,819	-
Due from H.H. Bd. of Ed. - Class III Police Officers	A-13	161,000	195,950	34,950
Sewer Service Charges - City of Hackensack	A-13	42,514	42,514	-
Sewer Service Charges - Briard Group (Wendy's/Element Hotel)	A-13	1,391	1,391	-
Sewer Service Charges - Hilton Hotel	A-13	17,250	17,250	-
LOSAP Forfeiture Funds	A-13	107,423	107,423	-
Insurance Surrender Value	A-13	24,870	28,768	3,898
Fire Protection - Teterboro	A-13	115,139	115,139	-
911 Coverage - Teterboro	A-13	7,674	7,674	-
911 Coverage - Wood-Ridge	A-13	11,402	11,402	-
Due from PSE&G - Williams Avenue Lease Agreement	A-13	22,000	25,000	3,000
Bergen County CARES Reimbursements	A-13	77,577	77,577	-
Devereux Treatment Centers - 21 Garrison Avenue	A-13	4,000	4,000	-
Pistol Range - Carlstadt	A-13	3,138	3,138	-
Pistol Range - Maywood	A-13	500	500	-
Lease - Port of New York Authority	A-13	1,037	1,037	-
Total Miscellaneous Revenues		2,803,761	3,061,238	257,477
RECEIPTS FROM DELINQUENT TAXES		376,664	395,177	18,513
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes		15,915,613	16,355,674	440,061
Minimum Library Tax		639,793	639,793	-
		16,555,406	16,995,467	440,061
Total General Revenues		\$ 21,015,831	21,731,882	\$ 716,051
Non-Budget Revenue			111,016	
			\$ 21,842,898	

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Reference</u>	<u>2021</u>
ANALYSIS OF REALIZED REVENUE		
Allocation of Current Tax Collection		
Revenue from Collections	A-11	\$ 52,681,562
Less: Allocated to School and County Taxes	A-20,A-21	<u>36,373,393</u>
Balance for Support of Municipal Budget Appropriations		16,308,169
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>687,298</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 16,995,467</u>
RECEIPTS FROM DELINQUENT TAXES		
Delinquent Tax Collections	A-11	\$ 366,268
Tax Title Liens	A-12	<u>28,909</u>
	A-1, A-2	<u>\$ 395,177</u>
ANALYSIS OF NON-BUDGET REVENUE		
Miscellaneous Refunds		\$ 1,467
FEMA Reimbursements		13,609
Towing Application Fees		2,000
DMV Inspection Fines		1,401
Miscellaneous Franchise Fees		8,500
Sale of Municipal Assets		16,375
2% Administrative Fee - Senior Citizen's and Veteran's Deductions		1,238
Police Reports		6,766
Other Licenses		28,080
Miscellaneous Charges and Fees		<u>31,580</u>
	A-2, A-4	<u>\$ 111,016</u>
	Cash Receipts	\$ 94,641
	Reserve for Sale of Assets	<u>16,375</u>
		<u>\$ 111,016</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<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"					
GENERAL GOVERNMENT					
Administrative and Executive - Mayor and Council					
Salaries and Wages	\$ 39,000	\$ 39,000	\$ 38,857	\$ 143	
Administrative and Executive					
Salaries and Wages	175,000	187,000	186,485	515	
Other Expenses	50,500	41,000	33,239	7,761	
Elections					
Other Expenses	15,000	15,000	10,842	4,158	
Financial Administration					
Salaries and Wages	117,500	117,500	117,300	200	
Other Expenses - Audit	38,500	38,500	1,050	37,450	
Other Expenses - Miscellaneous	3,000	5,000	4,597	403	
Assessment of Taxes					
Salaries and Wages	10,500	14,500	13,894	606	
Other Expenses	48,200	48,200	47,944	256	
Collection of Taxes					
Salaries and Wages	95,000	75,000	74,725	275	
Other Expenses	15,550	20,550	20,088	462	
Legal Services					
Other Expenses	210,000	204,500	134,605	69,895	
Municipal Court					
Salaries and Wages	99,000	99,000	91,490	7,510	
Other Expenses	12,500	9,550	4,806	4,744	
Municipal Prosecutor					
Salaries and Wages	26,000	25,500	24,520	980	
Other Expenses	250	-	-	-	
Public Defender					
Salaries and Wages	13,000	7,000	6,370	630	
Other Expenses	250	-	-	-	
Engineering Services and Costs					
Other Expenses	30,000	58,000	36,848	21,152	
Public Buildings and Grounds					
Salaries and Wages	83,000	93,000	85,599	7,401	
Other Expenses	152,000	145,000	132,021	12,979	
MUNICIPAL LAND USE LAW					
Planning Board					
Salaries and Wages	55,500	28,500	26,732	1,768	
Other Expenses	8,500	9,000	5,024	3,976	
Master Plan					
Other Expenses	7,500	-	-	-	
Codification of Ordinances					
Other Expenses	3,500	1,500	892	608	
Shade Trees					
Salaries and Wages	325,000	350,000	335,691	14,309	
Other Expenses	31,000	31,000	22,131	8,869	
Recycling Program					
Salaries and Wages	269,000	264,500	254,703	9,797	
Other Expenses	150,000	107,500	104,805	2,695	

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
INSURANCE					
Employee Group Insurance	\$ 1,930,000	\$ 1,924,500	\$ 1,831,634	\$ 92,866	
Workman's Compensation Insurance	358,637	358,637	358,637	-	
Other Insurance Premiums	316,000	312,000	311,170	830	
PUBLIC SAFETY FUNCTIONS					
Fire					
Salaries and Wages	110,000	105,000	90,424	14,576	
Other Expenses	127,000	129,000	123,837	5,163	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Salaries and Wages	62,000	62,000	59,342	2,658	
Other Expenses	5,000	5,000	2,065	2,935	
Police Department					
Salaries and Wages	5,470,000	5,470,000	5,424,603	45,397	
Other Expenses	209,500	209,500	195,020	14,480	
Emergency Management Services					
Salaries and Wages	7,000	7,000	6,937	63	
Other Expenses	7,000	7,000	4,943	2,057	
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries and Wages	365,500	381,500	379,911	1,589	
Other Expenses	87,000	87,000	62,767	24,233	
SANITATION					
Street Cleaning					
Salaries and Wages	368,000	365,000	333,760	31,240	
Other Expenses	42,000	47,000	46,396	604	
Garbage and Trash Removal					
Salaries and Wages	695,000	679,500	633,866	45,634	
Other Expenses	77,500	90,500	87,682	2,818	
Sewer Maintenance					
Salaries and Wages	220,000	225,000	220,562	4,438	
Other Expenses	25,000	25,000	19,022	5,978	
Sanitary Landfill - Contractual -Bergen County	500,000	500,000	469,332	30,668	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	54,000	54,000	53,639	361	
Other Expenses - Contractual	7,700	7,700	5,143	2,557	
Other Expenses - Miscellaneous	79,000	79,000	78,435	565	
Dog Regulation					
Other Expenses - Contractual	500	-	-	-	
Other Expenses - Miscellaneous	5,000	-	-	-	
Administration of Public Assistance					
Other Expenses	250	-	-	-	

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
RECREATION AND EDUCATION					
Parks and Playground					
Salaries and Wages	\$ 237,000	\$ 242,000	\$ 232,497	\$ 9,503	
Other Expenses	16,500	16,500	8,767	7,733	
Recreation					
Salaries and Wages	102,000	102,000	101,738	262	
Other Expenses	44,500	44,500	36,421	8,079	
Celebration of Public Events, Anniversary or Holiday					
Salaries and Wages	15,000	15,000	14,939	61	
Other Expenses	22,000	22,000	11,442	10,558	
Senior Citizen's Transportation					
Salaries and Wages	20,000	20,000	8,229	11,771	
Other Expenses	1,500	1,000	162	838	
Senior Citizen's Activities					
Salaries and Wages	35,000	35,000	34,555	445	
Other Expenses	21,000	21,000	7,245	13,755	
Reserve for Terminal Leave	5,000	5,000	5,000	-	
UNIFORM CONSTRUCTION CODE					
Construction Code Officials					
Salaries and Wages	154,000	169,000	167,928	1,072	
Other Expenses	6,000	8,500	6,236	2,264	
UNCLASSIFIED					
Utilities					
Gasoline	105,000	111,500	110,703	797	
Electricity	127,000	126,000	116,705	9,295	
Telephone	77,000	78,000	77,264	736	
Natural Gas	36,500	33,000	32,993	7	
Street Lighting	107,000	102,000	101,465	535	
Fire Hydrant Service	125,000	123,700	123,669	31	
Water	30,000	25,000	20,013	4,987	-
 Total Operations Within "CAPS"	 <u>14,499,337</u>	 <u>14,466,337</u>	 <u>13,832,356</u>	 <u>633,981</u>	 <u>-</u>
Detail:					
Salaries & Wages	9,222,000	9,232,500	9,019,296	213,204	-
Other Expenses	<u>5,277,337</u>	<u>5,233,837</u>	<u>4,813,060</u>	<u>420,777</u>	<u>-</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(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>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Public Employees Retirement System	\$ 570,000	\$ 570,000	\$ 559,640	\$ 10,360	
Social Security System (O.A.S.I.)	360,000	398,000	396,921	1,079	
Police and Firemans Retirement System	1,340,000	1,340,000	1,305,683	34,317	
Unemployment Insurance	5,000	-	-	-	-
	<u>2,275,000</u>	<u>2,308,000</u>	<u>2,262,244</u>	<u>45,756</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"					
	<u>16,774,337</u>	<u>16,774,337</u>	<u>16,094,600</u>	<u>679,737</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library					
Salaries and Wages	472,000	472,000	467,600	4,400	
Other Expenses	271,650	271,650	260,359	11,291	
Bergen County Utilities Authority - Sewer Service Charges					
Other Expenses - Contractual	1,221,000	1,221,000	1,220,961	39	
Reserve for Tax Appeals	5,000	5,000	5,000	-	
Length of Service Awards Program (LOSAP)	58,000	58,000	-	58,000	
Police - Class III Police Officers					
Salaries and Wages	149,600	149,600	145,143	4,457	
Other Expenses	11,400	11,400	11,400	-	
Recycling Tax	21,000	21,000	19,408	1,592	
Street Cleaning					
Salaries and Wages	48,500	48,500	48,500	-	
Other Expenses	6,500	6,500	6,500	-	-
	<u>2,264,650</u>	<u>2,264,650</u>	<u>2,184,871</u>	<u>79,779</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"					

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(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>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Reserve for Clean Communities Program	\$ 20,653	\$ 20,653	\$ 20,653	-	
Reserve for Alcohol Education & Rehabilitation	2,251	2,251	2,251	-	
Body Amor Fund	2,280	2,280	2,280	-	
Recycling Tonnage Grant	<u>18,220</u>	<u>18,220</u>	<u>18,220</u>	<u>-</u>	<u>-</u>
 Total Public and Private Programs Offset by Revenues	 <u>43,404</u>	 <u>43,404</u>	 <u>43,404</u>	 <u>-</u>	 <u>-</u>
 Total Operations Excluded from "CAPS"	 <u>2,308,054</u>	 <u>2,308,054</u>	 <u>2,228,275</u>	 <u>\$ 79,779</u>	 <u>-</u>
Detail:					
Salaries and Wages	670,100	670,100	661,243	8,857	
Other Expenses	<u>1,637,954</u>	<u>1,637,954</u>	<u>1,567,032</u>	<u>70,922</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED					
FROM "CAPS"					
Capital Improvement Fund	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
 Total Capital Improvements - Excluded from "CAPS"	 <u>40,000</u>	 <u>40,000</u>	 <u>40,000</u>	 <u>-</u>	 <u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED					
FROM "CAPS"					
Payment of Bond Principal	345,000	345,000	345,000		
Payment of Bond Anticipation Notes and Capital Notes	756,916	749,626	748,433		\$ 1,193
Interest on Bonds	40,800	40,800	40,800		
Interest on Notes	<u>63,426</u>	<u>70,716</u>	<u>70,716</u>	<u>-</u>	<u>-</u>
 Total Municipal Debt Service - Excluded from "CAPS"	 <u>1,206,142</u>	 <u>1,206,142</u>	 <u>1,204,949</u>	 <u>-</u>	 <u>1,193</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>	
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>	
			<u>Reserved</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 3,554,196	\$ 3,554,196	\$ 3,473,224	\$ 79,779	\$ 1,193
Subtotal General Appropriations	20,328,533	20,328,533	19,567,824	759,516	1,193
Reserve for Uncollected Taxes	<u>687,298</u>	<u>687,298</u>	<u>687,298</u>	-	-
Total General Appropriations	<u>\$ 21,015,831</u>	<u>\$ 21,015,831</u>	<u>\$ 20,255,122</u>	<u>\$ 759,516</u>	<u>\$ 1,193</u>
	<u>Reference</u>	A-2	A-1	A,A-1	

	<u>Reference</u>	<u>Appropriated</u>	<u>Expended</u>
		<u>Budget After</u>	<u>Paid or</u>
		<u>Modification</u>	<u>Charged</u>
Budget as Adopted	A-3	<u>\$ 21,015,831</u>	
Cash Disbursements	A-4		\$ 19,270,434
Encumbrances Payable	A-15		243,986
Reserve for Tax Appeals	A-23		5,000
Reserve for Terminal Pay	A-26		5,000
Appropriated Grant Reserves	A-29		43,404
Reserve for Uncollected Taxes	A-2		<u>687,298</u>
			<u>\$ 20,255,122</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Assessment Trust Fund			
Cash	B-3	\$ <u>1,839</u>	\$ <u>1,839</u>
Animal Control Fund			
Cash	B-3	<u>14,475</u>	<u>21,406</u>
Other Trust Fund			
Cash	B-3	1,082,275	1,062,124
Police Outside-Duty Receivable	B-8	<u>212,785</u>	<u>100,220</u>
		<u>1,295,060</u>	<u>1,162,344</u>
Length of Service Awards Program Fund (Unaudited)			
Investments	B	1,063,101	999,862
Contribution Receivable	B	<u>44,150</u>	<u>49,350</u>
		<u>1,107,251</u>	<u>1,049,212</u>
TOTAL ASSETS		<u>\$ 2,418,625</u>	<u>\$ 2,234,801</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Assessment Trust Fund			
Fund Balance	B-2	\$ 1,839	\$ 1,839
Animal Control Fund			
Reserve for Animal Control Expenditures	B-5	14,475	21,406
Other Trust Fund			
Miscellaneous Reserves	B-6	942,266	865,722
Payroll Deductions Payable	B-7	143,117	171,440
Reserve for Unemployment Insurance	B-9	209,677	52,023
Reserve for FEMA Reimbursements	B-10	-	8,680
Due to State of New Jersey - Unemployment Insurance	B-11	-	25,197
Fund Balance	B-1	-	39,282
		<u>1,295,060</u>	<u>1,162,344</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for LOSAP Benefits	B	1,107,251	1,049,212
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 2,418,625</u>	<u>\$ 2,234,801</u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
OTHER TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, January 1	B	\$ 39,282	\$ 7,301
Increased by:			
Miscellaneous Reserves Cancelled	B-6/B-10	<u>16,593</u>	<u>31,981</u>
		55,875	39,282
Decreased by:			
Cash Disbursements			
Transferred to Current Fund	B-3	<u>55,875</u>	<u>-</u>
Balance, December 31	B	<u>\$ -</u>	<u>\$ 39,282</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</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, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	C-2, C-3	\$ 1,809,609	\$ 765,881
Grants Receivable - State of New Jersey	C-4	728,239	1,096,100
Grants Receivable - Community Devel. Block Grant/Open Space Grant	C-5	277,300	436,156
Grants Receivable - Due From FEMA	C-6	45,000	45,000
Deferred Charges to Future Taxation			
Funded	C-7	9,035,000	1,020,000
Unfunded	C-8	<u>2,170,735</u>	<u>9,501,448</u>
TOTAL ASSETS		<u>\$ 14,065,883</u>	<u>\$ 12,864,585</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 9,035,000	\$ 1,020,000
Bond Anticipation Notes	C-11	-	6,749,000
Contracts Payable	C-14	2,494,372	1,153,329
Improvement Authorizations			
Funded	C-9	1,267,835	1,253,258
Unfunded	C-9	906,387	2,541,958
Capital Improvement Fund	C-12	49,285	132,385
Reserve for Payment of Bond Anticipation Notes	C-13	126,221	
Fund Balance	C-1	<u>186,783</u>	<u>14,655</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 14,065,883</u>	<u>\$ 12,864,585</u>

There were bonds and notes authorized but not issued on December 31, 2021 of \$2,170,735 and on December 31, 2020 of \$2,752,448 (Exhibit C-15).

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, January 1	C	\$ 14,655	\$ 6,854
Increased by:			
Cancellation of Reserve for Garrison Avenue Repair - FEMA Funds	C-13	-	7,801
Premium on BANS/Bonds		10,258	
Accrued Interest on Bond Sale		2,148	
Cancelled Improvement Authorizations		<u>306,472</u>	<u>-</u>
		<u>318,878</u>	<u>7,801</u>
		333,533	14,655
Decreased by:			
Appropriated to Finance Improvement Authorizations		<u>146,750</u>	<u>-</u>
Balance, December 31	C	<u>\$ 186,783</u>	<u>\$ 14,655</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE TRUST FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	D-1	\$ 29,868	\$ 31,948
TOTAL ASSETS		<u>\$ 29,868</u>	<u>\$ 31,948</u>
 LIABILITIES AND RESERVES			
Reserve for Public Assistance	D-4	\$ 29,868	\$ 31,948
TOTAL LIABILITIES AND RESERVES		<u>\$ 29,868</u>	<u>\$ 31,948</u>

**COMPARATIVE BALANCE SHEETS OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNTS GROUP
AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u> Restated
Land	\$ 25,827,600	\$ 25,436,300
Buildings	13,152,200	13,132,100
Machinery and Equipment	<u>8,917,064</u>	<u>8,117,567</u>
	<u>\$ 47,896,864</u>	<u>\$ 46,685,967</u>
 Investment in General Fixed Assets	 <u>\$ 47,896,864</u>	 <u>\$ 46,685,967</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, volunteer ambulance squad, or redevelopment agency, 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, 2021 AND 2020**

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 and cat 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.

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, 2020 balances to conform to the December 31, 2021 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, 2021 AND 2020**

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, 2021 AND 2020**

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.

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.

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.

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 \$2,000 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, 2020 are stated as follows. Donated fixed assets are recorded at acquisition value at the date of donation.

Land and Buildings	Assessed Value
Machinery and Equipment	Cost

General Fixed Assets purchased prior to December 31, 2020 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.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 Fund
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 2021 and 2020 the Borough Council did not increase the original budget. However, the governing body approved several budget transfers during 2021 and 2020.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

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, 2021 AND 2020**

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, 2021 and 2020, the book value of the Borough's deposits were \$7,216,223 and \$5,057,420 and bank and brokerage firm balances of the Borough's deposits amounted to \$7,515,039 and \$6,117,378, 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>2021</u>	<u>2020</u>
Insured	\$ <u>7,515,039</u>	\$ <u>6,117,378</u>

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, 2021 and 2020, the Borough’s bank balances of 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.

As of December 31, 2021 and 2020 the Borough had the following investments:

Investment:	<u>Fair Value</u>	
	<u>(LOSAP - Unaudited)</u>	
	<u>2021</u>	<u>2020</u>
Lincoln Financial LOSAP Investment Fund	\$ <u>1,063,101</u>	\$ <u>999,862</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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, 2021 and 2020, \$1,063,101 and \$999,862 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value	
	(LOSAP - Unaudited)	
	<u>2021</u>	<u>2020</u>

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Borough's name

	\$ 1,063,101	\$ 999,862
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Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2021 and 2020, the Borough’s investment in Lincoln Financial Group was rated Baa2 by Moody’s Investor Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. 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.

Fair Value of Investments. The Borough of Hasbrouck Heights measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2021 and 2020 are categorized as Level 2.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2021 and 2020 consisted of the following:

<u>Current</u>	<u>2021</u>	<u>2020</u>
Property Taxes	\$ 313,335	\$ 389,447
Tax Title Liens	<u>201,018</u>	<u>218,567</u>
	<u>\$ 514,353</u>	<u>\$ 608,014</u>

In 2021 and 2020, the Borough collected \$395,177 and \$327,792 from delinquent taxes, which represented 65% and 51%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2021</u>			
Current Fund			
Special Emergency Authorizations	\$590,000	\$118,000	\$472,000

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2020</u>			

There were none.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 6 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund are 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 balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	<u>2021</u>		<u>2020</u>	
	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>\$ 1,741,221</u>	<u>\$ 1,380,000</u>	<u>\$ 1,282,503</u>	<u>\$ 1,280,000</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, 2021.

<u>2021</u>	Balance January 1, <u>2021</u> (Restated)	<u>Increases</u>	<u>Adjustment</u>	Balance, December 31, <u>2021</u>
Land	\$ 25,436,300	\$ 391,300		\$ 25,827,600
Buildings and Building Improvements	13,132,100	20,100		13,152,200
Machinery and Equipment	<u>8,117,567</u>	<u>799,497</u>	<u>-</u>	<u>8,917,064</u>
	<u>\$ 46,685,967</u>	<u>\$ 1,210,897</u>	<u>\$ -</u>	<u>\$ 47,896,864</u>

Restatement – The General Fixed Asset Account Group for December 31, 2020 has been restated based upon the inventory of the Borough's fixed assets inventory report. The effect of this restatement results in a net decrease of \$420,608 in General Fixed Assets with a corresponding decrease in the Investment of Fixed Assets at December 31, 2020.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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 and acquisitions or other purposes permitted by the Local Bond Law, 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>2021</u>	<u>2020</u>
Issued		
General		
Bonds and Notes	\$ 9,035,000	\$ 7,769,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>126,221</u>	<u>-</u>
Net Debt Issued	8,908,779	7,769,000
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,170,735</u>	<u>2,752,448</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,079,514</u>	<u>\$ 10,521,448</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 .570% and .559% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 11,205,735	\$ 126,221	\$ 11,079,514
School Debt	<u>5,755,000</u>	<u>\$ 5,755,000</u>	<u>-</u>
Total	<u>\$ 16,960,735</u>	<u>\$ 5,881,221</u>	<u>\$ 11,079,514</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 10,521,448		\$ 10,521,448
School Debt	<u>8,870,000</u>	<u>\$ 8,870,000</u>	<u>-</u>
Total	<u>\$ 19,391,448</u>	<u>\$ 8,870,000</u>	<u>\$ 10,521,448</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>2021</u>	<u>2020</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 68,751,015	\$ 65,850,020
Less: Net Debt	<u>11,079,514</u>	<u>10,521,448</u>
Remaining Borrowing Power	<u>\$ 57,671,501</u>	<u>\$ 55,328,572</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</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%	\$ 675,000	\$ 1,020,000
\$8,360,000 2021 General Improvement Bond, due in annual installments of \$700,000 to \$870,000 through September 15, 2031, interest from 1% to 1.5%	<u>8,360,000</u>	<u>-</u>
	<u>\$ 9,035,000</u>	<u>\$ 1,020,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2022	\$ 1,045,000	\$ 123,650	\$ 1,168,650
2023	1,030,000	102,850	1,132,850
2024	870,000	82,650	952,650
2025	870,000	73,950	943,950
2026	870,000	65,250	935,250
2027-2031	<u>4,350,000</u>	<u>174,000</u>	<u>4,524,000</u>
Total	<u>\$ 9,035,000</u>	<u>\$ 622,350</u>	<u>\$ 9,657,350</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020 were as follows:

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
General Capital Fund Bonds Payable	\$ <u>1,020,000</u>	\$ <u>8,360,000</u>	\$ <u>345,000</u>	\$ <u>9,035,000</u>	\$ <u>1,045,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>1,020,000</u>	\$ <u>8,360,000</u>	\$ <u>345,000</u>	\$ <u>9,035,000</u>	\$ <u>1,045,000</u>
	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
General Capital Fund Bonds Payable	\$ <u>1,370,000</u>	\$ <u>-</u>	\$ <u>350,000</u>	\$ <u>1,020,000</u>	\$ <u>345,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>1,370,000</u>	\$ <u>-</u>	\$ <u>350,000</u>	\$ <u>1,020,000</u>	\$ <u>345,000</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
<u>2021</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	.80 %	3/19/2021	\$ 6,749,000	-	\$ 6,749,000	\$ -
Various Capital Improvements	.50	9/24/2021	-	\$ 6,532,000	6,532,000	-
Total General Capital Fund			<u>\$ 6,749,000</u>	<u>\$ 6,532,000</u>	<u>\$ 13,281,000</u>	<u>\$ -</u>
<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2020</u>
<u>2020</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	.80 %	3/19/2021	\$ 5,823,500	\$ 6,749,000	\$ 5,823,500	\$ 6,749,000
Total General Capital Fund			<u>\$ 5,823,500</u>	<u>\$ 6,749,000</u>	<u>\$ 5,823,500</u>	<u>\$ 6,749,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general 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, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Following the adoption of an ordinance and resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
<u>2021</u>						
COVID-19	.43%	6/30/22	-	\$ 590,000	-	\$ 590,000
Total Special Emergency Notes			<u>\$ -</u>	<u>\$ 590,000</u>	<u>\$ -</u>	<u>\$ 590,000</u>

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 Commitment</u>	<u>Estimated Date of Completion</u>
<u>2021</u>		
2020 Road Resurfacing Project	\$ 707,943	2022
Woodland Park Playground Resurfacing	249,745	2022
Automatic Door Installations	131,500	2022
2019 Road Resurfacing Program	114,723	2022
Improvements to Raymond Street	88,409	2022
Public Safety Building Camera Installation	75,512	2022
Acquisition of Vehicles	72,223	2022
<u>2020</u>		
Improvements to Raymond Street	249,237	2021
2019 Road Resurfacing Program	234,453	2021
Acquisition of Vehicles	316,337	2021
Acquisition of Fire Department Equipment	77,327	2021

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.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

A. Compensated Absences (Continued)

In addition, members of the Borough police department are eligible to receive five (5) 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 \$990,047 and \$872,792 at December 31, 2021 and 2020, 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, 2021 and 2020, the Borough has reserved in the Current Fund \$228,037 and \$175,041, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

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, 2021 and 2020 were as follows:

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 872,792	\$ 117,255		\$ 990,047	
Net Pension Liability - PERS (1)	8,249,428			8,249,428	
Net Pension Liability - PFRS (1)	15,101,671			15,101,671	
Net OPEB Liability (1)	<u>17,567,760</u>	<u>-</u>	<u>-</u>	<u>17,567,760</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 41,791,651</u>	<u>\$ 117,255</u>	<u>\$ -</u>	<u>\$ 41,908,906</u>	<u>\$ -</u>

(1) GASB Statement Numbers 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits.

	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 767,966	\$ 104,826		\$ 872,792	
Net Pension Liability - PERS	9,087,881		\$ 838,453	8,249,428	
Net Pension Liability - PFRS	13,534,369	1,567,302		15,101,671	
Net OPEB Liability	<u>12,718,542</u>	<u>4,849,218</u>	<u>-</u>	<u>17,567,760</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 36,108,758</u>	<u>\$ 6,521,346</u>	<u>\$ 838,453</u>	<u>\$ 41,791,651</u>	<u>\$ -</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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.

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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.

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 PFRS 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 PFRS 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.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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 local PERS at June 30, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 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 2021 and 2020 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

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 2021, 2020 and 2019 were equal to the required contributions.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2021, 2020 and 2019, 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:

Year Ended <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2021	\$ 1,305,683	\$ 553,397	\$ 6,243
2020	1,117,128	490,600	5,450
2019	1,096,155	500,764	15,514

In addition for the years ended December 31, 2021, 2020 and 2019 the Borough contributed for long-term disability insurance premiums (LTDI) \$-0-, \$1,431 and \$1,438, 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.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020, the Borough reported a liability of \$8,249,428 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .05059 percent, which was an increase of .00015 percent from its proportionate share measured as of June 30, 2019 of .05044 percent.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2020, the pension system has determined the Borough’s pension expense (benefit) to be \$313,293, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$490,600. At December 31, 2020, 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>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 150,209	\$ 29,174
Changes of Assumptions	267,621	3,454,113
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	281,972	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>196,135</u>	<u>186,625</u>
Total	<u>\$ 895,937</u>	<u>\$ 3,669,912</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (784,252)
2022	(784,252)
2023	(784,252)
2024	(363,791)
2025	(57,428)
Thereafter	<u>-</u>
	<u>\$ (2,773,975)</u>

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020, as reported for the year ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	2020	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

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>
2020	June 30, 2020	7.00%

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2020</u>
Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 10,384,654	\$ 8,249,428	\$ 6,437,631

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020 the Borough reported a liability of \$15,101,671 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .11687 percent, which was an increase of .00628 percent from its proportionate share measured as of June 30, 2019 of .11059 percent.

For the year ended December 31, 2020, the pension system has determined the Borough pension expense (benefit) to be \$1,121,493 for PFRS based on the actuarial valuations which is more than the actual contribution reported in the Borough’s financial statements of \$1,117,128. At December 31, 2020, 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:

	2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 152,250	\$ 54,198
Changes of Assumptions	38,003	4,048,668
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	885,482	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,367,136</u>	<u>231,942</u>
Total	<u>\$ 2,442,871</u>	<u>\$ 4,334,808</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (497,565)
2022	(497,565)
2023	(497,563)
2024	(395,454)
2025	(3,790)
Thereafter	<u>-</u>
	<u>\$ (1,891,937)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020, as reported for the year ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2020</u>
Period of Projected Benefit Payments for which the Following Rates were Applied: Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<u>2020</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 20,082,114</u>	<u>\$ 15,101,671</u>	<u>\$ 10,965,033</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,323,710. For the year ended December 31, 2020, 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 \$265,613, which is more than the actual contribution the State made on behalf of the Borough of \$180,347. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .11687 percent, which was an increase of .00628 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .11059 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, 2021 AND 2020**

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. 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, 2021 AND 2020**

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, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

- Actuarial Methods and Assumptions

In the July 1, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation 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 \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

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, 2021, 2020 and 2019 were \$563,145, \$514,982 and \$550,391, respectively, which equaled the required contributions for each year.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2020, the Borough reported a liability of \$17,567,760, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2020. As of the measurement date of June 30, 2020 the Borough’s proportionate share was .09789 percent, which was an increase of .004 percent from its proportionate share measured as of June 30, 2019 of .09389 percent.

For the year ended December 31, 2020, the Plan has determined the Borough’s OPEB revenue to be \$383,987, based on the actuarial valuation which is less than the actual contributions reported in the Borough’s financial statements of \$514,982. At December 31, 2020, 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:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 462,721	\$ 3,271,445
Changes of Assumptions	2,627,584	3,906,798
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	11,156	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	778,155	3,179,643
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 3,879,616</u>	<u>\$ 10,357,886</u>

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ (1,341,990)
2023	(1,341,992)
2024	(1,344,151)
2025	(1,345,151)
2026	(1,346,110)
Thereafter	<u>241,124</u>
	<u>\$ (6,478,270)</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

The Borough's total OPEB liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.
PFRS	Pub-2010 Safety Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	2.21%

The discount rate represents the municipal bond return rate as chosen by the State. 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.

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2020 calculated using the discount rate of 2.21%, 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 1.21% or 1-percentage-point higher 3.21% than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
<u>2020</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 20,768,804</u>	<u>\$ 17,567,760</u>	<u>\$ 15,033,843</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2020. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 Healthcare Trend Rate

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2020 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:

<u>2020</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 14,537,340	\$ 17,567,760	\$ 21,536,137

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2020. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

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, 2020, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,745,234. For the year ended December 31, 2020 the plan has determined the State's proportionate share of the OPEB revenue attributable to the Borough for the OPEB special funding situation is \$335,779. At December 31, 2020, (measurement date June 30, 2020), the State's share of the OPEB liability attributable to the Borough was .12349 percent, which was an increase of .02286 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .10063 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, 2021 AND 2020**

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 pools. The NJIIF coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds 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 funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. 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 funds provide 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 funds 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 December 31</u>	<u>Borough Contributions</u>	<u>Employer Contributions Prior Years</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 75,000	\$ 82,654		\$ 209,677
2020	25,000		\$ 29,355	52,023
2019			21,331	56,378

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020. 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, 2021 and 2020, the Borough reserved \$233,445 and \$209,198, 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, 2021 and 2020, 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, 2021 and 2020, 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 18, 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.

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 \$1,700 for 2021 and 2020, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$44,150 and \$49,350 for 2021 and 2020, respectively.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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 TAX ABATEMENTS

For the years ended December 31, 2021 and 2020, the Borough provided property tax abatements through a certain program authorized under State statutes. This program includes the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2021 and 2020 the Borough abated property taxes totaling \$13,801 and \$13,730, respectively under the LTTE program. The Borough received \$5,037 and \$1,036 in PILOT payments under this program for the years ended December 31, 2021 and 2020, respectively.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Hasbrouck Heights's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Hasbrouck Heights's primary revenue source for supporting its budget. The Borough of Hasbrouck Heights cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough will receive \$1,255,186 from the Plan in two equal payments. On May 24, 2021, the Borough received its first installment of funds under the Plan in the amount of \$627,593. The Borough utilized \$400,000 of this first installment in the 2022 budget to replace lost public sector revenue. In addition, the Borough utilized \$227,593 in the 2022 budget for sanitary sewer repairs and maintenance. The Borough has not yet determined how it will spend the second installment to be received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

On August 16, 2022, the Borough adopted a bond ordinance authorizing the issuance of \$665,000 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
STATEMENT OF CASH - REGULAR FUND**

Balance, January 1, 2021		\$ 3,044,037
Increased by:		
Petty Cash	\$ 600	
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	61,909	
Taxes Receivable	52,785,594	
Tax Title Liens	28,909	
Revenue Accounts Receivable	3,017,834	
Miscellaneous Revenue Not Anticipated	94,641	
Other Accounts Payable	1,611	
Tax Overpayments	5,568	
Special Emergency Notes	590,000	
Due to State of New Jersey:		
Building Surcharge Fees	15,625	
Marriage License Fees	1,366	
Maintenance of Free Public Library With State Aid	6,499	
Prepaid Taxes	223,582	
Reserve for Sale of Assets	16,375	
Reserve for Insurance Proceeds	26,273	
Cancellation of Trust Fund Balances	<u>55,875</u>	
		<u>56,932,261</u>
		59,976,298
Decreased by:		
2021 Budget Appropriations	19,270,434	
2020 Appropriation Reserves	507,383	
County Taxes	4,775,525	
School Taxes	31,594,523	
Tax Overpayments	29,298	
Encumbrances Payable	132,228	
Petty Cash Funds	600	
Demolition Liens Receivable	49,717	
Reserve for Tax Appeals	30,753	
Reserve for Terminal Pay	66,963	
Maintenance of Free Public Library With State Aid	4,545	
Due to State of New Jersey:		
Building Surcharge Fees	14,541	
Marriage License Fees	1,475	
Refund of Prior Year Revenue	<u>1,019</u>	
		<u>56,479,004</u>
Balance December 31, 2021		<u>\$ 3,497,294</u>

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

Balance, January 1, 2021 \$ 275

Balance, December 31, 2021 \$ 275

Analysis of Balance

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

EXHIBIT A-6

STATEMENT OF PETTY CASH FUNDS

<u>Department</u>	<u>Received from Treasurer</u>	<u>Returned to 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>

EXHIBIT A-7

STATEMENT OF CASH - GRANT FUND

Balance, January 1, 2021 \$ 129,892

Increased by:

Unappropriated Grant Reserves	\$ 658,268	
Federal and State Grants Receivable	<u>20,500</u>	
		<u>678,768</u>

808,660

Decreased by:

Appropriated Grant Reserves		<u>28,072</u>
Payments to Current Fund		<u>-</u>

Balance, December 31, 2021 \$ 780,588

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS' & VETERANS' DEDUCTIONS**

Balance, January 1, 2021		\$ 7,616
Increased by:		
Cash Received From State	\$ 61,909	
Senior Citizens & Veterans Deductions Disallowed - Prior Year	<u>591</u>	
		<u>62,500</u>
		70,116
Decreased by:		
Senior Citizens & Veterans Deductions Allowed Per Tax Duplicate	61,500	
Senior Citizens & Veterans Deductions Allowed Per Tax Collector	<u>2,500</u>	
		<u>64,000</u>
Balance, December 31, 2021		<u>\$ 6,116</u>

**STATEMENT OF DEFERRED CHARGES -
SPECIAL EMERGENCY AUTHORIZATION**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Added in 2021</u>	<u>Balance December 31, 2021</u>
4/22/2021	COVID - 19	\$ 590,000	\$ 118,000	<u>\$ 590,000</u>	<u>\$ 590,000</u>

DEMOLITION LIEN RECEIVABLE

Increased by:		
Cash Disbursements		<u>\$ 49,717</u>
Balance December 31, 2021		<u>\$ 49,717</u>

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

Year	Balance, January 1, 2021	2021 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Cash Receipts		Senior Citizens' and Veterans' Deductions Allowed	Transfer to Tax Title Liens	Cancelled	Balance, December 31, 2021
				2020	2021				
2020	\$ 389,447		\$ 591		\$ 366,268			\$ 23,770	
2021	-	\$ 53,038,413	-	\$ 198,236	52,419,326	\$ 64,000	\$ 12,417	31,099	\$ 313,335
	<u>\$ 389,447</u>	<u>\$ 53,038,413</u>	<u>\$ 591</u>	<u>\$ 198,236</u>	<u>\$ 52,785,594</u>	<u>\$ 64,000</u>	<u>\$ 12,417</u>	<u>\$ 54,869</u>	<u>\$ 313,335</u>

Analysis of 2021 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 52,930,951
Added Taxes (54:4-63.1 et seq.)	<u>107,462</u>
	<u>\$ 53,038,413</u>
Tax Levy	
Local District School Tax	\$ 31,594,523
County Taxes	
County Taxes	\$ 4,578,799
County Open Space Preservation	190,347
Due County for Added Taxes (54:63.1 et seq.)	<u>9,724</u>
	4,778,870
Local Tax for Municipal Purposes	15,915,613
Local Tax for Library Purposes	639,793
Add Additional Tax Levied	<u>109,614</u>
	<u>16,665,020</u>
	<u>\$ 53,038,413</u>

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

Balance, January 1, 2021		\$ 218,567
Increased by:		
Transfer from 2021 Taxes Receivable		<u>12,417</u>
		230,984
Decreased by:		
Cancelled	\$ 1,057	
Cash Collections	<u>28,909</u>	
		<u>29,966</u>
Balance, December 31, 2021		<u>\$ 201,018</u>

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2021</u>	Accrued in <u>2021</u>	<u>Collected</u>	Balance, December 31, <u>2021</u>
Licenses:				
Alcoholic Beverages		\$ 15,775	\$ 15,775	
Other		85,748	85,748	
Fees and Permits		51,627	51,627	
Fines and Costs:				
Municipal Court	\$ 2,456	72,030	69,210	\$ 5,276
Interest and Costs on Taxes		131,225	131,225	
Interest on Investments and Deposits		8,592	8,592	
Lease - Hasbrouck Heights Swim Club		7,000	7,000	
Cable TV Franchise Fees		91,784	91,784	
Cable TV Franchise Fees - Verizon		69,291	69,291	
Car Dealership Registration Fees		116,200	116,200	
Energy Receipts Taxes		1,083,148	1,083,148	
Uniform Construction Code Fees		249,028	249,028	
Hotel and Motel Occupancy Fee		327,676	327,676	
Uniform Fire Safety Act (P.L. 1983, Ch. 383)		13,948	13,948	
Other Special Items:				
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field		58,819	58,819	
Due from H.H. Bd. of Ed. - Class III Police Officers		195,950	195,950	
Sewer Service Charges - City of Hackensack		42,514	42,514	
Sewer Service Charges - Briard Group		1,391	1,391	
Sewer Service Charges - Hilton Hotel		17,250	17,250	
LOSAP Forfeiture Funds		107,423	107,423	
Insurance Surrender		28,768	28,768	
Bergen County CARES - Reimbursements		77,577	77,577	
Devereux Treatment Centers - 21		4,000	4,000	
Fire Protection - Teterboro		115,139	115,139	
911 Coverage - Teterboro		7,674	7,674	
911 Coverage - Wood-Ridge		11,402	11,402	
Due from PSE&G - Williams Avenue Lease Agreement		25,000	25,000	
Pistol Range - Carlstadt		3,138	3,138	
Pistol Range - Maywood		500	500	
Lease - Port of New York Authority	-	1,037	1,037	-
	<u>\$ 2,456</u>	<u>\$ 3,020,654</u>	<u>\$ 3,017,834</u>	<u>\$ 5,276</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2020 APPROPRIATION RESERVES**

	Balance, January 1, <u>2021</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	\$ 6,525		\$ 6,525		\$ 6,525
Administrative and Executive					
Salaries and Wages	14,561		18,261	\$ 17,069	1,192
Other Expenses	6,322	\$ 1,069	7,391		7,391
Elections					
Other Expenses	5,366		2,366		2,366
Financial Administration					
Salaries and Wages	1,627		35,127	34,989	138
Other Expenses	1,491		1,491	152	1,339
Other Expenses - Audit	35,950		35,950	34,463	1,487
Assessment of Taxes					
Salaries and Wages	500		500	200	300
Other Expenses	18,922		18,922	15,000	3,922
Collection of Taxes					
Salaries and Wages	2,482		2,482	1,437	1,045
Other expenses	3,026	-	7,526	7,335	191
Legal Services and Costs					
Other Expenses	22,925		22,925	7,531	15,394
Municipal Court					
Salaries and Wages	15,068		10,068	2,717	7,351
Other Expenses	8,405		8,405		8,405
Municipal Prosecutor					
Salaries and Wages	3,776		3,776	1,356	2,420
Other Expenses	500		500		500
Public Defender					
Salaries and Wages	6,290		6,290	90	6,200
Other Expenses	500		500		500
Engineering Services and Costs					
Other Expenses	4,885		4,885	3,104	1,781
Public Buildings and Grounds					
Salaries and Wages	2,119		4,619	4,581	38
Other Expenses	230	1,133	5,563	-	5,563
Master Plan					
Other Expenses	2,000		-	-	-
Codification of Ordinances					
Other Expenses	4,805		805	-	805
Planning Board					
Salaries and Wages	239		1,214	1,206	8
Other Expenses	2,776		1,276	-	1,276
Board of Adjustment					
Salaries and Wages	1,297		3,197	2,954	243
Other Expenses	3,255		755	-	755
Shade Trees					
Salaries and Wages	7,279		10,779	10,733	46
Other Expenses	7,209		7,209		7,209

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2020 APPROPRIATION RESERVES

	Balance, January 1, <u>2021</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	\$ 22,687		\$ 12,687	\$ 4,906	\$ 7,781
Other Expenses	10,034		10,034	5,765	4,269
Insurance					
Other Insurance Premiums	4,646		4,646		4,646
Employee Group Insurance	5,298		298	-	298
Fire					
Salaries and Wages	12,426		7,426	1,576	5,850
Other Expenses	4,076		4,076	501	3,575
Uniform Fire Safety Act					
Salaries and Wages	3,350		3,350	899	2,451
Other Expenses	4,212		4,212	1,285	2,927
Police					
Salaries and Wages	233,448		205,948	178,242	27,706
Other Expenses	71,950		9,950	8,248	1,702
Emergency Management Services					
Salaries and Wages	209		209	128	81
Other Expenses	1,972		1,972		1,972
Road Repairs and Maintenance					
Salaries and Wages	8,122		12,622	12,546	76
Other Expenses	8,390		5,390	565	4,825
Street Cleaning					
Salaries and Wages	7,306		15,106	15,025	81
Other Expenses	9,594		18,494	18,461	33
Garbage and Trash Removal					
Salaries and Wages	75,216		39,716	26,498	13,218
Other Expenses	1,150		5,650	5,274	376
Sewer Maintenance					
Salaries and Wages	5,438		7,238	7,177	61
Other Expenses	7,066		7,066	715	6,351
Sanitary Landfill					
Contractual-Bergen County	40,449		36,449	35,167	1,282
Board of Health					
Salaries and Wages	1,194		1,194	1,031	163
Other Expenses - Contractual	100		100		100
Other Expenses - Miscellaneous	354	-	354	174	180
Dog Regulation					
Miscellaneous	500		500		500
Administration of Public Assistance					
Other Expenses	250		250		250
Parks and Playgrounds					
Salaries and Wages	4,818		8,018	7,971	47
Other Expenses	1,701		1,701		1,701
Board of Recreation Commissioners					
Salaries and Wages	7,653		7,653	1,149	6,504
Other Expenses	6,199		5,199	883	4,316

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2020 APPROPRIATION RESERVES

	Balance, January 1, <u>2021</u>	Encumbrances Payable <u>Canceled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Celebration of Public Events. Anniversary or Holiday					
Salaries and Wages	\$ 391		\$ 391	\$ 287	\$ 104
Other Expenses	5,150		5,150	50	5,100
Senior Citizen's Transportation					
Salaries and Wages	11,148		6,148	448	5,700
Other Expenses	1,813		1,813		1,813
Senior Citizen's Activities					
Salaries ad Wages	687		687	664	23
Other Expenses	14,112		5,112	-	5,112
Construction Code Officials					
Salaries and Wages	5,976		10,376	10,294	82
Other Expenses	329		454	449	5
Utilities:					
Gasoline	13,154		13,154	4,103	9,051
Electricity	2,548		2,548	20	2,528
Telephone	3,476		3,476	809	2,667
Natural Gas	5,817	-	5,817		5,817
Street Lighting	1,104		1,104	-	1,104
Fire Hydrant Service	330		330		330
Water	1,938		1,938		1,938
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	12,703		4,703		4,703
Social Security System (O.A.S.L)	997		997		997
Police and Firemans Retirement System	15,000		5,000		5,000
Unemployment Insurance	14,500		75,000	75,000	-
Maintenance of Free Public Library (Chap. 82 & 541. P.L. 1985)					
Salaries and Wages	40,706		40,706	3,009	37,697
Other Expenses	7,202	\$ 673	7,875	-	7,875
B.C. Utilities - Sewer Charges	42		42		42
L.O.S.A.P.	52,500		55,000	46,550	8,450
Reserve for Tax Appeals	-		50,000	50,000	-
Police- Class III Police Officers					
Other Expenses	7,434		7,434		7,434
Recycling Tax	2,437	-	2,437	1,597	840
	<u>\$ 971,632</u>	<u>\$ 2,875</u>	<u>\$ 974,507</u>	<u>\$ 672,383</u>	<u>\$ 302,124</u>

	Cash Disbursements	\$ 507,383
	Transfer to Current Fund - Reserve for Terminal Pay	115,000
	Transfer to Current Fund - Reserve for Tax Appeals	<u>50,000</u>
		<u>\$ 672,383</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2021		\$ 135,103
Increased by:		
Charges to 2021 Budget Appropriations		<u>243,986</u>
		379,089
Decreased by:		
Cash Disbursements	\$ 132,228	
Cancellations Restored to 2020 Appropriation Reserves		<u>2,875</u>
		<u>135,103</u>
Balance, December 31, 2021		<u>\$ 243,986</u>

EXHIBIT A-16

STATEMENT OF OTHER ACCOUNTS PAYABLE

Increased by:		
Cash Receipts		<u>\$ 1,611</u>
Balance, December 31, 2021		<u>\$ 1,611</u>

EXHIBIT A-17

STATEMENT OF PREPAID TAXES

Balance, January 1, 2021		\$ 198,236
Increased by:		
Cash Receipts		<u>223,582</u>
		421,818
Decreased by:		
Applied to 2021 Taxes Receivable		<u>198,236</u>
Balance, December 31, 2021		<u>\$ 223,582</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2021		\$ 48,092
Increased by:		
Cash Receipts		<u>5,568</u>
		53,660
Decreased by:		
Cash Disbursements	\$ 29,298	
Cancelled	<u>10,357</u>	
		<u>39,655</u>
Balance, December 31, 2021		<u>\$ 14,005</u>

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

Increased by:		
Cash Receipts		<u>\$ 590,000</u>
Balance, December 31, 2021		<u>\$ 590,000</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2021		\$ 6,379
Increased by:		
2021 County Levy	\$ 4,578,799	
2021 County Open Space Levy	190,347	
2021 County Added Taxes	<u>9,724</u>	
		<u>4,778,870</u>
		4,785,249
Decreased by:		
Cash Disbursements		<u>4,775,525</u>
Balance, December 31, 2021		<u>\$ 9,724</u>

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

Increased by:		
2021 School Tax Levy	\$	31,594,523
Decreased by:		
Cash Disbursements	\$	<u>31,594,523</u>

EXHIBIT A-22

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, 2021	\$ 2,703	\$ 1,908	\$ 1,790
Increased by:			
Cash Receipts	<u>15,625</u>	<u>1,366</u>	<u>-</u>
Decreased by:			
Cash Disbursements	18,328	3,274	1,790
Cancelled	<u>14,541</u>	<u>1,475</u>	<u>-</u>
	<u>65</u>	<u>1,574</u>	<u>1,790</u>
Balance, December 31, 2021	<u>\$ 3,722</u>	<u>\$ 225</u>	<u>\$ -</u>

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

Balance, January 1, 2021		\$ 209,198
Increased by:		
Transferred from 2020 Appropriation Reserves	\$ 50,000	
Transferred from 2021 Budget Appropriations	<u>5,000</u>	
		<u>55,000</u>
		264,198
Decreased by:		
Cash Disbursements		<u>30,753</u>
Balance, December 31, 2021		<u>\$ 233,445</u>

EXHIBIT A-24

STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS

Increased by:		
Cash Receipts		<u>\$ 16,375</u>
Decreased by:		
Realized as 2021 - Current Fund Revenue - MRNA		<u>\$ 16,375</u>

EXHIBIT A-25

STATEMENT OF RESERVE FOR INSURANCE PROCEEDS

Increased by		
Cash Receipts		<u>\$ 26,273</u>
Balance, December 31, 2021		<u>\$ 26,273</u>

EXHIBIT A-26

STATEMENT OF RESERVE FOR TERMINAL PAY

Balance, January 1, 2021		\$ 175,000
Increased by:		
Transferred from 2020 Appropriation Reserves	\$ 115,000	
Transferred from 2021 Appropriation Reserves	<u>5,000</u>	
		<u>120,000</u>
		295,000
Decreased by:		
Cash Disbursements		<u>66,963</u>
Balance, December 31, 2021		<u>\$ 228,037</u>

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

Balance, January 1, 2021	\$	4,152
Increased by:		
State Aid Received		<u>6,499</u>
		10,651
Decreased by:		
Cash Disbursements		<u>4,545</u>
Balance, December 31, 2021	\$	<u><u>6,106</u></u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE
GRANT FUND**

<u>Grant</u>	2021 Budget Revenue <u>Realized</u>	Cash <u>Received</u>
Drunk Driving Enforcement Fund	\$ 18,220	\$ 18,220
Recycling Tonnage Grant	2,280	2,280
Body Armor Fund	<u>2,280</u>	<u>2,280</u>
	<u>\$ 20,500</u>	<u>\$ 20,500</u>

EXHIBIT A-29

**STATEMENT OF APPROPRIATED GRANT RESERVES
GRANT FUND**

<u>Grant</u>	Balance, January 1, <u>2021</u>	2021 Budget Realized	<u>Expended</u>	Balance, December 31, <u>2021</u>
Clean Communities Program	\$ 34,728	\$ 20,653	\$ 6,424	\$ 48,957
Body Armor Fund	-	2,280	1,320	960
Recycling Tonnage Grant	17,341	18,220	29,756	5,805
Drunk Driving Enforcement Fund	48,014	-	872	47,142
Alcohol Education and Rehabilitation	6,905	2,251	360	8,796
	<u>\$ 106,988</u>	<u>\$ 43,404</u>	<u>\$ 38,732</u>	<u>\$ 111,660</u>
			Cash Disbursements	\$ 28,072
			Encumbrances Payable	<u>10,660</u>
				<u>\$ 38,732</u>

EXHIBIT A-30

**STATEMENT OF UNAPPROPRIATED GRANT RESERVES
GRANT FUND**

<u>Grant</u>	Balance, January 1, <u>2021</u>	Cash <u>Received</u>	Anticipated as Current <u>Fund Revenue</u>	Balance, December 31, <u>2021</u>
Clean Communities Program	\$ 20,653	\$ 21,985	\$ 20,653	\$ 21,985
Alcohol Education and Rehabilitation	2,251	227	2,251	227
Drunk Driving Enforcement	-	8,463	-	8,463
American Rescue Plan	-	627,593	-	627,593
	<u>\$ 22,904</u>	<u>\$ 658,268</u>	<u>\$ 22,904</u>	<u>\$ 658,268</u>

EXHIBIT A-31

**STATEMENT OF ENCUMBRANCES PAYABLE
GRANT FUND**

Increased by:	
Charges to Appropriated Grant Reserves	\$ <u>10,660</u>
Balance, December 31, 2021	<u>\$ 10,660</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, 2021	\$ 1,839	\$ 21,406	\$ 1,062,124
Increased by Receipts:			
Dog License Fees		\$ 14,232	
State Registration Fees		1,869	
Miscellaneous Reserves			\$ 339,233
Police Outside-Duty Billings			1,064,751
Payroll Deductions Payable			6,408,825
Receipts from Payroll Agency			82,654
Receipts from Current Fund	-	-	75,000
	<u>-</u>	<u>-</u>	<u>75,000</u>
	-	16,101	7,970,463
	1,839	37,507	9,032,587
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.1		21,163	
Due to State of New Jersey		1,869	
Miscellaneous Reserves			1,432,092
Payroll Deductions Payable			6,437,148
Payments to Current Fund			55,875
Due to State of New Jersey - Unemployment	-	-	25,197
	<u>-</u>	<u>-</u>	<u>25,197</u>
	-	23,032	7,950,312
Balance, December 31, 2021	<u>\$ 1,839</u>	<u>\$ 14,475</u>	<u>\$ 1,082,275</u>

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

Increased by:	
State License Fees Collected	\$ <u>1,189</u>
Decreased by:	
Payments to State of New Jersey	\$ <u><u>1,189</u></u>

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

Balance, January 1, 2021	\$ 21,406
Increased by:	
Dog License Fees Collected	<u>14,232</u>
	35,638
Decreased by:	
Cash Disbursements	<u>21,163</u>
Balance, December 31, 2021	\$ <u><u>14,475</u></u>

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

	Balance, January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
Library Book Fund	\$ 39,045	\$ 9,727	\$ 5,237	\$ 43,535
Library - BCCLS Refund- Technology Upgrade	29,594	2,419	4,499	27,514
Library- Insurance Reimbursement	5,616			5,616
Board of Recreation Commission	1,220	63,245	36,267	28,198
Towing	2,677			2,677
Off-Duty Municipal Police Pay / Car Charges	173,867	1,177,316	1,145,766	205,417
Merchant Bonds	9,300			9,300
Planning Board / Developers Escrow	118,971	31,630	21,454	129,147
Developer's Deposit - Car Wash	14,142	3		14,145
Performance Bond - ADPP	24,341	5		24,346
Developer's Deposit - Three Buildings Escrow	39,062	38		39,100
Developer's Deposit - Heights Cliff Escrow	785	1		786
Sidewalk Crossing	750		750	-
Street Opening	13,514	9,000	15,514	7,000
Miscellaneous	20,894	12,603	10,987	22,510
Tax Sale Premiums	255,500	196,500	188,100	263,900
Parking Offenses Adjudication Act	56,910	1,383	385	57,908
Uniform Fire Penalties	19,018	80	4,935	14,163
Street Fair	5,159		5,159	-
Firefighters Walk of Honor	1,099			1,099
Drug Alliance- Space Odyssey	5,297			5,297
Veterans Memorial Park / Maint.	14,488	400	225	14,663
Bench Program	1,603	100		1,703
Andrew Feintuch Memorial Fund	5,700	1	500	5,201
Hurricane Katrina Memorial Fund	227		227	-
Port Authority Donation	872			872
Recycling Proceeds	6,071	12,098	-	18,169
	<u>\$ 865,722</u>	<u>\$ 1,516,549</u>	<u>\$ 1,440,005</u>	<u>\$ 942,266</u>
		Cash Receipts \$ 339,233		
		Outside Duty Billings <u>1,177,316</u>		
		<u>\$ 1,516,549</u>		
		Cancelled to Fund Balance \$ 7,913		
		Cash Disbursements <u>1,432,092</u>		
			<u>\$ 1,440,005</u>	

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

Balance, January 1, 2021	\$ 171,440
Increased by:	
Cash Receipts	<u>6,408,825</u>
	6,580,265
Decreased by:	
Cash Disbursements	<u>6,437,148</u>
Balance, December 31, 2021	<u>\$ 143,117</u>

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

Balance, January 1, 2021	\$ 100,220
Increased by:	
Outside Duty Billings	<u>1,177,316</u>
	1,277,536
Decreased by:	
Cash Receipts	<u>1,064,751</u>
Balance, December 31, 2021	<u>\$ 212,785</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE
OTHER TRUST FUND**

Balance, January 1, 2021		\$ 52,023
Increased by:		
Cash Receipts		
Transfer from 2020 Appropriation Reserves	\$ 75,000	
Employee Payroll Deductions - Prior Years	<u>82,654</u>	
		<u>157,654</u>
Balance, December 31, 2021		<u>\$ 209,677</u>

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

Balance, January 1, 2021		\$ 8,680
Decreased by:		
Cancelled to Fund Balance		<u>\$ 8,680</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT INSURANCE
OTHER TRUST FUND**

Balance, January 1, 2021		\$ 25,197
Decreased by:		
Unemployment Claims Paid to State		<u>\$ 25,197</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2021		\$	765,881
Increased by:			
2021 Budget Appropriation:			
Capital Improvement Fund	\$		40,000
Interest Earnings			1,181
Premium on BANS/Bond			10,258
Accrued Interest on Bond Sale			2,148
Due from County of Bergen Community Development Block Grant/ Open Space Grant			97,890
Due from State of New Jersey			213,281
Bond Anticipation Note Proceeds			379,112
Reserve for Debt Service			124,500
Serial Bond		<u>8,360,000</u>	
			<u>9,228,370</u>
			9,994,251
Decreased by:			
Improvement Authorization Expenditures		1,128,380	
Contracts Payable		675,402	
Serial Bonds to Pay Bond Anticipation Notes		6,379,679	
Payments to Current Fund		<u>1,181</u>	
			<u>8,184,642</u>
Balance, December 31, 2021		\$	<u><u>1,809,609</u></u>

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

	Balance, December 31, <u>2021</u>
Fund Balance	\$ 186,783
Contracts Payable	2,494,372
Capital Improvement Fund	49,285
Reserve for Payment of Bond	126,221
Grants Receivable - State of NJ	(728,239)
Grants Receivable - County Community Development Block Grant/Open Space Grant	(277,300)
Grants Receivable - FEMA	(45,000)

<u>Ord. #</u>	<u>Improvement Description</u>	
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)
1944/1968/1985		
2038/2082	Construction of a New Municipal Building ad a New Public Safety Building	(900)
2054	Resurfacing of Oak Grove Ave. from Jefferson to Williams Ave.	(3,680)
2185/2209	Boulevard Streetscape Improvement	8,305
2189	Renovation of the Dept. of Public Works	1,195
2233	Rehabilitation and Environmental Remediation at DPW	1,985
2234	Curb and Sidewalk Reconstruction along portions of Terrace Ave. and the Boulevard	1,268
2332/2246	Curb and Sidewalk Reconstruction along portions of Passaic Ave. and the Boulevard	17,346
2252	Boulevard Streetscape Improvement - Phase IV	8,442
2286	Acquisition of in Car Video System for the Police Dept.	3,635
2289	Boulevard Streetscape Improvement Phase V	23,361
2307	Boulevard Streetscape Improvement Phase VI	17,290
2329	Additional Funding for Boulevard Streetscape	26,431
2337	Boulevard Streetscape Improvement Phase VII & VIII	2,675
2339	Curb and Sidewalk Replacement Program	58,873
2350	Improvements to Stanley Ave Roadway, Curbs, & Sidewalks	102,808
2371	Boulevard Streetscape Improvement Phase IX	38,861
2374	Acquisition of Finger Printing md Mug Shot Equipment	6,620
2391	2017 Road Resurfacing Program	46,101
2392	Upgrade of Radio Equipment for Police, Fire and DPW	3,300
2394	Acquisitions of a Generator for the DPW	21,024
2397	Upgrade and Improvements to Municipal Buildings	1,498

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

Balance,
December 31,
2021

<u>Ord. #</u>	<u>Improvement Description</u>	
2413	Rehabilitation and Environmental Remediation at the DPW	\$ 87,135
2425	Resurfacing Portions of Charlton and Pasadena Avenue	45,785
2427	Improvements to Woodland Park Playground	13,248
2428	Acquisition of Trucks for DPW	6,690
2445	Acquisition of Gear and Equipment for Fire Department	77
2448	2019 Road Resurfacing Program	16,479
2449	Resurfacing of Raymond Street	79,478
2450	Boulevard Streetscape Phase X	405,772
2457	Rehabilitation and Replacement of the Synthetic Turf Field at Depken Field	79,708
2460/2501	Installation of New Automatic Door Openers at Municipal Bld & Public Safety	5,062
2461	Acquisition of Gear and Equipment for Fire Department	203
2462	Acquisition of Four Wheel Vehicle for Fire Department	732
2463	Construction of Walking Path, Roadway and Perimeter Fence at Woodland Park	15,511
2465	Acquisition of Certain Trucks for DPW Department	32,952
2466	Improvement of Industrial Ave	67,166
2467/2501	2020 Road Resurfacing Program	20,000
2481	Purchase of Senior Bus	819
2490	2021 Road Program - LaSalle, Ravine, Austin Place	(548,681)
2491	Acquisition of Real Property - Walter Ave	(551,469)
2495	Various Public Improvements	<u>(159,613)</u>
		<u>\$ 1,809,609</u>

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

Balance, January 1, 2021		\$ 1,096,100
Decreased by:		
Cash Receipts	\$ 213,281	
Cancelled to Improvement Authorizations	<u>154,580</u>	
		<u>367,861</u>
Balances December 31, 2021		<u>\$ 728,239</u>
 <u>Analysis of Balance December 31, 2021</u>		
Boulevard Streetscape - Ordinance No. 2185, 2209, 2238, 2252, 2307, 2337, 2371, 2450		\$ 523,265
Curb Replacement Program - Ordinance No. 2234 & 2246		154,474
Resurfacing of Raymond Street - Ordinance No. 2449		<u>50,500</u>
		<u>\$ 728,239</u>

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

Balance, January 1, 2021		\$ 436,156
Increased by:		
Grants Awarded - Senior Citizen Bus		<u>70,000</u>
		506,156
Decreased by:		
Cash Received	\$ 97,890	
Cancelled	<u>130,966</u>	
		<u>228,856</u>
Balance, December 31, 2021		<u>\$ 277,300</u>
 <u>Analysis of Balance December 31, 2021</u>		
Community Development Grants:		
Installation of Door Openers - Ordinance No. 2460		\$ 102,300
 Open Space Grants:		
Improvements to Woodland Park Playground Surface - Ordinance No. 2427		128,500
Walking Path, Roadway and Perimeter Fence at Woodland Park - Ordinance No. 2463		<u>46,500</u>
		<u>\$ 277,300</u>

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

Balance, January 1, 2021	<u>\$ 45,000</u>
Balance, December 31, 2021	<u>\$ 45,000</u>
<u>Analysis of Balance December 31, 2021</u>	
Acquisition of Generator for DPW - Ordinance No. 2394	<u>\$ 45,000</u>

STATEMENT OF DEFERRED CHARGES FUNDED

Balance, January 1, 2021	\$ 1,020,000
Increased by:	
Serial Bonds Issued	<u>8,360,000</u>
	9,380,000
Decreased by:	
2021 Budget Appropriation	
Serial Bonds	<u>345,000</u>
Balance, December 31, 2021	<u>\$ 9,035,000</u>

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

Ord. No.	Improvement Description	Balance January 1, 2021	2021 Authori- zations	Funded by Budget Appropriation	Serial Bonds Issued	Cancelled Improvement Authorization	Balance December 31, 2021	Analysis of Balance, December 31, 2021	
								Expenditures	Unexpended Improvement Authorizations
GENERAL IMPROVEMENTS									
1720	Reconstruction and Improvement of Storm Water Drainage Line West of the Boulevard between Franklin & LaSalle	\$ 153,918				\$ 153,918			
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				495	\$ 5	\$ 5	
944/1968/1985/2038	Construction of New Muni. Bldg. and New Public Safety Bldg.	900					900	900	-
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	32,500				28,820	3,680	3,680	
2183/2270	Acq. Of Garbage Truck and Dump Truck with Salt Spreader and Plow	32,800		\$ 32,800			-	-	
2185/2209	Boulevard Streetscape Improvement	9,000		9,000			-	-	
2233	Rehabilitation and Environmental Remediation at DPW	10,000		10,000			-	-	
2238	Continuation of Boulevard Streetscape Improvement	19,375		19,375			-	-	
2252	Boulevard Streetscape Improvement-Phase IV	20,000		20,000			-	-	
2253	Resurfacing of Burton Ave. and Collins Ave. Between Williams Ave. and Route 46	12,000		12,000			-	-	
2254	2011 Road Resurfacing Program	33,875		33,875			-	-	
2255/2294	Construction of a New Pavilion in Woodland Park	65,300		65,300			-	-	
2262	Construction of Certain Damaged Portions of the Sanitary Sewer System	14,000		3,218	\$ 10,782		-	-	
2271	Refurbishment of the Hook and Ladder Truck	12,000		8,334		3,666	-	-	
2282	2011/2012 Road Resurfacing Program	135,000		44,723	90,277		-	-	
2285	Reconstruction of Coolidge Avenue	121,000		21,053	65,108	34,839	-	-	
2286	Acquisition of In Car Radio System for the Police Dept.	22,500		2,414	20,086		-	-	
2288	Repair and/or Construction of Sanitary Sewer System	31,000		1,203	29,797		-	-	
2289	Boulevard Streetscape Improvement Phase V	25,000		1,316	23,684		-	-	
2290	Acquisition of Gear and Equipment for the Fire Dept.	22,000		2,449	19,551		-	-	
2292	Acquisition of Radio Equipment for PD, FD and PWD	17,375		1,173	16,202		-	-	
2303/2346	Repairs and Improvements to Veterans Memorial Park	15,500		1,069	14,431		-	-	
2304/2320	Construction of Barrier Free Curb Ramps	20,000		1,053	18,947		-	-	
2307	Boulevard Streetscape Improvement Phase VI	20,000		1,053	18,947		-	-	
2308	Repairs and Reconstruction of Sanitary Sewer System	47,500		1,203	46,297		-	-	
2312	Acquisition of New Street Sweeper	82,000		20,000	60,319	1,681	-	-	
2313	Acquisition of a 4 Wheel Drive Vehicle for the Police Dept.	17,200		4,223	6,862	6,115	-	-	
2314	2013 Road Resurfacing Program	129,700		31,667	98,033		-	-	
2316	Bond Refunding	126,680				126,680	-	-	
2321	Installation of New Turf Field at Hitchcock Field	228,000		57,000	171,000		-	-	
2324	Repairs and Improvements to Polify Park	20,400		1,790	8,165	10,445	-	-	
2326	Acquisition of Equipment for Free Public Library	11,500		794	10,638	68	-	-	
2327	Acquisition of Two Trucks for DPW	98,625		21,112	74,836	2,677	-	-	
2328	Acquisition of Quint Ladder Truck for Fire Dept.	595,000		50,000	531,953	13,047	-	-	
2329	Additional Funding for Phase III and IV of Boulevard	47,500		5,000	42,500		-	-	
2337	Boulevard Streetscape Improvement Phase VII and VIII	57,000		5,000	52,000		-	-	
2338/2410	Road Resurfacing Program	396,000		63,334	332,666		-	-	
2339	Curb and Sidewalk Replacement Program	90,350		7,500	82,850		-	-	
2340/2366	Improvements to Woodland Park Playground	158,000		8,190	149,810		-	-	
2350	Improvements to Stanley Ave. Roadway, Curbs and Sidewalks	147,000		24,445	122,555		-	-	
2351	Improvement to Playground Surfaces	36,000		2,069	33,931		-	-	
2358	2016 Road Resurfacing Program	337,500		42,223	295,277		-	-	
2361	Repair and/or Reconstruction of Sanitary Sewer System	78,500		1,203	77,297		-	-	
2370	Improvements to Playground Surfaces at Depken Field	28,700		1,414	27,286		-	-	

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

Ord. No.	Improvement Description	Balance January 1, 2021	2021 Authori- zations	Funded by Budget Appropriation	Serial Bonds Issued	Cancelled Improvement Authorization	Balance December 31, 2021	Analysis of Balance, December 31, 2021	
								Expenditures	Unexpended Improvement Authorizations
GENERAL IMPROVEMENTS									
2371	Boulevard Streetscape Improvement Phase IX	\$ 54,600		\$ 4,106	\$ 50,494		-		
2372	Resurfacing Portions of Cleveland Ave., Webb Place and Lincoln Street	30,000		4,889	25,111		-		
2373	Acquisition of Garbage Truck	144,000		23,667	120,333		-		
2374	Acquisition of Finger Printing and Mug Shot Equipment	18,200		897	17,303		-		
2391	2017 Road Resurfacing Program	285,000		31,667	253,333		-		
2392	Upgrade of Radio Equipment for Police, Fire and DPW	95,000		3,276	91,724		-		
2393	Acquisition and Upgrade of Computers and Technology Systems	45,000		1,552	43,448		-		
2394	Acquisition of a Generator for the DPW	70,000		2,414	67,586		-		
2397	Upgrade and Improvements to Municipal Buildings	117,500		13,056	104,444		-		
2398	Acquisition of Heavy Equipment for the DPW	210,000		23,334	186,666		-		
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			69,148	\$ 852	-		
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department	285,000			279,873	5,127	-		
2412	Acquisition of Equipment for the Fire Department	142,500			142,500		-		
2413	Rehabilitation and Environmental Remediation at the DPW	95,000			95,000	-	-		
2425	Resurfacing Portions of Charlton and Pasadena Avenue	50,000			50,000		-		
2426	Resurfacing of Myers Avenue	85,000			85,000		-		
2427	Improvements to Woodland Park Playground	139,000			139,000		-		
2428	Acquisition of Trucks for DPW	142,500			142,500		-		
2436	Replacement of Public Safety Communications Equipment	356,250			356,250		-		
2445	Acquisition of Gear and Equipment for the Fire Department	166,250			166,250		-		
2447	Reconstruction of Sanitary and Storm Water Drainage Facilities	49,000			49,000		-		
2448	2019 Road Resurfacing Program	380,000			380,000		-		
2449	Resurfacing of Raymond Street	140,000			140,000		-		
2450	Boulevard Streetscape Phase X	220,000			220,000		-		
2457	Rehab and Rep of the Synthetic Turf Field at Depken Field	950,000			950,000		-		
2458	Repair and/or Recon of San Sewerage & Stormwater Drainage	190,000			190,000		-		
2460	Instal of New Automatic Door Openers at Mun Bld & Pub Safety	30,700			30,700		-		
2461	Acquisition of Gear and Equipment for Fire Department	166,250			166,250		-		
2462	Acquisition of Four Wheel Vehicle for Fire Department	47,500			47,500		-		
2463	Cons of Walking Path, R/W and Perim Fence at Woodland Park	55,000			55,000		-		
2465	Acquisition of Certain Trucks for DPW Department	380,000			380,000		-		
2466	Improvement of Industrial Ave	48,500			48,500		-		
2467	2020 Road Resurfacing Program	570,000			570,000		-		
2490	2021 Road Program - LaSalle (Austin to Terrace), Ravine, Austin Place		\$ 741,000				\$ 741,000	\$ 548,681	\$ 192,319
2491	Acquisition of Real Property - 161 Walter Ave		587,250				587,250	551,469	35,781
2495	DPW Vehicles, Fueling System, HVAC, Salt Shed, Sewer Repairs, Computer & IT, Municipal Building Improvements	-	837,900	-	-	-	837,900	159,613	678,287
		\$ 9,501,448	\$ 2,166,150	\$ 748,433	\$ 8,360,000	\$ 388,430	\$ 2,170,735	\$ 1,264,348	\$ 906,387

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Balance January 1, 2021		2021 Authorizations	Encumbrances Cancelled	Paid or Charged	Cancelled and Adjustments*	Balance December 31, 2021	
			Amount	Funded					Unfunded	Funded
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	16,923				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				17,363	-	
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		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		-	
1985/2038	Safety Bldg.	11/26/2002, 04/27/200	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			1,505	3,447	-	
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	663				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	37,334				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		8,305			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	105,793			30,000	75,793	-	
2221	Pedestrian Safety Infrastructure Improvements	12/15/2009	175,000	155,331				155,331	-	
2222	Pedestrian Safety Encouragement Improvements	12/15/2009	25,000	3,429				3,429	-	
2233	Rehabilitation and Environmental Remediation at DPW	4/13/2010	100,000			\$ 1,985			1,985	-
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	
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		9,187				8,442	
2253	Resurfacing of Burton Avenue and Collins Avenue Between Williams Avenue and Route 46	3/8/2011	215,000	59,334	12,000		30,000	41,334	-	
2271	Refurbishment of the Hook and Ladder Truck	10/25/2011	80,000	2,716	12,000			14,716	-	
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		3,635				3,635	
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	54,751	20,000	8,445		83,196	-	
2307	Boulevard Streetscape Improvement Phase VI	6/11/2013	170,000		17,290				17,290	
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	-	
2316	Bond Refunding	12/10/2013	166,000	6,260	126,680			132,940	-	
2321	Installation of New Synthetic Turf - Hitchcock Field	3/11/2014	600,000		3,188			3,188	-	
2324	Repairs and Improvements to Polifly Park	5/27/2014	60,000		8,658	1,789		10,447	-	
2326	Acquisition of Equipment for Free Public Library	8/12/2014	25,000		68			68	-	
2327	Acquisition of Two Trucks for DPW	8/12/2014	200,000		2,677			2,677	-	
2328	Acquisition of a "Quint" Combination Ladder Truck for FD	8/12/2014	1,000,000		13,047			13,047	-	

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

93

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2021</u>	<u>Increase</u>	<u>Decreased</u>	<u>Balance, December 31, 2021</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds 2014	2/10/2014	\$ 3,555,000	9/15/2022	\$ 345,000	4.00 %				
			9/15/2023	330,000	4.00	\$ 1,020,000		\$ 345,000	\$ 675,000
General Improvement Bonds - 2021	9/15/2021	8,360,000	9/15/2022-23	700,000	1.00				
			9/15/2024-26	870,000	1.00				
			9/15/2027-30	870,000	1.25				
			9/15/2031	870,000	1.50				
						<u>-</u>	\$ 8,360,000	<u>-</u>	<u>8,360,000</u>
						<u>\$ 1,020,000</u>	<u>\$ 8,360,000</u>	<u>\$ 345,000</u>	<u>\$ 9,035,000</u>
								<u>\$ 345,000</u>	
						Paid by Budget Appropriation			

**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, 2021	Increased	Decreased	Balance, December 31, 2021
2183/2270	Acquisition of a Garbage Truck and Dump Truck w/Salter	\$ 298,750	4/1/2011	3/20/2020	3/19/2021	0.800 %	\$ 32,800		\$ 32,800	
2185/2209	Boulevard Streetscape Phase I and II	80,000	4/1/2011	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	9,000	\$ 4,789	9,000 4,789	-
2233	Environmental Remediation at Department of Public Works	85,000	4/1/2011	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	10,000	7,068	10,000 7,068	-
2253	Resurfacing of Burton Avenue and Collins Avenue	119,000	3/30/2012	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	12,000	-	12,000	-
2254	2010 Road Resurfacing Program	285,000	3/30/2012	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	33,875	2,208	33,875 2,208	-
2262	Reconstruction of Damaged Sanitary Sewer System	70,000	3/30/2012	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	14,000	13,112	14,000 13,112	-
2271	Refurbishment of Hook and Ladder Truck for Fire Dept.	75,000	3/30/2012	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	12,000	3,666	12,000 3,666	-
2255/2294	Construction of a New Pavilion in Woodland Park	108,000	3/28/2013	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	20,300	18,437	20,300 18,437	-
2282	2011/2012 Road Resurfacing Program	402,500	3/28/2013	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	135,000	90,277	135,000 90,277	-
2285	Reconstruction of Coolidge Avenue	400,000	3/28/2013	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	121,000	99,947	121,000 99,947	-
2286	Acquisition of In Car Video System for the Police Dept.	70,000	3/28/2013	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	22,500	20,086	22,500 20,086	-
2288	Repair and/or Construction of Sanitary Sewer System	95,000	3/28/2013	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	31,000	29,797	31,000 29,797	-
2290	Acquisition of Gear and Equipment for Fire Dept.	71,000	3/28/2013	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	22,000	19,551	22,000 19,551	-
2292	Acquisition of Radio Equipment for PD, FD & PWD	52,000	3/28/2013	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	17,375	16,202	17,375 16,202	-

**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, 2021	Increased	Decreased	Balance, December 31, 2021
2303/2346	Repairs to Veteran's Memorial Park	\$ 31,000	6/19/2014	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 % 0.500	\$ 15,500	\$ 14,431	\$ 15,500 14,431	-
2308	Repair and/or Reconstruction of Sanitary Sewer System	95,000	6/19/2014	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	47,500	46,297	47,500 46,297	-
2312	Acquisition of New Street Sweeper	180,000	6/19/2014	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	82,000	62,000	82,000 62,000	-
2313	Acquisition of 4WD Vehicle for Police Department	38,000	6/19/2014	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	17,200	12,977	17,200 12,977	-
2314	2013 Road Resurfacing Program	285,000	6/19/2014	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	129,700	98,033	129,700 98,033	-
2321	New Synthetic Turf Field at Hitchcock Field	570,000	6/19/2014	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	228,000	208,344	228,000 208,344	-
2326	Acquisition of Equipment for Free Public Library	23,000	3/27/2015	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	11,500	10,706	11,500 10,706	-
2327	Acquisition of Two Trucks for Fire Department	190,000	3/27/2015	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	98,625	77,513	98,625 77,513	-
2328	Acquisition of Quint Ladder Truck for Fire Dept.	950,000	3/27/2015	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	595,000	545,000	595,000 545,000	-
2329	Additional Funds for Phases II & III, Boulevard Streetscape	95,000	3/27/2015	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	47,500	42,500	47,500 42,500	-
2324	Repairs and Improvements to Polifly Park	34,000	3/24/2016	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	20,400	18,610	20,400 18,610	-
2337	Boulevard Streetscape Phase VII and VIII	95,000	3/24/2016	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	57,000	52,000	57,000 52,000	-
2338/2410	Road Resurfacing Program	570,000	3/24/2016	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	396,000	332,666	396,000 332,666	-
2339	Curb and Sidewalk Replacement Program	142,500	3/24/2016	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	90,350	82,850	90,350 82,850	-
2340	Improvements to Woodland Park Playground	142,500	3/24/2016	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	91,500	86,757	91,500 86,757	-
2350	Improvements to Stanley Avenue	220,000	3/24/2016	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	147,000	122,555	147,000 122,555	-

**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, 2021	Increased	Decreased	Balance, December 31, 2021
2351	Improvements to Playgrounds Surfaces-Mier Park and Central Avenue Park	\$ 60,000	3/24/2016	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 % 0.500	\$ 36,000	\$ 33,931	\$ 36,000 33,931	-
2366	Improvements to Woodland Park Playground	95,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	66,500	63,053	66,500 63,053	-
2358	2016 Road Resurfacing Program	380,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	337,500	295,277	337,500 295,277	-
2361	Repair and/or Reconstruction of Sanitary Sewer System	95,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	78,500	77,297	78,500 77,297	-
2370	Improvements to Playground Surfaces at Depken Field	41,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	28,700	27,286	28,700 27,286	-
2371	Boulevard Streetscape Improvement Phase IX	78,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	54,600	50,494	54,600 50,494	-
2372	Resurfacing Portions of Cleveland Ave., Webb Place and Lincoln Street	44,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	30,000	25,111	30,000 25,111	-
2373/2420	Acquisition of Garbage Truck	213,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	144,000	120,333	144,000 120,333	-
2374	Acquisition of Finger Printing and Mug Shot Equipment	26,000	3/24/2017	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	18,200	17,303	18,200 17,303	-
2238	Continuation of Boulevard Streetscape Improvement	25,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	19,375	18,059	19,375 18,059	-
2252	Boulevard Streetscape Improvement Phase IV	20,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	20,000	18,947	20,000 18,947	-
2294	Construction of a New Pavilion in Woodland Park	45,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	45,000	43,139	45,000 43,139	-
2289	Boulevard Streetscape Improvement Phase V	25,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	25,000	23,684	25,000 23,684	-

**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, 2021	Increased	Decreased	Balance, December 31, 2021
2304/2320	Construction of Barrier Free Curb Ramps	\$ 20,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 % 0.500	\$ 20,000	\$ 18,947	\$ 20,000 18,947	-
2307	Boulevard Streetscape Improvement Phase VI	20,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	20,000	18,947	20,000 18,947	-
2391	2017 Road Resurfacing Program	285,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	285,000	253,333	285,000 253,333	-
2392	Upgrade of Radio Equipment for Police, Fire and DPW	95,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	95,000	91,724	95,000 91,724	-
2393	Acquisition and Upgrade of Computers and Technology Systems	45,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	45,000	43,448	45,000 43,448	-
2394	Acquisition of a Generator for the DPW	70,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	70,000	67,586	70,000 67,586	-
2397	Upgrade and Improvements to Municipal Buildings	117,500	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	117,500	104,444	117,500 104,444	-
2398	Acquisition of Heavy Equipment for the DPW	210,000	3/23/2018	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	210,000	186,666	210,000 186,666	-
2408	Reconstruction of Portions of the Sanitary and StormWater Drainage System	95,000	3/22/2019	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	95,000	95,000	95,000 95,000	-
2409	Acquisition of a Sewer Inspection Camera	70,000	3/22/2019	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	70,000	70,000	70,000 70,000	-
2411	Acq of an Ambulance and a 4 Wheel Drive Vehicle for Fire Dept	285,000	3/22/2019	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	285,000	285,000	285,000 285,000	-
2412	Acquisition of Equipment for the Fire Department	142,500	3/22/2019	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	142,500	142,500	142,500 142,500	-

**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, 2021	Increased	Decreased	Balance, December 31, 2021
2413	Rehabilitation and Environmental Remediation at the DPW	\$ 95,000	3/22/2019	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 % 0.500	\$ 95,000	\$ 95,000	\$ 95,000	-
2425	Resurfacing Portions of Charlton and Pasadena Avenue	50,000	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	50,000	50,000	50,000	-
2426	Resurfacing of Myers Avenue	85,000	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	85,000	85,000	85,000	-
2427	Improvements to Woodland Park Playground	139,000	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	139,000	139,000	139,000	-
2428	Acquisition of Trucks for DPW	142,500	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	142,500	142,500	142,500	-
2436	Replacement of Public Safety Communications Equipment	356,250	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	356,250	356,250	356,250	-
2445	Acquisition of Gear and Equipment for the Fire Department	166,250	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	166,250	166,250	166,250	-
2447	Reconstruction of Sanitary and Storm Water Drainage Facilities	49,000	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	49,000	49,000	49,000	-
2448	2019 Road Resurfacing Program	380,000	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	380,000	380,000	380,000	-
2449	Resurfacing of Raymond Street	140,000	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	140,000	140,000	140,000	-
2450	Boulevard Streetscape Phase X	220,000	3/20/2020	3/20/2020 3/18/2021	3/19/2021 9/24/2021	0.800 0.500	220,000 -	220,000	220,000	-
2465	Acquisition of Certain Trucks for DPW Department	379,112	3/18/2021	3/18/2021	9/24/2021	0.500	-	379,112	379,112	-
							<u>\$ 6,749,000</u>	<u>\$ 6,532,000</u>	<u>\$ 13,281,000</u>	<u>\$ -</u>
							Renewals Issued for Cash	\$ 6,152,888	\$ 6,152,888	
							Paid by Serial Bond	379,112		
							Paid by Budget Appropriation	-	6,379,679	748,433
								<u>\$ 6,532,000</u>	<u>\$ 13,281,000</u>	

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

Balance, January 1, 2021	\$ 132,385
Increased by:	
2021 Budget Appropriation	<u>40,000</u>
	172,385
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>123,100</u>
Balance, December 31, 2021	<u>\$ 49,285</u>

STATEMENT OF RESERVE FOR DEBT SERVICE

Increased by:		
Cash Receipts - Grant Proceeds	\$ 124,500	
Cancelled Improvement Authorizations	<u>1,721</u>	
		<u>\$ 126,221</u>
Balance, December 31, 2021		<u>\$ 126,221</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, January 1, 2021			\$ 1,153,329
Increased by:			
Charged to Improvement Authorizations			<u>2,115,783</u>
			3,269,112
Decreased by:			
Cancelled	\$ 99,338		
Cash Disbursements	<u>675,402</u>		
			<u>774,740</u>
Balance, December 31, 2021			<u>\$ 2,494,372</u>

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

Ord. No.	Improvement Description	Balance, January 1, 2021	2021 Authorizations	Bond Anticipation Notes Issued	Serial Bonds Issued	Cancelled Improvement Authorizations	Balance, December 31, 2021
	<u>General Improvements:</u>						
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				495	\$ 5
1944/1968/1985	Public Safety Building	900					900
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	32,500				28,820	3,680
2316	Bond Refunding	126,680				126,680	-
2457	Rehabilitation and Replacement of the Synthetic Turf Field at Depken Field	950,000			\$ 950,000		-
2458	Repair and/or Reconstruction of Sanitary Sewerage & Stormwater Drainage	190,000			190,000		-
2460	Installation of New Automatic Door Openers at Municipal Bld & Public Safety	30,700			30,700		-
2461	Acquisition of Gear and Equipment for Fire Department	166,250			166,250		-
2462	Acquisition of Four Wheel Vehicle for Fire Department	47,500			47,500		-
2463	Construction of Walking Path, Roadway and Perimeter Fence at Woodland Park	55,000			55,000		-
2465	Acquisition of Certain Trucks for DPW Department	380,000		\$ 379,112	888		-
2466	Improvement of Industrial Ave	48,500			48,500		-
2467	2020 Road Resurfacing Program	570,000			570,000		-
2490	2021 Road Program - LaSalle (Austin to Terrace), Ravine, Austin Place		\$ 741,000				741,000
2491	Acquisition of Real Property - 161 Walter Ave		587,250				587,250
2495	DPW Vehicles, Fueling System, HVAC, Salt Shed, Sewer Repairs, Computer & IT, Municipal Building Improvements	-	837,900	-	-	-	837,900
		<u>\$ 2,752,448</u>	<u>\$ 2,166,150</u>	<u>\$ 379,112</u>	<u>\$ 2,058,838</u>	<u>\$ 309,913</u>	<u>\$ 2,170,735</u>

PUBLIC ASSISTANCE FUND

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

Balance, January 1, 2021	\$ 31,948
Increased by:	
Food Pantry Donations	1,720
	33,668
Decreased by:	
Food Pantry Expenditures	3,800
Balance, December 31, 2021	\$ 29,868

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	<u>P.A.T.F.</u>
Food Pantry Donations	\$ 1,720

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>P.A.T.F.</u>
Food Pantry - Expenditures	\$ 3,800

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

	<u>P.A.T.F.</u>
Balance, January 1, 2021	\$ 31,948
Increased by:	
Revenues	<u>1,720</u>
	33,668
Decreased by:	
Expenditures	<u>3,800</u>
Balance, December 31, 2021	<u>\$ 29,868</u>

BOROUGH OF HASBROUCK HEIGHTS
BERGEN COUNTY, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2021

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2022. 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Hasbrouck Heights's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Hasbrouck Heights's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

However, we 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".

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's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Hasbrouck Heights's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
August 30, 2022

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<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, 2021</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancellations</u>	<u>Balance, December 31, 2021</u>	<u>(Memo) Cumulative Expenditures</u>
Department of Homeland Security FEMA Storm Reimbursement	97.029	Prior Years	\$ 13,609	\$ 13,609		\$ 13,609	\$ 13,609			\$ 13,609
U.S. Department of Treasury Coronavirus Relief Fund	21.027	2021	627,593	627,593						
U.S. Department of Treasury (Passed Through Bergen County Dept of. Finance and Administration) CARES ACT - COVID-19 Corona Virus Aid Relief	21.019	Prior Years	77,577	77,577		77,577	77,577			77,577
Department of Housing and Urban Development Community Development Block Grant (Passed through the County of Bergen)										
Improvements to Woodland Park Surface - Ordinance No 2427	14.218	2019		128,500	\$ 128,500		128,500		-	128,500
Installation of Door Openers - Ordinance No 2460	14.218	2020		102,300	102,300		102,300		-	102,300
Walking Path, Roadway and Perimeter Fence at Woodland Park - Ord. No. 2463	14.218	2020		46,500	46,500		46,500		-	46,500
Senior Citizen Bus - Ord. No. 2481	14.218	2021	70,000	70,000		70,000	70,000			70,000
New Jersey State Police Public Assistance - DPW Generator	Not Available	2017		45,000	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	
					<u>\$ 322,300</u>	<u>\$ 161,186</u>	<u>\$ 438,486</u>	<u>\$ -</u>	<u>\$ 45,000</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, 2021**

<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, 2021</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, December 31, 2021</u>	<u>(Memo) Cumulative Expenditures</u>
Environmental Solid Waste Administration:										
Clean Communities Grant	042-4900-765-004	2021	\$ 21,985	\$ 21,985						
Clean Communities Grant	042-4900-765-004	2020	20,653			\$ 20,653			\$ 20,653	
Clean Communities Grant	042-4900-765-004	2019	22,905		\$ 22,905				22,905	
Clean Communities Grant	042-4900-765-004	2018	20,524		11,823		\$ 6,424		5,399	\$ 15,125
Recycling Tonnage Grant	042-4910-100-224	2021	18,220	18,220		18,220	12,415		5,805	12,415.00
Recycling Tonnage Grant	042-4910-100-224	2019	17,409		17,341		17,341		-	17,409
Law and Public Division of Criminal Justice:										
Body Armor Replacement Fund	066-1020-718-001	2021	2,280	2,280		2,280	1,320		960	1,320
Division of Motor Vehicles:										
Drunk Driving Enforcement Fund	6400-100-078-6400	2021	8,463	8,463						
Drunk Driving Enforcement Fund	6400-100-078-6400	2019	4,180		4,180				4,180	
Drunk Driving Enforcement Fund	6400-100-078-6400	2018	5,093		5,093				5,093	
Drunk Driving Enforcement Fund	6400-100-078-6400	Prior Years	39,494		38,741		872		37,869	1,625
Municipal Court:										
Alcohol Education and Rehabilitation	098-9735-760-001	2021	227	227						
Alcohol Education and Rehabilitation	098-9735-760-001	2020	2,251			2,251			2,251	
Alcohol Education and Rehabilitation	098-9735-760-001	2019	321		321				321	
Alcohol Education and Rehabilitation	098-9735-760-001	2018	439		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		360		4,176	360
Department of Transportation										
Boulevard Streetscape - Ordinance No. 2450	Not Available	2019	218,000	24,281	218,000				218,000	
Improvement of Industrial Ave - Ordinance No. 2466	Not Available	2020	189,000	189,000	189,000		189,000		-	189,000
Safe Routes to Schools - Ordinance No. 2221, 2222	Not Available	2009	173,000		131,760		-	\$ 131,760	-	41,240
					<u>\$ 645,748</u>	<u>\$ 43,404</u>	<u>\$ 227,732</u>	<u>\$ 131,760</u>	<u>\$ 329,660</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, 2021**

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	\$ 91,186	\$ 43,404	\$ 134,590
General Capital Fund	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Total Financial Awards	<u>\$ 161,186</u>	<u>\$ 43,404</u>	<u>\$ 204,590</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.

NOTE 5 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Modified - Unaudited LOSAP Fund</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	_____ yes	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Noncompliance material to the financial statements noted?	_____ yes	<u> X </u> none reported

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, 2021**

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

There are none.

**BOROUGH OF HASBROUCK HEIGHTS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

There were none.

BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

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

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,280,000	2.19%	\$ 1,315,000	2.35%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,172,254	5.42%	2,682,864	4.79%
Collection of Delinquent Taxes and Tax Title Liens	395,177	0.68%	327,792	0.58%
Collection of Current Tax Levy	52,681,562	90.07%	51,382,575	91.67%
Other Credits	<u>961,785</u>	<u>1.64%</u>	<u>342,170</u>	<u>0.61%</u>
Total Income	<u>58,490,778</u>	<u>100.00%</u>	<u>56,050,401</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	20,327,340	35.82%	19,771,509	35.76%
County Taxes	4,778,870	8.42%	4,610,399	8.34%
Local School Taxes	31,594,523	55.67%	30,887,794	55.86%
Other Expenditures	<u>51,327</u>	<u>0.09%</u>	<u>20,705</u>	<u>0.04%</u>
Total Expenditures	56,752,060	<u>100.00%</u> %	55,290,407	<u>100.00%</u> %
Excess in Revenue	1,738,718		759,994	
Fund Balance, January 1	<u>1,282,503</u>		<u>1,837,509</u>	
	3,021,221		2,597,503	
Less Utilization as Anticipated Revenue	<u>1,280,000</u>		<u>1,315,000</u>	
Fund Balance, December 31	<u>\$ 1,741,221</u>		<u>\$ 1,282,503</u>	

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	<u>\$2.824</u>	<u>\$2.876</u>	<u>\$2.845</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.883	.901	.890
County (Includes Open Space)	.256	.256	.249
Local School	1.685	1.719	1.706

Assessed Valuation

2021	<u>\$1,874,325,444</u>		
2020		<u>\$1,797,767,287</u>	
2019			<u>\$1,766,657,570</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>
2021	\$ 53,038,413	\$ 52,681,562	99.33%
2020	51,795,894	51,382,575	99.20%
2019	50,323,075	49,972,641	99.30%

**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.

December 31 <u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u>	Percentage of <u>Tax Levy</u>
2021	\$ 201,018	\$ 313,335	\$ 514,353	0.97%
2020	218,567	389,447	608,014	1.17%
2019	326,124	315,918	642,042	1.28%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2021 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>
2021	-
2020	\$304,730
2019	304,730

Comparative Schedule Of Fund Balance

<u>Year</u>	Fund Balance, <u>December 31,</u>	Utilized in Budget of <u>Succeeding Year</u>
2021	\$1,741,221	\$1,380,000
2020	1,282,503	1,280,000
2019	1,837,509	1,315,000

**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	
Ronald Kistner	Council President	
Josephine Ciocia	Councilwoman	
Christopher Hillmann	Councilman	
Russell A. Lipari	Councilman	
Steven Reyngoudt	Councilman	
Michal Sickels	Councilman	
Laurie Varga	Borough Administrator	(1)
David Sireci	CFO/Treasurer	
Conchita C. Parker	Tax Collector/Tax Search Officer	(1)
Louise Balsamo	Assistant to Collector	(1)
Pam Grisafe	Secretary to Administrator/Payroll Clerk	
Laurie Varga	Borough Clerk	
Ed Brown	Assessor	
Norberto Hernandez, Neglia Engineering	Engineer	
Joseph R. Jones	Judge	
Curt Geisler	Public Defender	
Rosario Presti/ Thomas Flinn (Alt)	Prosecutors	
Susan Paul	Clerk of the Court/Violations Clerk	(1)
Joe Rinke	Captain – Officer-In- Charge	
Gino Tessaro	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-Emeritus	
Richard Malagiere	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. The cash deficit balances have been appropriated in the 2022 budget, therefore no recommendation is warranted.

Current Year

Our audit of outside police duty revealed numerous receivable balances due from vendors for police outside duty services rendered. It is recommended that receivable balances due from police outside duty vendors be collected in a timely manner.

Our audit revealed several contracts awarded in the General Capital Fund were not encumbered at year end. It is recommended that contract balances be encumbered when awarded in the General Capital Fund.

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 \$44,000. The Borough has adopted a resolution increasing the threshold to \$44,000 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 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 5, 2021 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 3 1, and additional penalty of 6% shall be charged against the delinquency.
2. Effective January 5, 2021 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 Borough held tax sales on September 9, 2021.

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>
2021	13
2020	18
2019	18

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

APPRECIATION

We desire to express our appreciation to the Borough Administrator, Chief Financial Officer 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.
- The grant receivable balances in the General Capital Fund continue to be reviewed and subsequently collected and/or cleared of record.

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

RECOMMENDATIONS

It is recommended that:

1. Receivable balances due from police outside duty vendors be collected in a timely manner.
2. Contract balances be encumbered when awarded in the General Capital Fund.

* * * * *

A review was performed on all prior year's recommendations. Corrective action was taken on all prior year's recommendations.

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