

**BOROUGH OF HASBROUCK HEIGHTS**

**BERGEN COUNTY, NEW JERSEY**

**REPORT OF AUDIT**

**YEAR ENDED DECEMBER 31, 2019**

# BOROUGH OF HASBROUCK HEIGHTS

## TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<b><u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u></b>		
	Independent Auditor’s Report	1-3
<b>Financial Statements</b>		
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 Schedules of General Fixed Assets – Regulatory Basis – General Fixed Assets Account Group	22
	Notes to Financial Statements	23-64
<b>Supplementary Schedules</b>		
<b><u>Current Fund</u></b>		
A-4	Statement of Current Cash - Treasurer	65
A-5	Statement of Cash – Change Funds	66
A-6	Statement of Petty Cash Fund	66
A-7	Schedule of Cash – Grant fund	67
A-8	Schedule of Due to State of New Jersey for Senior Citizens’ & Veterans’ Deductions	67
A-9	Statement of Taxes Receivable and Analysis of Property Tax Levy	68
A-10	Schedule of Tax Title Liens Receivable	69
A-11	Schedule of Martin Act Property Liens Receivable	69
A-12	Schedule of Property Acquired for Taxes	69
A-13	Schedule of Due From County of Bergen	70
A-14	Statement of Revenue Accounts Receivable	70
A-15	Statement of 2018 Appropriation Reserves	71-73
A-16	Statement of Encumbrances Payable	74
A-17	Statement of Accounts Payable	74
A-18	Statement of Prepaid Taxes	74
A-19	Statement of Tax Overpayments	74
A-20	Statement of County Taxes Payable	75
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

### Exhibits

### Page

#### **Supplementary Schedules (Continued)**

##### **Current Fund (Continued)**

A-23	Statement of Reserve for Tax Appeals	76
A-24	Statement of Reserve for Revaluation of Real Property	76
A-25	Statement of Reserve for FEMA Reimbursements	76
A-26	Statement of Reserve for Sale of Municipal Assets	76
A-27	Statement of Reserve for Terminal Pay	77
A-28	Statement of Reserve for Traffic Safety – Towing Fees	77
A-29	Statement of Maintenance of Free Public Library with State Aid	78
A-30	Statement of Federal and State Grants Receivable	79
A-31	Statement of Appropriated Grant Reserves	79
A-32	Statement of Unappropriated Grant Reserves	79

##### **Trust Funds**

B-3	Statement of Trust Cash	80
B-4	Statement of Due to the State of New Jersey	81
B-5	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	81
B-6	Statement of Due to Current Fund – Animal Control Fund	81
B-7	Statement of Miscellaneous Reserves – Other Trust Fund	82
B-8	Statement of Payroll Deductions Payable – Other Trust Fund	83
B-9	Statement of Police Outside Duty Receivable	83
B-10	Statement of Due from Current Fund – Other Trust Fund	84
B-11	Statement of Reserve for Unemployment Insurance – Other Trust Fund	84
B-12	Statement of Reserve for FEMA Reimbursements – Other Trust Fund	84

##### **General Capital Fund**

C-2	Statement of General Capital Cash	85
C-3	Analysis of General Capital Cash	86-88
C-4	Statement of Grants Receivable – State of N.J.	89
C-5	Schedule of Grants Receivable – County of Bergen – Community Development Block Grant/Open Space Grant	89
C-6	Statement of Grants Receivable FEMA	90
C-7	Statement of Deferred Charges Funded	90
C-8	Statement of Deferred Charges to Future Taxation – Unfunded	91-94
C-9	Statement of Improvement Authorizations	95-97
C-10	Statement of General Serial Bonds	98
C-11	Statement of Bond Anticipation Notes	99-102
C-12	Statement of Capital Improvement Fund	103
C-13	Statement of Reserve for Garrison Avenue Repair – FEMA Funds	103
C-14	Statement of Reserve for Payment of Bond Anticipation Notes	103
C-15	Statement of Reserve for Pump Station Repair	104
C-16	Statement of Due to Current Fund	104
C-17	Statement of Contracts Payable	104
C-18	Statement of Bonds and Notes Authorized But Not Issued	105

##### **Public Assistance Fund**

D-1	Statement of Public Assistance Cash – Treasurer	106
D-2	Statement of Public Assistance Revenues	106
D-3	Statement of Public Assistance Expenditures	106
D-4	Statement of Due to Current Fund	106
D-5	Statement of Reserve for Public Assistance	107

# BOROUGH OF HASBROUCK HEIGHTS

## TABLE OF CONTENTS

### Exhibits

### Page

#### **Part II – Government Auditing Standards**

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	108-109
Schedule of Expenditures of Federal Awards – Schedule A	110
Schedule of Expenditures of State Financial Assistance – Schedule B	111
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	112
Schedule of Findings and Responses	113-114
Summary Schedule of Prior Year Audit Findings	115

#### **Part III-Supplementary Data and Letter of Comments and Recommendations**

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	116
Comparative Schedule of Tax Rate Information	117
Comparison of Tax Levies and Collection Currently	117
Delinquent Taxes and Tax Title Liens	118
Property Acquired by Tax Title Lien Liquidation	118
Comparative Schedule of Fund Balance	118
Officials in Office and Surety Bonds	119
General Comments	120-122
Appreciation	122
Recommendations	123

**BOROUGH OF HASBROUCK HEIGHTS**

**BERGEN COUNTY, NEW JERSEY**

---

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2019**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Hasbrouck Heights, as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year then ended December 31, 2019, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Hasbrouck Heights as of December 31, 2019 and 2018, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 15 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the year ended December 31, 2019 and 2018. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 44 percent and 39 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2019 and 2018.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Hasbrouck Heights as of December 31, 2019, and the results of operations and changes in fund balance – regulatory basis and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2019 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Information***

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2020 on our consideration of the Borough of Hasbrouck Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Hasbrouck Heights' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Hasbrouck Heights' internal control over financial reporting and compliance.



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



Andrew D. Parente  
Registered Municipal Accountant  
RMA Number CR00529

Fair Lawn, New Jersey  
September 14, 2020



**BOROUGH OF HASBROUCK HEIGHTS  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
<b>REGULAR FUND</b>			
Cash	A-4	\$ 3,405,039	\$ 3,548,813
Cash - Change Funds	A-5	<u>275</u>	<u>275</u>
		<u>3,405,314</u>	<u>3,549,088</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	315,918	407,012
Tax Title Liens Receivable	A-10	326,124	286,484
Martin Act Property Liens Receivable	A-11	543	543
Property Acquired for Taxes	A-12	304,730	304,730
Due from County of Bergen	A-13	6,413	
Revenue Accounts Receivable	A-14	<u>8,194</u>	<u>6,534</u>
		<u>961,922</u>	<u>1,005,303</u>
 Total Regular Fund		 <u>\$ 4,367,236</u>	 <u>\$ 4,554,391</u>
<b>GRANT FUND</b>			
Cash	A-7	<u>\$ 138,237</u>	<u>\$ 110,534</u>
 Total Grant Fund		 <u>\$ 138,237</u>	 <u>\$ 110,534</u>
 Grand Total		 <u>\$ 4,505,473</u>	 <u>\$ 4,664,925</u>

**BOROUGH OF HASBROUCK HEIGHTS  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
<b>REGULAR FUND</b>			
Liabilities:			
Appropriation Reserves	A-3, A-15	\$ 680,194	\$ 411,109
Encumbrances Payable	A-16	156,945	97,983
Accounts Payable	A-17		4,262
Prepaid Taxes	A-18	143,796	379,740
Tax Overpayments	A-19	25,031	31,403
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	A-8	8,640	6,505
Due to County for Added Taxes	A-20	5,398	6,439
Due to State of New Jersey:			
Building Surcharge Fees	A-22	2,392	4,913
Marriage License Fees	A-22	1,783	1,983
Burial Permit Fees	A-22	1,790	1,795
Reserve for:			
Tax Appeals	A-23	360,789	455,020
Revaluation of Real Property	A-24		1,900
Sale of Municipal Assets	A-26	30,000	55,000
Terminal Pay	A-27	150,000	150,000
Traffic Safety - Towing Fees	A-28		8,725
Maintenance of Free Public Library with State Aid	A-29	<u>1,047</u>	<u>700</u>
		1,567,805	1,617,477
Reserve for Receivables and Other Assets		961,922	1,005,303
Fund Balance	A-1	<u>1,837,509</u>	<u>1,931,611</u>
 Total Regular Fund		 <u>\$ 4,367,236</u>	 <u>\$ 4,554,391</u>
 <b>GRANT FUND</b>			
Appropriated Grant Reserves	A-31	\$ 97,602	\$ 89,571
Unappropriated Grant Reserves	A-32	<u>40,635</u>	<u>20,963</u>
 Total Grant Fund		 <u>\$ 138,237</u>	 <u>\$ 110,534</u>
 Grand Total		 <u>\$ 4,505,473</u>	 <u>\$ 4,664,925</u>

**BOROUGH OF HASBROUCK HEIGHTS**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>REVENUE AND OTHER INCOME</b>			
Fund Balance Utilized	A-2	\$ 1,275,000	\$ 1,275,000
Miscellaneous Revenue Anticipated	A-2	3,360,650	3,174,722
Receipts from Delinquent Taxes	A-2	385,258	416,897
Receipts from Current Taxes	A-2	49,972,641	48,641,295
Non-Budget Revenues	A-2	104,305	83,282
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	143,034	273,077
Cancellation of Tax Overpayments	A		3,925
Cancellation of Prior Year Accounts Payable	A-17	4,262	9,356
Cancellation of Reserve for Revaluation of Real Property	A-24	1,900	-
		<u>55,247,050</u>	<u>53,877,554</u>
<b>Total Income</b>			
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	9,161,575	8,745,400
Other Expenses	A-3	6,933,180	7,011,786
Capital Improvements	A-3	51,500	50,000
Municipal Debt Service	A-3	1,369,771	1,260,525
Deferred Charges and Statutory Expenditures	A-3	2,031,365	1,848,705
County Taxes	A-20	4,383,308	4,378,256
Due to County for Added Tares	A-20	5,398	6,439
Local District School Tax	A-21	30,127,255	29,306,120
Senior Citizens Deductions Disallowed - Prior Years	A-8	1,000	859
Refund of Prior Year Revenue	A-4	1,800	376
		<u>54,066,152</u>	<u>52,608,466</u>
<b>Total Expenditures</b>			
Statutory Excess in Revenues		1,180,898	1,269,088
Fund Balance, Beginning of Year	A	<u>1,931,611</u>	<u>1,937,523</u>
		3,112,509	3,206,611
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	<u>1,275,000</u>	<u>1,275,000</u>
<b>Fund Balance, End of Year</b>	A	<u>\$ 1,837,509</u>	<u>\$ 1,931,611</u>

**BOROUGH OF HASBROUCK HEIGHTS**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,275,000	\$ 1,275,000	-
MISCELLANEOUS REVENUES				
Licenses:				
Alcoholic Beverages	A-14	10,000	20,095	\$ 10,095
Other	A-14	43,500	76,637	33,137
Fees and Permits	A-14	58,000	57,080	(920)
Fines and Costs:				
Municipal Court	A-14	169,000	194,927	25,927
Interest and Costs on Taxes	A-14	91,000	94,857	3,857
Interest on Investments and Deposits	A-2	100,000	172,038	72,038
Reserve for Traffic Safety Towing Fees	A-28	9,300	8,725	(575)
Lease - Hasbrouck Heights Swim Club	A-14	7,000	7,000	-
Cable TV Franchise Fees	A-14	175,718	175,718	-
Car Dealership Registration Fees	A-14	68,000	79,200	11,200
Energy Receipts Taxes	A-14	1,083,148	1,083,148	-
Uniform Construction Code Fees	A-14	180,000	190,175	10,175
Hotel and Motel Occupancy Fee	A-14	600,000	664,078	64,078
Uniform Fire Safety Act (P.L. 1983, Ch. 383)	A-14	11,600	14,462	2,862
FEMA Reimbursement	A-25	38,515	38,515	-
Reserve for Interest on Bond Anticipation Notes	A-14	59,725	59,725	-
State and Federal Revenues Offset with Appropriations:				
Recycling Tonnage Grant	A-30	17,409	17,409	-
Drunk Driving Enforcement	A-30	4,180	4,180	-
Body Amor Fund	A-30	3,139	3,139	-
Reserve for Clean Communities Program	A-32	20,524	20,524	-
Reserve for Alcohol Education & Rehabilitation	A-32	439	439	-
Other Special Items:				
Reserve for Sale of Municipal Assets	A-26	25,000	25,000	-
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field	A-14	62,930	62,930	-
Due from H.H. Bd. of Ed. - Class III Police Officers	A-14	147,750	147,750	-
Fire Protection - Teterboro	A-14	110,668	110,668	-
911 Coverage - Teterboro	A-14	7,376	7,376	-
911 Coverage - Wood-Ridge	A-14	10,959	10,959	-
Joint Assessor's Office - South Hackensack	A-14	19,200	9,873	(9,327)
Pistol Range - Carlstadt	A-14	2,985	2,986	1
Pistol Range - Maywood	A-14	500	-	(500)
Lease - Port of New York Authority	A-14	1,036	1,037	1
 Total Miscellaneous Revenues		<u>3,138,601</u>	<u>3,360,650</u>	<u>222,049</u>
 RECEIPTS FROM DELINQUENT TAXES		<u>395,000</u>	<u>385,258</u>	<u>(9,742)</u>
 AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes		15,129,243	15,847,133	717,890
Minimum Library Tax		<u>606,049</u>	<u>606,049</u>	-
		<u>15,735,292</u>	<u>16,453,182</u>	<u>717,890</u>
 Total General Revenues		<u>\$ 20,543,893</u>	21,474,090	<u>\$ 930,197</u>
 Non-Budget Revenue			<u>104,305</u>	
			<u>\$ 21,578,395</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Reference</u>	<u>2019</u>
<b>ANALYSIS OF REALIZED REVENUE</b>		
Allocation of Current Tax Collection		
Revenue from Collections	A-9	\$ 49,972,641
Less: Allocated to School and County Taxes	A-20, A-21	<u>34,515,961</u>
Balance for Support of Municipal Budget Appropriations		15,456,680
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>996,502</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 16,453,182</u>
 <b>RECEIPTS FROM DELINQUENT TAXES</b>		
Delinquent Tax Collections	A-9	\$ <u>385,258</u>
	A-1, A-2	<u>\$ 385,258</u>
 <b>ANALYSIS OF INTEREST ON INVESTMENTS AND DEPOSITS</b>		
Interest on Investments and Deposits	A-2, A-14	\$ 109,612
Due from Animal Control Fund	B-6	805
Due from Other Trust Fund	B-10	28,288
Due from General Capital Fund	C-16	32,715
Due from Public Assistance Trust Fund	D-4	<u>618</u>
		<u>\$ 172,038</u>
 <b>ANALYSIS OF NON-BUDGET REVENUE</b>		
Miscellaneous Refunds		\$ 15,932
Sewer Charges		49,408
Towing Application Fees		1,575
Miscellaneous Charges and Fees		<u>37,390</u>
	A-2, A-4	<u>\$ 104,305</u>

**BOROUGH OF HASBROUCK HEIGHTS**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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"					
GENERAL GOVERNMENT					
Administrative and Executive - Mayor and Council					
Salaries and Wages	\$ 39,500	\$ 39,500	\$ 38,857	\$ 643	
Administrative and Executive					
Salaries and Wages	177,000	177,000	152,442	24,558	
Other Expenses	38,450	38,450	31,121	7,329	
Elections					
Salaries and Wages	6,000	6,000	6,000		
Other Expenses	13,000	13,000	9,410	3,590	
Financial Administration					
Salaries and Wages	152,500	152,500	149,442	3,058	
Other Expenses - Audit	38,500	38,500	1,000	37,500	
Other Expenses - Miscellaneous	4,250	4,250	2,156	2,094	
Assessment of Taxes					
Salaries and Wages	44,500	28,750	26,927	1,823	
Other Expenses	48,700	48,700	45,473	3,227	
Collection of Taxes					
Salaries and Wages	112,000	112,000	111,947	53	
Other Expenses	17,100	17,100	12,904	4,196	
Legal Services					
Other Expenses	177,500	195,000	188,135	6,865	
Municipal Court					
Salaries and Wages	99,000	93,500	86,429	7,071	
Other Expenses	9,500	12,500	12,222	278	
Municipal Prosecutor					
Salaries and Wages	23,500	23,500	22,137	1,363	
Other Expenses	500	500		500	
Public Defender					
Salaries and Wages	11,000	11,000	6,042	4,958	
Other Expenses	500	500		500	
Engineering Services and Costs					
Other Expenses	34,500	30,000	9,177	20,823	
Public Buildings and Grounds					
Salaries and Wages	71,500	73,000	69,820	3,180	
Other Expenses	111,500	107,000	80,081	26,919	
MUNICIPAL LAND USE LAW					
Planning Board					
Salaries and Wages	10,500	10,500	10,261	239	
Other Expenses	4,000	4,000	1,482	2,518	
Zoning Board of Adjustment					
Salaries and Wages	47,000	47,000	42,709	4,291	
Other Expenses	6,500	6,500	6,272	228	
Master Plan					
Other Expenses	10,000	10,000	3,732	6,268	
Codification of Ordinances					
Other Expenses	6,000	6,000	1,195	4,805	
Shade Trees					
Salaries and Wages	302,500	325,000	324,771	229	
Other Expenses	24,500	24,500	19,222	5,278	
Recycling Program					
Salaries and Wages	238,500	243,500	243,283	217	
Other Expenses	99,000	99,000	95,522	3,478	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
INSURANCE					
Employee Group Insurance	\$ 2,201,000	\$ 2,133,050	\$ 2,018,720	\$ 114,330	
Workman's Compensation Insurance	362,889	362,889	362,889		
Other Insurance Premiums	306,600	308,100	308,094	6	
PUBLIC SAFETY FUNCTIONS					
Fire					
Salaries and Wages	109,500	101,000	95,014	5,986	
Other Expenses	113,500	122,000	115,646	6,354	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Salaries and Wages	59,725	59,725	57,352	2,373	
Other Expenses	6,800	6,800	6,235	565	
Police Department					
Salaries and Wages	4,828,850	4,843,850	4,832,549	11,301	
Other Expenses	241,600	241,600	234,852	6,748	
Emergency Management Services					
Salaries and Wages	6,750	6,750	6,750	-	
Other Expenses	7,000	7,000	5,510	1,490	
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries and Wages	354,000	354,000	349,877	4,123	
Other Expenses	69,500	75,500	75,082	418	
SANITATION					
Street Cleaning					
Salaries and Wages	326,500	349,500	346,553	2,947	
Other Expenses	30,600	30,600	27,844	2,756	
Garbage and Trash Removal					
Salaries and Wages	640,500	617,500	607,122	10,378	
Other Expenses	69,000	69,000	68,612	388	
Sewer Maintenance					
Salaries and Wages	201,750	209,750	209,329	421	
Other Expenses	25,000	20,500	9,746	10,754	
Sanitary Landfill - Contractual -Bergen County	415,000	415,000	344,189	70,811	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	49,750	51,250	51,210	40	
Other Expenses - Contractual	75,000	75,000	73,646	1,354	
Other Expenses - Miscellaneous	6,200	7,700	7,614	86	
Dog Regulation					
Other Expenses - Contractual	15,000	5,000		5,000	
Other Expenses - Miscellaneous	500	500		500	
Administration of Public Assistance					
Other Expenses	250	250		250	

**BOROUGH OF HASBROUCK HEIGHTS**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(Continued)**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
RECREATION AND EDUCATION					
Parks and Playground					
Salaries and Wages	\$ 228,500	\$ 224,000	\$ 221,399	\$ 2,601	
Other Expenses	16,500	16,500	16,354	146	
Recreation					
Salaries and Wages	95,750	95,750	92,938	2,812	
Other Expenses	37,000	37,000	25,109	11,891	
Celebration of Public Events, Anniversary or Holiday					
Salaries and Wages	14,500	14,500	14,345	155	
Other Expenses	22,500	22,500	16,746	5,754	
Senior Citizen's Transportation					
Salaries and Wages	19,500	19,500	14,397	5,103	
Other Expenses	2,000	2,000	1,236	764	
Senior Citizen's Activities					
Salaries and Wages	33,500	33,500	33,220	280	
Other Expenses	18,000	19,750	19,669	81	
UNIFORM CONSTRUCTION CODE					
Construction Code Officials					
Salaries and Wages	142,500	141,000	139,540	1,460	
Other Expenses	4,000	4,850	4,758	92	
UNCLASSIFIED					
Utilities					
Gasoline	130,000	130,000	88,127	41,873	
Electricity	122,500	126,500	126,289	211	
Telephone	77,000	80,250	78,308	1,942	
Natural Gas	36,500	39,800	39,784	16	
Street Lighting	108,000	97,450	92,310	5,140	
Fire Hydrant Service	127,500	127,500	123,387	4,113	
Water	21,000	21,000	18,411	2,589	-
	<u>13,758,514</u>	<u>13,725,414</u>	<u>13,190,933</u>	<u>534,481</u>	<u>-</u>
Total Operations Within "CAPS"					
Detail:					
Salaries & Wages	8,446,575	8,464,325	8,362,662	101,663	-
Other Expenses	5,311,939	5,261,089	4,828,271	432,818	-



**BOROUGH OF HASBROUCK HEIGHTS**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(Continued)**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Public Employees Retirement System	\$ 510,110	\$ 522,610	\$ 522,436	\$ 174	
Social Security System (O.A.S.I.)	345,000	364,700	364,693	7	
Police and Firemans Retirement System	1,111,155	1,118,255	1,118,233	22	
Unemployment Insurance	<u>35,000</u>	<u>25,800</u>	<u>-</u>	<u>25,800</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>2,001,265</u>	<u>2,031,365</u>	<u>2,005,362</u>	<u>26,003</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>15,759,779</u>	<u>15,756,779</u>	<u>15,196,295</u>	<u>560,484</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library					
Salaries and Wages	511,500	511,500	482,253	29,247	
Other Expenses	183,150	183,150	178,745	4,405	
Other Expenses - Group Plan for Employees	115,000	115,000	115,000	-	
Bergen County Utilities Authority - Sewer Service Charges					
Other Expenses - Contractual	1,171,000	1,171,000	1,170,009	991	
Reserve for Tax Appeals	60,000	61,500	60,000	1,500	
Length of Service Awards Program (LOSAP)	60,000	60,000		60,000	
Police - Class III Police Officers					
Salaries and Wages	137,250	137,250	128,144	9,106	
Other Expenses	10,500	10,500		10,500	
Recycling Tax	18,750	18,750	16,289	2,461	
Street Cleaning					
Salaries and Wages	48,500	48,500	48,500		
Other Expenses	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>2,322,150</u>	<u>2,323,650</u>	<u>2,205,440</u>	<u>118,210</u>	<u>-</u>

**BOROUGH OF HASBROUCK HEIGHTS**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(Continued)**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	\$ 4,180	\$ 4,180	\$ 4,180		
Reserve for Clean Communities Program	20,524	20,524	20,524		
Reserve for Alcohol Education & Rehabilitation	439	439	439		
Body Amor Fund	3,139	3,139	3,139		
Recycling Tonnage Grant	<u>17,409</u>	<u>17,409</u>	<u>17,409</u>	-	-
 Total Public and Private Programs Offset by Revenues	 <u>45,691</u>	 <u>45,691</u>	 <u>45,691</u>	 -	 -
 Total Operations Excluded from "CAPS"	 <u>2,367,841</u>	 <u>2,369,341</u>	 <u>2,251,131</u>	 <u>\$ 118,210</u>	 -
Detail:					
Salaries and Wages	697,250	697,250	658,897	38,353	
Other Expenses	<u>1,670,591</u>	<u>1,672,091</u>	<u>1,592,234</u>	<u>79,857</u>	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>50,000</u>	<u>51,500</u>	<u>50,000</u>	<u>1,500</u>	-
				-	-
Total Capital Improvements - Excluded from "CAPS"	<u>50,000</u>	<u>51,500</u>	<u>50,000</u>	<u>1,500</u>	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	350,000	350,000	350,000		
Payment of Bond Anticipation Notes and Capital Notes	788,500	788,500	788,500		
Interest on Bonds	68,800	68,800	68,800		
Interest on Notes	<u>162,471</u>	<u>162,471</u>	<u>162,471</u>	-	-
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,369,771</u>	<u>1,369,771</u>	<u>1,369,771</u>	-	-

**BOROUGH OF HASBROUCK HEIGHTS**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(Continued)**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>\$ 3,787,612</u>	<u>\$ 3,790,612</u>	<u>\$ 3,670,902</u>	<u>\$ 119,710</u>	<u>-</u>
Subtotal General Appropriations	19,547,391	19,547,391	18,867,197	680,194	-
Reserve for Uncollected Taxes	<u>996,502</u>	<u>996,502</u>	<u>996,502</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 20,543,893</u>	<u>\$ 20,543,893</u>	<u>\$ 19,863,699</u>	<u>\$ 680,194</u>	<u>\$ -</u>
<u>Reference</u>	A-2		A-1	A,A-1	

	<u>Reference</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>
Budget as Adopted	A-3	<u>\$ 20,543,893</u>	
Cash Disbursements	A-4		\$ 18,604,561
Encumbrances Payable	A-16		156,945
Reserve for Tax Appeals	A-23		60,000
Appropriated Grant Reserves	A-31		45,691
Reserve for Uncollected Taxes	A-2		<u>996,502</u>
			<u>\$ 19,863,699</u>

**BOROUGH OF HASBROUCK HEIGHTS  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Assessment Trust Fund			
Cash	B-3	\$ <u>1,839</u>	\$ <u>1,839</u>
Animal Control Fund			
Cash	B-3	<u>28,252</u>	<u>28,905</u>
Other Trust Fund			
Cash	B-3	1,017,166	1,074,614
Police Outside-Duty Receivable	B-9	<u>95,862</u>	<u>16,000</u>
		<u>1,113,028</u>	<u>1,090,614</u>
Length of Service Awards Program Fund (Unaudited)			
Investments	B	848,644	664,708
Contribution Receivable	B	<u>47,000</u>	<u>60,200</u>
		<u>895,644</u>	<u>724,908</u>
<b>TOTAL ASSETS</b>		<u>\$ 2,038,763</u>	<u>\$ 1,846,266</u>

**BOROUGH OF HASBROUCK HEIGHTS  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>LIABILITIES, RESERVE AND FUND BALANCE</b>			
Assessment Trust Fund			
Fund Balance	B-2	\$ 1,839	\$ 1,839
Animal Control Fund			
Due to State of New Jersey	B-4		116
Reserve for Animal Control Expenditures	B-5	28,252	28,789
		<u>28,252</u>	<u>28,905</u>
Other Trust Fund			
Miscellaneous Reserves	B-7	876,641	820,641
Payroll Deductions Payable	B-8	164,028	176,283
Reserve for Unemployment Insurance	B-11	56,378	77,709
Reserve for FEMA Reimbursements	B-12	8,680	8,680
Fund Balance	B-1	7,301	7,301
		<u>1,113,028</u>	<u>1,090,614</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for LOSAP Benefits	B	895,644	724,908
<b>TOTAL LIABILITIES, RESERVE AND FUND BALANCE</b>		<u>\$ 2,038,763</u>	<u>\$ 1,846,266</u>

**BOROUGH OF HASBROUCK HEIGHTS**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**OTHER TRUST FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1	B	\$ 7,301	\$ 9,237
Decreased by:			
Transfer to Miscellaneous Reserves	B	-	1,936
Balance, December 31	B	<u>\$ 7,301</u>	<u>\$ 7,301</u>

**BOROUGH OF HASBROUCK HEIGHTS  
 COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS  
 ASSESSMENT TRUST FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</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, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 1,171,158	\$ 1,229,604
Grants Receivable - State of New Jersey	C-4	1,065,168	645,168
Grants Receivable - Community Devel. Block Grant/Open Space Grant	C-5	450,194	192,744
Grants Receivable - Due From FEMA	C-6	45,000	45,000
Deferred Charges to Future Taxation			
Funded	C-7	1,370,000	1,720,000
Unfunded	C-8	<u>7,865,998</u>	<u>6,926,498</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 11,967,518</u></b>	<b><u>\$ 10,759,014</u></b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-10	\$ 1,370,000	\$ 1,720,000
Bond Anticipation Notes	C-11	5,823,500	5,924,500
Contracts Payable	C-17	1,622,173	520,067
Improvement Authorizations			
Funded	C-9	914,698	513,895
Unfunded	C-9	1,999,036	1,731,687
Capital Improvement Fund	C-12	176,635	226,800
Reserve for Garrison Ave. Repair - FEMA Funds	C-13	7,801	7,801
Reserve for Payment of Bond Anticipation Notes	C-14	46,821	59,725
Reserve for Pump Station Repair	C-15		47,685
Fund Balance	C-1	<u>6,854</u>	<u>6,854</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 11,967,518</u></b>	<b><u>\$ 10,759,014</u></b>

There were bonds and notes authorized but not issued on December 31, 2019 of \$2,042,498 and on December 31, 2018 of \$1,001,998 (Exhibit C-18).



**BOROUGH OF HASBROUCK HEIGHTS**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1	C	\$ <u>6,854</u>	\$ <u>6,854</u>
Balance, December 31	C	\$ <u>6,854</u>	\$ <u>6,854</u>

**BOROUGH OF HASBROUCK HEIGHTS  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE TRUST FUND  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>28,454</u>	\$ <u>28,609</u>
<b>TOTAL ASSETS</b>		<u>\$ 28,454</u>	<u>\$ 28,609</u>
 <b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance	D-5	\$ <u>28,454</u>	\$ <u>28,609</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u>\$ 28,454</u>	<u>\$ 28,609</u>

**BOROUGH OF HASBROUCK HEIGHTS**  
**COMPARATIVE BALANCE SHEETS OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNTS GROUP**  
**AS OF DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Land	\$ 23,971,900	\$ 23,437,200
Buildings	12,563,600	13,098,300
Machinery and Equipment	<u>9,873,600</u>	<u>9,599,298</u>
	<u>\$ 46,409,100</u>	<u>\$ 46,134,798</u>
Investment in General Fixed Assets	<u>\$ 46,409,100</u>	<u>\$ 46,134,798</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

**B. Description of Regulatory Basis of Accounting**

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

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2018 balances to conform to the December 31, 2019 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, 2019 AND 2018**

**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 11<sup>th</sup> 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, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

**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.



**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Trust Funds  
General Capital Fund  
Public Assistance Trust Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2019 and 2018 the Borough Council did not increase the original budget. However, the governing body did approve several budget transfers during 2019 and 2018.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018, the book value of the Borough's deposits were \$5,790,420 and \$6,023,193 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,980,884 and \$6,283,540, 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>2019</u>	<u>2018</u>
Insured	<u>\$ 5,980,884</u>	<u>\$ 6,283,540</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, 2019 and 2018, the Borough’s bank balances were not exposed to custodial credit risk.

**B. Investments**

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

As of December 31, 2019 and 2018, the Borough had the following investments:

	<b>Fair Value</b>	
	<b><u>(LOSAP - Unaudited)</u></b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
Investment:		
Lincoln Financial LOSAP Investment Fund	\$ 848,644	\$ 664,708

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, 2019 and 2018, \$848,644 and \$664,708 of the Borough’s investments was exposed to custodial credit risk as follows:

	<b>Fair Value</b>	
	<b><u>(LOSAP - Unaudited)</u></b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 848,644	\$ 664,708

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2019 and 2018, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2019 and 2018 consisted of the following:

<u>Current</u>	<u>2019</u>	<u>2018</u>
Property Taxes	\$ 315,918	\$ 407,012
Tax Title Liens	<u>326,124</u>	<u>286,484</u>
	<u>\$ 642,042</u>	<u>\$ 693,496</u>

In 2019 and 2018, the Borough collected \$385,258 and \$416,897 from delinquent taxes, which represented 56% and 61%, respectively of the prior year delinquent taxes receivable balance.

**NOTE 5 FUND BALANCES APPROPRIATED**

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

	<u>2019</u>		<u>2018</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund Cash Surplus	<u>\$ 1,837,509</u>	<u>\$ 1,315,000</u>	<u>\$ 1,931,611</u>	<u>\$ 1,275,000</u>

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 6 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, 2019 and 2018.

	Balance January 1, <u>2019</u>	<u>Increases</u>	<u>Adjustment</u>	Balance, December 31, <u>2019</u>
<b><u>2019</u></b>				
Land	\$ 23,437,200		\$ 534,700	\$ 23,971,900
Buildings and Building Improvements	13,098,300		(534,700)	12,563,600
Machinery and Equipment	<u>9,599,298</u>	<u>\$ 274,302</u>	<u>-</u>	<u>9,873,600</u>
	<u>\$ 46,134,798</u>	<u>\$ 274,302</u>	<u>\$ -</u>	<u>\$ 46,409,100</u>
	Balance January 1, <u>2018</u>	<u>Increases</u>	<u>Adjustment</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>				
Land	\$ 23,437,200			\$ 23,437,200
Buildings and Building Improvements	13,098,300			13,098,300
Machinery and Equipment	<u>9,152,078</u>	<u>\$ 447,220</u>	<u>-</u>	<u>9,599,298</u>
	<u>\$ 45,687,578</u>	<u>\$ 447,220</u>	<u>\$ -</u>	<u>\$ 46,134,798</u>

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 7 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 general capital fund projects and acquisitions. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2019</u>	<u>2018</u>
Issued		
General		
Bonds and Notes	\$ 7,193,500	\$ 7,644,500
Less Funds Temporarily Held to Pay Bonds and Notes	<u>46,821</u>	<u>59,725</u>
Net Debt Issued	7,146,679	7,584,775
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,042,498</u>	<u>1,001,998</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 9,189,177</u>	<u>\$ 8,586,773</u>

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 0.497% and 0.471% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2019</u></b>			
General Debt	\$ 9,235,998	\$ 46,821	\$ 9,189,177
School Debt	<u>9,630,000</u>	<u>9,630,000</u>	<u>-</u>
Total	<u>\$ 18,865,998</u>	<u>\$ 9,676,821</u>	<u>\$ 9,189,177</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2018</u></b>			
General Debt	\$ 8,646,498	\$ 59,725	\$ 8,586,773
School Debt	<u>10,365,000</u>	<u>10,365,000</u>	<u>-</u>
Total	<u>\$ 19,011,498</u>	<u>\$ 10,424,725</u>	<u>\$ 8,586,773</u>

**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>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 65,020,840	\$ 64,249,937
Less: Net Debt	<u>9,189,177</u>	<u>8,586,773</u>
Remaining Borrowing Power	<u>\$ 55,831,663</u>	<u>\$ 55,663,164</u>



**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 7 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>2019</u>	<u>2018</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%	\$ <u>1,370,000</u>	\$ <u>1,720,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2019 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2020	\$ 350,000	\$ 54,800	\$ 404,800
2021	345,000	40,800	385,800
2022	345,000	27,000	372,000
2023	<u>330,000</u>	<u>13,200</u>	<u>343,200</u>
Total	<u>\$ 1,370,000</u>	<u>\$ 135,800</u>	<u>\$ 1,505,800</u>

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 7 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, 2019 and 2018 were as follows:

	Balance, January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<b><u>2019</u></b>					
General Capital Fund Bonds Payable	\$ 1,720,000	\$ -	\$ 350,000	\$ 1,370,000	\$ 350,000
General Capital Fund Long-Term Liabilities	\$ 1,720,000	\$ -	\$ 350,000	\$ 1,370,000	\$ 350,000
	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<b><u>2018</u></b>					
General Capital Fund Bonds Payable	\$ 2,070,000	\$ -	\$ 350,000	\$ 1,720,000	\$ 350,000
General Capital Fund Long-Term Liabilities	\$ 2,070,000	\$ -	\$ 350,000	\$ 1,720,000	\$ 350,000

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 7 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

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

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2019</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2019</u>
<b><u>2019</u></b>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.750%	3/20/2020	\$ 5,924,500	\$ 5,823,500	\$ 5,924,500	\$ 5,823,500
Total General Capital Fund			\$ 5,924,500	\$ 5,823,500	\$ 5,924,500	\$ 5,823,500

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 8 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction/Other Commitment</u>	<u>Estimated Date of Completion/Acquisition</u>
<b><u>2019</u></b>		
Replacement and Upgrade of Public Safety Communication Equipment	\$321,119	2020
Emergency Repair of Franklin Avenue Pump Station	61,070	2020
Improvements to Myers Ave, Charlton & Pasadena Ave.	208,713	2020
Improvements to Raymond Street	270,301	2020
2019 Road Resurfacing Program	449,318	2020
Acquisition of Vehicles	243,077	2020
<b><u>2018</u></b>		
2017 Road Program	\$122,185	2019
Acquisition of an Ambulance	244,541	2019

**NOTE 9 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

In addition, members of the Borough police department are eligible to receive 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 \$767,966 and \$613,185 at December 31, 2019 and 2018, 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, 2019 and 2018, the Borough has reserved in the Current Fund \$150,000 and \$150,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39. Any remaining potential liability will be raised in that respective year's budget.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 9 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2019 and 2018 were as follows:

	Balance, January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<b><u>2019</u></b>					
Compensated Absences	\$ 613,185	\$ 154,781		\$ 767,966	
Net Pension Liability - PERS	9,912,559		\$ 824,678	9,087,881	
Net Pension Liability - PFRS	15,171,917		1,637,548	13,534,369	
Net OPEB Liability	16,337,776	-	3,619,234	12,718,542	-
<b>Total Other Long-Term Liabilities</b>	<b><u>\$ 42,035,437</u></b>	<b><u>\$ 154,781</u></b>	<b><u>\$ 6,081,460</u></b>	<b><u>\$ 36,108,758</u></b>	<b><u>\$ -</u></b>
	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<b><u>2018</u></b>					
Compensated Absences	\$ 216,000	\$ 397,185		\$ 613,185	
Net Pension Liability - PERS	12,131,694		\$ 2,219,135	9,912,559	
Net Pension Liability - PFRS	16,535,046		1,363,129	15,171,917	
Net OPEB Liability	21,404,934	-	5,067,158	16,337,776	-
<b>Total Other Long-Term Liabilities</b>	<b><u>\$ 50,287,674</u></b>	<b><u>\$ 397,185</u></b>	<b><u>\$ 8,649,422</u></b>	<b><u>\$ 42,035,437</u></b>	<b><u>\$ -</u></b>

**NOTE 10 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the 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](http://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, 2019 AND 2018**

**NOTE 10 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](http://www.state.nj/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

**Actuarial Methods and Assumptions**

In the July 1, 2018 and 2017 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 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2019 and 2018 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 2019, 2018 and 2017 were equal to the required contributions.



**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions (Contributions)**

During the years ended December 31, 2019, 2018 and 2017, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$ 1,096,155	\$ 500,764	\$ 15,514
2018	947,905	482,796	2,439
2017	843,073	441,736	2,384

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$1,438, \$4,388 and \$1,253, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2019 and 2018, the Borough reported a liability of \$9,087,881 and \$9,912,559, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. 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, 2019, the Borough's proportionate share was .05044 percent, which was an increase of .0001 percent from its proportionate share measured as of June 30, 2018 of .05034 percent.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough's pension expense to be \$533,913 and \$659,449, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$500,764 and \$482,796, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 163,116	\$ 40,146	\$ 189,034	\$ 51,112
Changes of Assumptions	907,458	3,154,375	1,633,426	3,169,509
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		143,456		92,980
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>332,004</u>	<u>257,585</u>	<u>489,974</u>	<u>328,545</u>
Total	<u>\$ 1,402,578</u>	<u>\$ 3,595,562</u>	<u>\$ 2,312,434</u>	<u>\$ 3,642,146</u>

At December 31, 2019 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>
2020	\$ (173,003)
2021	(801,213)
2022	(781,008)
2023	(401,608)
2024	(36,152)
Thereafter	<u>-</u>
	<u>\$ (2,192,984)</u>

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00%	1.65-4.15%
	Based on Years of Service	Based on Age
Thereafter	3.00%-7.00%	2.65%-5.15%
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

***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>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

\* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	<b>1% Decrease <u>(5.28%)</u></b>	<b>Current Discount Rate <u>(6.28%)</u></b>	<b>1% Increase <u>(7.28%)</u></b>
<b><u>2019</u></b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 11,479,470</u>	<u>\$ 9,087,881</u>	<u>\$ 7,072,628</u>
	<b>1% Decrease <u>(4.66%)</u></b>	<b>Current Discount Rate <u>(5.66%)</u></b>	<b>1% Increase <u>(6.66%)</u></b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,463,901</u>	<u>\$ 9,912,559</u>	<u>\$ 7,772,146</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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](http://www.state.nj.us/treasury/pensions).

**Police and Firemen’s Retirement System (PFRS)**

At December 31, 2019 and 2018, the Borough reported a liability of \$13,534,369 and \$15,171,917, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. 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, 2019, the Borough’s proportionate share was .11059 percent, which was a decrease of .00153 percent from its proportionate share measured as of June 30, 2018 of .11212 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$1,201,777 and \$1,188,123, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$1,096,155 and \$947,905, respectively. At December 31, 2019 and 2018, 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:

	<u>2019</u>		<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 114,247	\$ 85,689	\$ 154,354	\$ 62,785
Changes of Assumptions	463,761	4,374,184	1,302,305	3,888,300
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		183,386		83,004
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>864,439</u>	<u>442,616</u>	<u>1,269,927</u>	<u>635,802</u>
Total	<u>\$ 1,442,447</u>	<u>\$ 5,085,875</u>	<u>\$ 2,726,586</u>	<u>\$ 4,669,891</u>

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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, 2019 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>
2020	\$ (611,153)
2021	(1,340,826)
2022	(891,342)
2023	(473,197)
2024	(326,910)
Thereafter	<u>-</u>
	<u>\$ (3,643,428)</u>

***Actuarial Assumptions***

The Borough’s total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

***Discount Rate***

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%



**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

\* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
<b><u>2019</u></b>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 18,293,535</u>	<u>\$ 13,534,369</u>	<u>\$ 9,595,474</u>
	<b>1% Decrease (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 20,305,728</u>	<u>\$ 15,171,917</u>	<u>\$ 10,937,458</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,137,103 and \$2,060,854, respectively. For the years ended December 31, 2019 and 2018, 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 \$248,314 and \$244,105, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$143,996 and \$122,052, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was .11059 percent, which was a decrease of .00153 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .11212 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS**

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

**Plan Description and Benefits Provided**

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

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

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

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 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, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

**Actuarial Methods and Assumptions**

In the June 30, 2018 and 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

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

The employers participating in the OPEB plan made contributions of \$346.4 million and \$421.2 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million and \$53.5 million for fiscal years 2019 and 2018, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2019, 2018 and 2017 were \$550,391, \$960,223 and \$987,417, respectively, which equaled the required contributions for each year.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019 and 2018, the Borough reported a liability of \$12,718,542 and \$16,337,776, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. The Borough’s proportionate share of the net OPEB liability was based on the ratio of the Borough’s proportionate share of the OPEB liability attributable to the Borough at June 30, 2019 and 2018 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019 and 2018, respectively. As of the measurement date of June 30, 2019 the Borough’s proportionate share was .09389 percent, which was a decrease of .01039 percent from its proportionate share measured as of June 30, 2018 of .10428 percent.

For the years ended December 31, 2019 and 2018, the Plan has determined the Borough’s OPEB (benefit)/expense to be \$(754,791) and \$294,143, respectively, based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$550,391 and \$960,223, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 3,719,397		\$ 3,317,151
Changes of Assumptions		4,507,168		4,144,291
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 10,477		\$ 8,634	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	3,815,890	-	2,081,155
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	<u>\$ 10,477</u>	<u>\$ 12,042,455</u>	<u>\$ 8,634</u>	<u>\$ 9,542,597</u>

**BOROUGH OF HASBROUCK HEIGHTS  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 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, 2019 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>
2020	\$ (1,993,945)
2021	(1,993,945)
2022	(1,994,863)
2023	(1,996,334)
2024	(1,997,391)
Thereafter	<u>(2,055,500)</u>
	<u>\$ (12,031,978)</u>

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 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, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
PERS:		
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS:		
Initial Fiscal Year Applied Through	Rate for All Future Years	2026
Rate	3.25% to 15.25%	1.65% to 8.98%
Rate Thereafter	Not Applicable	2.65% to 9.98%
Mortality		
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
PFRS	Pub-2010 Safety Classification Headcount- Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	2.00%	1.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

The actuarial assumptions used in the June 30, 2018 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. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

***Long-Term Expected Rate of Return***

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% and 1.00% as of June 30, 2019 and 2018, respectively.

**Discount Rate**

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

<b>Calendar</b>		
<b><u>Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2019	June 30, 2019	3.50%
2018	June 30, 2018	3.87%

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



**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

***Sensitivity of Net OPEB Liability to Changes in the Discounts Rate***

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% and 2.87%, respectively or 1-percentage-point higher 4.50% and 4.87%, respectively than the current rate:

<b><u>2019</u></b>	<b><u>1% Decrease (2.50%)</u></b>	<b><u>Current Discount Rate (3.50%)</u></b>	<b><u>1% Increase (4.50%)</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ 14,705,870	\$ 12,718,542	\$ 11,103,575
	<b><u>1% Decrease (2.87%)</u></b>	<b><u>Current Discount Rate (3.87%)</u></b>	<b><u>1% Increase (4.87%)</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ 19,168,531	\$ 16,337,776	\$ 14,076,644

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 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:

<b><u>2019</u></b>	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ 10,732,882	\$ 12,718,542	\$ 15,251,586
	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ 13,628,325	\$ 16,337,776	\$ 19,844,209

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

***Special Funding Situation***

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

At December 31, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$5,560,586 and \$6,560,204, respectively. For the years ended December 31, 2019 and 2018 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$73,707 and \$198,585, respectively. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .10063 percent, which was a decrease of .00494 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .10557 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 12 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 (NJIIIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is risk-sharing public entity pool. The NJIIF coverage amounts are on file with the Borough.

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

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

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

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019		\$ 21,331	\$ 56,378
2018	\$ 37,500	22,849	77,709
2017	50,000	42,781	63,058

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 13 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, 2019 and 2018. 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, 2019 and 2018, the Borough reserved \$360,789 and \$455,020, 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, 2019 and 2018, 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 14 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, 2019 and 2018, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

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

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

**BOROUGH OF HASBROUCK HEIGHTS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

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

The Borough of Hasbrouck Heights has contributed between \$900 and \$1,600 for 2019 and 2018, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$47,000 and \$57,600 for 2019 and 2018, respectively.

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

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 16 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the "COVID-19 Crisis"). On March 13, 2020, President Trump 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, has also 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 alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor's executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough's operations; however, such amounts, if any, could be material.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 17 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On March 20, 2020 the Borough issued bond anticipation notes in the amount of \$6,749,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Bank at an interest rate of .80%. These notes dated March 20, 2020 will mature on March 19, 2021.

**Debt Authorized**

The Borough adopted various bond ordinances authorizing the issuance of \$489,450 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, 2019		\$	3,548,813
Increased by:			
Petty Cash	\$		600
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions		70,635	
Taxes Receivable		49,908,659	
Revenue Accounts Receivable		3,180,293	
Miscellaneous Revenue Not Anticipated		104,305	
Tax Overpayments		12,408	
Due to State of New Jersey:			
Building Surcharge Fees		11,881	
Marriage License Fees		1,150	
Maintenance of Free Public Library With State Aid		5,188	
Prepaid Taxes		143,796	
Reserve for FEMA Reimbursements		38,515	
Receipts from Other Trust Fund		28,288	
Receipts from Animal Control Fund		805	
Receipts from General Capital Fund		32,715	
Receipts from Public Assistance Trust Fund		<u>618</u>	
			<u>53,539,856</u>
			57,088,669
Decreased by:			
2019 Budget Appropriations		18,604,561	
2018 Appropriation Reserves		274,106	
County Taxes		4,389,747	
School Taxes		30,127,255	
Tax Overpayments		18,780	
Encumbrances Payable		91,952	
Petty Cash Funds		600	
Reserve for Tax Appeals		154,231	
Maintenance of Free Public Library With State Aid		4,841	
Due to State of New Jersey:			
Building Surcharge Fees		14,402	
Marriage License Fees		1,350	
Burial Permit Fees		5	
Payments to Other Trust Fund			
Refund of Prior Year Revenue		<u>1,800</u>	
			<u>53,683,630</u>
Balance December 31, 2019		\$	<u><u>3,405,039</u></u>



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

Balance, January 1, 2019	\$ <u>275</u>
Balance, December 31, 2019	\$ <u><u>275</u></u>

Analysis of Balance

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

**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><u>600</u></u>	\$ <u><u>600</u></u>

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

Balance, January 1, 2019		\$ 110,534
Increased by:		
Unappropriated Grant Reserves	\$ 40,635	
Federal and State Grants Receivable	<u>24,728</u>	
		<u>65,363</u>
		175,897
Decreased by:		
Appropriated Grant Reserves		<u>37,660</u>
Balance, December 31, 2019		<u>\$ 138,237</u>

EXHIBIT A-8

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

Balance, January 1, 2019		\$ 6,505
Increased by:		
Cash Received From State	\$ 70,635	
Senior Citizens & Veterans Deductions Disallowed - Prior Year	<u>1,000</u>	
		<u>71,635</u>
		78,140
Decreased by:		
Senior Citizens & Veterans Deductions Allowed Per Tax Duplicate		<u>69,500</u>
Balance, December 31, 2019		<u>\$ 8,640</u>

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

Year	Balance, January 1, 2019	2019 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Cash Receipts		Senior Citizens' and Veterans' Deductions Allowed	Transfer to Tax Title Liens	Cancelled	Balance, December 31, 2019
				2018	2019				
2018	\$ 407,012		\$ 1,000		\$ 385,258		\$ 22,754		
2019	<u>-</u>	<u>\$ 50,323,075</u>	<u>-</u>	<u>\$ 379,740</u>	<u>49,523,401</u>	<u>\$ 69,500</u>	<u>16,886</u>	<u>\$ 17,630</u>	<u>\$ 315,918</u>
	<u>\$ 407,012</u>	<u>\$ 50,323,075</u>	<u>\$ 1,000</u>	<u>\$ 379,740</u>	<u>\$ 49,908,659</u>	<u>\$ 69,500</u>	<u>\$ 39,640</u>	<u>\$ 17,630</u>	<u>\$ 315,918</u>

Analysis of 2019 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 50,261,408
Added Taxes (54:4-63.1 et seq.)	<u>61,667</u>
	<u>\$ 50,323,075</u>
Tax Levy	
Local District School Tax	\$ 30,127,255
County Taxes	\$ 4,203,468
County Open Space Preservation	179,840
Due County for Added Taxes (54:63.1 et seq.)	<u>5,398</u>
	4,388,706
Local Tax for Municipal Purposes	15,129,243
Local Tax for Library Purposes	606,049
Add Additional Tax Levied	<u>71,822</u>
	<u>15,807,114</u>
	<u>\$ 50,323,075</u>

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

Balance, January 1, 2019		\$ 286,484
Increased by:		
Transfer from 2018 Taxes Receivable	\$ 22,754	
Transfer from 2019 Taxes Receivable	<u>16,886</u>	
		<u>39,640</u>
Balance, December 31, 2019		<u>\$ 326,124</u>

EXHIBIT A-11

**STATEMENT OF MARTIN ACT PROPERTY LIENS RECEIVABLE**

Balance, January 1, 2019		<u>\$ 543</u>
Balance, December 31, 2019		<u>\$ 543</u>

EXHIBIT A-12

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES**

Balance, January 1, 2019		<u>\$ 304,730</u>
Balance, December 31, 2019		<u>\$ 304,730</u>

**BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF DUE FROM COUNTY OF BERGEN**

Increased by:		
Due from County of Bergen - Confiscated Funds		\$ <u>6,413</u>
Balance, December 31, 2019		\$ <u>6,413</u>

**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2019</u>	Accrued in <u>2019</u>	<u>Collected</u>	Balance, December 31, <u>2019</u>
Licenses:				
Alcoholic Beverages		\$ 20,095	\$ 20,095	
Other		76,637	76,637	
Fees and Permits		57,080	57,080	
Fines and Costs:				
Municipal Court	\$ 6,534	196,587	194,927	\$ 8,194
Interest and Costs on Taxes		94,857	94,857	
Interest on Investments and Deposits		109,612	109,612	
Lease - Hasbrouck Heights Swim Club		7,000	7,000	
Cable TV Franchise Fees		175,718	175,718	
Car Dealership Registration Fees		79,200	79,200	
Energy Receipts Taxes		1,083,148	1,083,148	
Uniform Construction Code Fees		190,175	190,175	
Hotel and Motel Occupancy Fee		664,078	664,078	
Uniform Fire Safety Act (P.L. 1983, Ch. 383)		14,462	14,462	
Reserve for Interest on Bond Anticipation Notes		59,725	59,725	
Other Special Items:				
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field		62,930	62,930	
Due from H.H. Bd. of Ed. - Class III Police Officers		147,750	147,750	
Fire Protection - Teterboro		110,668	110,668	
911 Coverage - Teterboro		7,376	7,376	
911 Coverage - Wood-Ridge		10,959	10,959	
Joint Assessor's Office - South Hackensack		9,873	9,873	
Pistol Range - Carlstadt		2,986	2,986	
Lease - Port of New York Authority	-	1,037	1,037	-
	<u>\$ 6,534</u>	<u>\$ 3,181,953</u>	<u>\$ 3,180,293</u>	<u>\$ 8,194</u>

**BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, January 1, <u>2019</u>	<u>Transfers</u>	Encumbrances Payable <u>Canceled</u>	Balance After <u>Modification</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Administrative and Executive - Mayor and Council						
Salaries and Wages	\$ 292			\$ 292		\$ 292
Administrative and Executive						
Salaries and Wages	666			666		666
Other Expenses	5,553			5,553	\$ 761	4,792
Elections						
Other Expenses	20			20		20
Financial Administration						
Salaries and Wages	2,988			2,988		2,988
Other Expenses	2,062		\$ 395	2,457		2,457
Other Expenses - Audit	35,000			35,000	34,740	260
Assessment of Taxes						
Salaries and Wages	647			647		647
Other Expenses	4,621			4,621	3,200	1,421
Collection of Taxes						
Salaries and Wages	247			247		247
Other expenses	1,258			1,258	413	845
Legal Services and Costs						
Salaries and Wages						
Other Expenses	8,806	\$ (3,000)		5,806	4,447	1,359
Municipal Court						
Salaries and Wages	7,841			7,841		7,841
Other Expenses	2,140		10	2,150		2,150
Municipal Prosecutor						
Salaries and Wages	748			748		748
Other Expenses	500			500		500
Public Defender						
Salaries and Wages	1,298			1,298		1,298
Other Expenses	500			500		500
Engineering Services and Costs						
Other Expenses	4,564	(2,500)		2,064	1,275	789
Public Buildings and Grounds						
Salaries and Wages	1,123			1,123		1,123
Other Expenses	9,990	(5,000)		4,990	4,486	504
Master Plan						
Other Expenses	5,060	(4,000)		1,060		1,060
Codification of Ordinances						
Other Expenses	2,866			2,866		2,866
Planning Board						
Salaries and Wages	15			15		15
Other Expenses	2,716			2,716		2,716
Board of Adjustment						
Salaries and Wages	1,975			1,975		1,975
Other Expenses	2,149			2,149	805	1,344
Shade Trees						
Salaries and Wages	614			614		614
Other Expenses	59	1,450		1,509	1,492	17

**BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, January 1, <u>2019</u>	<u>Transfers</u>	Encumbrances Payable <u>Canceled</u>	Balance After <u>Modification</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Recycling Program						
Salaries and Wages	\$ 1,463			\$ 1,463		\$ 1,463
Other Expenses	313	\$ 1,700		2,013	\$ 1,975	38
Insurance						
Other Insurance Premiums	1,413			1,413		1,413
Employee Group Insurance	50,970	(13,325)		37,645	12,165	25,480
Fire						
Salaries and Wages	4,533			4,533	2,850	1,683
Other Expenses	457		\$ 2,203	2,660		2,660
Uniform Fire Safety Act						
Salaries and Wages	21			21		21
Other Expenses	280		26	306		306
Police						
Salaries and Wages	3,180	22,800		25,980	25,907	73
Other Expenses	5,140		3,397	8,537		8,537
Emergency Management Services						
Salaries and Wages	194			194		194
Other Expenses	1,562			1,562		1,562
Road Repairs and Maintenance						
Salaries and Wages	298			298		298
Other Expenses	217	2,725		2,942	2,929	13
Street Cleaning						
Salaries and Wages	217			217		217
Other Expenses	2,500	(2,400)		100	1	99
Garbage and Trash Removal						
Salaries and Wages	106	3,875		3,981	3,959	22
Other Expenses	775	3,050		3,825	3,825	-
Sewer Maintenance						
Salaries and Wages	150			150		150
Other Expenses	2,154			2,154	111	2,043
Sanitary Landfill						
Contractual-Bergen County	65,417	(5,000)		60,417	59,998	419
Board of Health						
Salaries and Wages	32			32		32
Other Expenses - Contractual	62			62		62
Other Expenses - Miscellaneous	25			25		25
Dog Regulation						
Other Expenses:						
County of Bergen - Contractual	1,350			1,350		1,350
Miscellaneous	500			500		500
Administration of Public Assistance						
Other Expenses	250			250		250
Parks and Playgrounds						
Salaries and Wages	961			961	368	593
Other Expenses	1,390			1,390		1,390
Board of Recreation Commissioners						
Salaries and Wages	466			466		466
Other Expenses	5,697	(2,100)		3,597		3,597

**BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, January 1, <u>2019</u>	<u>Transfers</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	\$ 36			\$ 36		\$ 36
Other Expenses	2,123			2,123	\$ 120	2,003
Senior Citizen's Transportation						
Salaries and Wages	188			188		188
Other Expenses	1,374			1,374		1,374
Senior Citizen's Activities						
Salaries ad Wages	181			181		181
Other Expenses	58	\$ 175		233	210	23
Construction Code Officials						
Salaries and Wages	1,410			1,410		1,410
Other Expenses	50			50		50
Utilities:						
Gasoline	150	10,900		11,050	9,597	1,453
Electricity	6,739			6,739	5,402	1,337
Telephone	29	5,900		5,929	5,897	32
Natural Gas	4,733	1,950		6,683	6,644	39
Street Lighting	2,833	6,100		8,933	8,931	2
Fire Hydrant Service	5,351	(5,000)		351		351
Water	4,981	(4,500)		481		481
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System	92			92		92
Social Security System (O.A.S.L)	72			72		72
Unemployment Insurance	35,000	(25,000)		10,000		10,000
Maintenance of Free Public Library (Chap. 82 & 541. P.L. 1985)						
Salaries and Wages	24,544			24,544	4,087	20,457
Other Expenses	5,622			5,622	5,622	-
Other Expenses	4,628			4,628	1,449	3,179
B.C. Utilities - Sewer Charges	134			134		134
L.O.S.A P.	49,000	11,200		60,200	57,600	2,600
Reserve for Tax Appeals	3,370	-	-	3,370	2,840	530
	<u>\$ 411,109</u>	<u>\$ -</u>	<u>\$ 6,031</u>	<u>\$ 417,140</u>	<u>\$ 274,106</u>	<u>\$ 143,034</u>



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

Balance, January 1, 2019		\$ 97,983
Increased by:		
Charges to 2019 Budget Appropriations		<u>156,945</u>
		254,928
Decreased by:		
Cash Disbursements	\$ 91,952	
Cancellations Restored to 2018 Appropriation Reserves	<u>6,031</u>	
		<u>97,983</u>
Balance, December 31, 2019		<u>\$ 156,945</u>

EXHIBIT A-17

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2019		\$ 4,262
Decreased by:		
Cancelled to Operations		<u>\$ 4,262</u>

EXHIBIT A-18

**STATEMENT OF PREPAID TAXES**

Balance, January 1, 2019		\$ 379,740
Increased by:		
Cash Receipts		<u>143,796</u>
		523,536
Decreased by:		
Applied to 2019 Taxes Receivable		<u>379,740</u>
Balance, December 31, 2019		<u>\$ 143,796</u>

EXHIBIT A-19

**STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2019		\$ 31,403
Increased by:		
Cash Receipts		<u>12,408</u>
		43,811
Decreased by:		
Cancelled to Operations		<u>18,780</u>
Balance, December 31, 2019		<u>\$ 25,031</u>

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

Balance, January 1, 2019		\$ 6,439
Increased by:		
2019 County Levy	\$ 4,203,468	
2019 County Open Space Levy	179,840	
2019 County Added Taxes	<u>5,398</u>	
		<u>4,388,706</u>
		4,395,145
Decreased by:		
Cash Disbursements		<u>4,389,747</u>
Balance, December 31, 2019		<u>\$ 5,398</u>

**STATEMENT OF SCHOOL TAXES PAYABLE**

Increased by:		
2019 School Tax Levy		\$ 30,127,255
Decreased by:		
Cash Disbursements		<u>\$ 30,127,255</u>

**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, 2019	\$ 4,913	\$ 1,983	\$ 1,795
Increased by:			
Cash Receipts	<u>11,881</u>	<u>1,150</u>	<u>-</u>
	16,794	3,133	1,795
Decreased by:			
Cash Disbursements	<u>14,402</u>	<u>1,350</u>	<u>5</u>
Balance, December 31, 2019	<u>\$ 2,392</u>	<u>\$ 1,783</u>	<u>\$ 1,790</u>

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

Balance, January 1, 2019	\$	455,020
Increased by:		
Transferred from 2019 Budget Appropriations		60,000
		515,020
Decreased by:		
Cash Disbursements		154,231
Balance, December 31, 2019	\$	360,789

**STATEMENT OF RESERVE FOR REVALUATION OF REAL PROPERTY**

Balance, January 1, 2019	\$	1,900
Decreased by:		
Cancelled to Operations		1,900

**STATEMENT OF RESERVE FOR FEMA REIMBURSEMENTS**

Increased by:		
Cash Receipts	\$	38,515
Decreased by:		
Anticipated as 2019 Current Fund Revenue		38,515

**STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS**

Balance, January 1, 2019	\$	55,000
Decreased by:		
Anticipated as 2019 Current Fund Revenue		25,000
Balance, December 31, 2019	\$	30,000

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

Balance, January 1, 2019	\$ <u>150,000</u>
Balance, December 31, 2019	\$ <u>150,000</u>

**STATEMENT OF RESERVE FOR TRAFFIC SAFETY - TOWING FEES**

Balance, January 1, 2019	\$ 8,725
Decreased by:	
Anticipated as 2019 Current Fund Revenue	\$ <u>8,725</u>

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

Balance, January 1, 2019	\$	700
Increased by:		
State Aid Received		<u>5,188</u>
		5,888
Decreased by:		
Cash Disbursements		<u>4,841</u>
Balance, December 31, 2019	\$	<u>1,047</u>

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

<u>Grant</u>	2019 Budget Revenue <u>Realized</u>	Cash Received
Drunk Driving Enforcement Fund	\$ 4,180	\$ 4,180
Recycling Tonnage Grant	17,409	17,409
Body Armor Fund	<u>3,139</u>	<u>3,139</u>
	<u>\$ 24,728</u>	<u>\$ 24,728</u>

EXHIBIT A-31

**STATEMENT OF APPROPRIATED GRANT RESERVES**

<u>Grant</u>	Balance, January 1, <u>2019</u>	2019 Budget <u>Realized</u>	<u>Expended</u>	Balance, December 31, <u>2019</u>
Clean Communities Program	\$ 19,114	\$ 20,524	\$ 14,285	\$ 25,353
Body Armor Fund	1,209	3,139		4,348
Recycling Tonnage Grant	18,192	17,409	23,375	12,226
Drunk Driving Enforcement Fund	44,587	4,180		48,767
Alcohol Education and Rehabilitation	6,145	439		6,584
<u>Matching Funds for Grants</u>				
Cops More	<u>324</u>	<u>-</u>	<u>-</u>	<u>324</u>
	<u>\$ 89,571</u>	<u>\$ 45,691</u>	<u>\$ 37,660</u>	<u>\$ 97,602</u>

EXHIBIT A-32

**STATEMENT OF UNAPPROPRIATED GRANT RESERVES**

<u>Grant</u>	Balance, January 1, <u>2019</u>	Cash Received	Anticipated as Current Fund Revenue	Balance, December 31, <u>2019</u>
Alcohol Education and Rehabilitation	\$ 439	\$ 321	\$ 439	\$ 321
Clean Communities Program	20,524	22,905	20,524	22,905
Recycling Tonnage Grant	<u>-</u>	<u>17,409</u>	<u>-</u>	<u>17,409</u>
	<u>\$ 20,963</u>	<u>\$ 40,635</u>	<u>\$ 20,963</u>	<u>\$ 40,635</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, 2019	\$ 1,839	\$ 28,905	\$ 1,074,614
Increased by Receipts:			
Dog License Fees		\$ 17,141	
State Registration Fees		1,946	
Miscellaneous Reserves			\$ 411,899
Police Outside-Duty Billings			589,564
Payroll Deductions Payable			5,269,169
Interest Earnings	-	805	28,288
	<u>-</u>	<u>805</u>	<u>28,288</u>
	-	19,892	6,298,920
	1,839	48,797	7,373,534
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.1		17,794	
Due to State of New Jersey		1,946	
Miscellaneous Reserves			1,025,325
Payroll Deductions Payable			5,281,424
Payments to Current Fund		805	28,288
Due to State of New Jersey - Unemployment	-	-	21,331
	<u>-</u>	<u>-</u>	<u>21,331</u>
	-	20,545	6,356,368
Balance, December 31, 2019	<u>\$ 1,839</u>	<u>\$ 28,252</u>	<u>\$ 1,017,166</u>



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

Balance, January 1, 2019		\$ 116
Increased by:		
State License Fees Collected		1,946
		2,062
Decreased by:		
Payments to State of New Jersey	\$ 1,946	
Cancelled	116	
		\$ 2,062

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

Balance, January 1, 2019		\$ 28,789
Increased by:		
Dog License Fees Collected	\$ 17,141	
Prior Years Due to State of New Jersey Payable Cancelled	116	
		17,257
		46,046
Decreased by:		
Cash Disbursements		17,794
Balance, December 31, 2019		\$ 28,252

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

Increased by:		
Interest Earned		\$ 805
Decreased by:		
Payments to Current Fund		\$ 805

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

	Balance, January 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
Library Book Fund	\$ 42,850	\$ 18,271	\$ 23,914	\$ 37,207
Library - BCCLS Refund- Technology Upgrade	27,098	4,452	2,694	28,856
Library- Insurance Reimbursement	5,616			5,616
Board of Recreation Commission	19,898	83,326	98,992	4,232
Towing	2,677			2,677
Off-Duty Municipal Police Pay / Car Charges	87,737	685,426	631,614	141,549
Merchant Bonds	9,300			9,300
Planning Board / Developers Escrow	185,063	52,327	66,809	170,581
Developer's Deposit - Car Wash	14,135	4		14,139
Performance Bond - ADPP	24,328	7		24,335
Developer's Deposit - Three Buildings Escrow	39,688	861		40,549
Developer's Deposit - Heights Cliff Escrow	765	17		782
Developer's Deposit - Lasalle Group Escrow	33			33
Sidewalk Crossing	750			750
Street Opening	11,014	5,000	6,500	9,514
Miscellaneous	15,899	14,845	10,850	19,894
Redemption of Outside Tax Title - Lien Certificate	384			384
Tax Sale Premiums	210,900	185,800	142,800	253,900
Parking Offenses Adjudication Act	53,409	2,767		56,176
Uniform Fire Penalties	34,557	16,000	31,707	18,850
Street Fair	5,159			5,159
Firefighters Walk of Honor	1,099			1,099
Drug Alliance- Space Odyssey	5,096	5,101	4,900	5,297
Veterans Memorial Park / Maint.	14,538			14,538
Bench Program	1,645	50	92	1,603
Andrew Feintuch Memorial Fund	5,696	3		5,699
Hurricane Katrina Memorial Fund	227			227
Board of Health 5K Run		3,453	3,453	-
Port Authority Donation	872			872
Recycling Proceeds	208	3,615	1,000	2,823
	<u>\$ 820,641</u>	<u>\$ 1,081,325</u>	<u>\$ 1,025,325</u>	<u>\$ 876,641</u>
		Cash Receipts \$ 411,899		
		Outside Duty Billings <u>669,426</u>		
		<u>\$ 1,081,325</u>		

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

Balance, January 1, 2019	\$ 176,283
Increased by:	
Cash Receipts	<u>5,269,169</u>
	5,445,452
Decreased by:	
Cash Disbursements	<u>5,281,424</u>
Balance, December 31, 2019	<u>\$ 164,028</u>

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

Balance, January 1, 2019	\$ 16,000
Increased by:	
Outside Duty Billings	<u>669,426</u>
	685,426
Decreased by:	
Cash Receipts	<u>589,564</u>
Balance, December 31, 2019	<u>\$ 95,862</u>

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

Increased by:		
Interest Earnings	\$	28,288
Decreased by:		
Payments to Current Fund		<u>28,288</u>

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

Balance, January 1, 2019	\$	77,709
Decreased by:		
Unemployment Claims Paid to State		<u>21,331</u>
Balance, December 31, 2019	\$	<u>56,378</u>

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

Balance, January 1, 2019	\$	<u>8,680</u>
Balance, December 31, 2019	\$	<u>8,680</u>

**GENERAL CAPITAL FUND**

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

Balance, January 1, 2019		\$ 1,229,604
Increased by:		
2019 Budget Appropriation:		
Capital Improvement Fund	\$ 50,000	
Interest Earnings	32,715	
Due from County of Bergen Community Development Block Grant/ Open Space Grant	76,700	
Premium on Bond Anticipation Notes Issued	46,821	
Bond Anticipation Note Proceeds	<u>687,500</u>	
		<u>893,736</u>
		2,123,340
Decreased by:		
Improvement Authorization Expenditures	451,462	
Contracts Payable	408,280	
Reserve for Payment of Bond Anticipation Notes	59,725	
Payments to Current Fund	<u>32,715</u>	
		<u>952,182</u>
Balance, December 31, 2019		<u>\$ 1,171,158</u>

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

	Balance, December 31, <u>2019</u>
Fund Balance	\$ 6,854
Contracts Payable	1,622,173
Capital Improvement Fund	176,635
Reserve for Garrison Ave Repair - FEMA Funds	7,801
Reserve for Payment of Bond Anticipation Notes	46,821
Grants Receivable - State of NJ	(1,065,168)
Grants Receivable - County Community Development Block Grant/Open Space Grant	(450,194)
Grants Receivable - FEMA	(45,000)

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

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

Balance,  
December 31,  
2019

<u>Ord. #</u>	<u>Improvement Description</u>	
2221	Pedestrian Safety Infrastructure Improvements	\$ 155,331
2222	Pedestrian Safety Encouragement Improvements	9,997
2234	Curb and Sidewalk Reconstruction along portions of Terrace Ave. and the Boulevard	1,268
2238	Continuation of Boulevard Streetscape Improvements	2,480
2332/2246	Curb and Sidewalk Reconstruction along portions of Passaic Ave. and the Boulevard	17,346
2252	Boulevard Streetscape Improvement - Phase IV	9,485
2253	Resurfacing of Burton Avenue and Collins Avenue between Williams Ave and Rt. 46	71,334
2271	Refurbishment of the Hook and Ladder Truck	14,716
2285	Reconstruction of Coolidge Avenue	34,839
2286	Acquisition of in Car Video System for the Police Dept.	4,495
2289	Boulevard Streetscape Improvement Phase V	23,361
2304/2320	Construction of Barrier Free Curb Ramps	74,751
2307	Boulevard Streetscape Improvement Phase VI	17,290
2312	Acquisition of New Street Sweeper	1,681
2313	Aqu Of 4WD Vehicle for Police Department	6,115
2316	Bond Refunding	6,260
2321	New Synthetic Turf at Hitchcock Field	82,534
2324	Repairs md Improvements to Polify Park	8,658
2326	Acquisition of Equipment for the Public Library	68
2327	Acquisition of Two Trucks for the DPW	2,677
2328	Acquisition of Quint Combination Ladder for FD	13,047
2329	Additional Funding for Boulevard Streetscape	33,680
2337	Boulevard Streetscape Improvement Phase VII & VIII	182
2338/2410	Road Resurfacing Program	2,075
2339	Curb and Sidewalk Replacement Program	124,398
2350	Improvements to Stanley Ave Roadway, Curbs, & Sidewalks	96,860
2371	Boulevard Streetscape Improvement Phase IX	40,814
2372	Resurfacing Portions of Cleveland Ave., Webb Place md Lincoln Street	20,489
2374	Acquisition of Finger Printing md Mug Shot Equipment	6,620
2391	2017 Road Resurfacing Program	46,910
2392	Upgrade of Radio Equipment for Police, Fire and DPW	43,300
2393	Acquisition md Upgrade of Computers md Technology Systems	20,760
2394	Acquisitions of a Generator for the DPW	119,630
2397	Upgrade and Improvements to Municipal Buildings	75,850
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System	34,427



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

<u>Ord. #</u>	<u>Improvement Description</u>	Balance, December 31, <u>2019</u>
2409	Acquisition of a Sewer Inspection Camera	\$ 852
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department	5,127
2413	Rehabilitation and Environmental Remediation at the DPW	91,905
2425	Resurfacing Portions of Charlton and Pasadena Avenue	(8,905)
2426	Resurfacing of Myers Avenue	(31,235)
2427	Improvements to Woodland Park Playground	123,993
2428	Acquisition of Trucks for DPW	(126,810)
2436	Replacement of Public Safety Communications Equipment	(342,389)
2445	Acquisition of Gear and Equipment for the Fire Department	(125,515)
2447	Reconstruction of Sanitary and Storm Water Drainage Facilities	(10,282)
2448	2019 Road Resurfacing Program	(329,920)
2449	Resurfacing of Raymond Street	(60,522)
2450	Boulevard Streetscape Phase X	<u>229,772</u>
		<u>\$ 1,171,158</u>

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

Balance, January 1, 2019	\$ 645,168
Increased by:	
Grants Awarded in 2019	420,000
Balances December 31, 2019	\$ 1,065,168
 <u>Analysis of Balance December 31, 2019</u>	
Burton Avenue - Ordinance No. 1628	\$ 2,170
Burton Avenue - Ordinance No. 1803	2,408
Boulevard Streetscape - Ordinance No. 2185, 2209, 2238, 2252, 2307, 2337, 2371, 2450	547,549
Safe Routes to Schools - Ordinance No. 2221, 2222	156,568
Curb Replacement Program - Ordinance No. 2234 & 2246	154,473
Resurfacing of Raymond Street - Ordinance No. 2449	202,000
	\$ 1,065,168

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

Balance, January 1, 2019	\$ 192,744
Increased by:	
Grants Awarded in 2019	334,150
	526,894
Decreased by:	
Cash Received	76,700
Balances, December 31, 2019	\$ 450,194
 <u>Analysis of Balance December 31, 2019</u>	
<b>Community Development Grants:</b>	
Barrier Free Curb Ramps - Ordinance No. 1868	\$ 5,141
Barrier Free Curb Ramps - Ordinance No. 2304/2320	102,925
Improvements to Charlton & Pasadena Ave - Ordinance No. 2425	78,450
Improvements to Myers Avenue - Ordinance No. 2426	127,200
 <b>Open Space Grants:</b>	
Repairs and Improvements to Veterans Memorial Park - Ordinance No. 2303	1,110
Improvements to Polifly Park - Ordinance No. 2324	6,868
Improvements to Woodland Park Playground Surface - Ordinance No. 2427	128,500
	\$ 450,194

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

Balance, January 1, 2019	\$ 45,000
Balance, December 31, 2019	<u>\$ 45,000</u>
<u>Analysis of Balance December 31, 2019</u>	
Acquisition of Generator for DPW - Ordinance No. 2394	<u>\$ 45,000</u>

**STATEMENT OF DEFERRED CHARGES FUNDED**

Balance, January 1, 2019	\$ 1,720,000
Decreased by:	
2019 Budget Appropriation	
Serial Bonds	<u>350,000</u>
Balance, December 31, 2019	<u>\$ 1,370,000</u>

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

Ord. No.	Improvement Description	Balance January 1, 2019	2019 Authori- zations	Funded by Budget Appropriation	Balance December 31, 2019	Analysis of Balance, December 31, 2019		
						Financed by Bond Anticipation Notes	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			\$ 153,918
1908	Resurfacing of Ottawa Ave. from Burton Ave. to Rt. 17	11,750		\$ 7,500	4,250	\$ 4,250		
1915/1940	Purchase of Comm. Equip. Improvement to Parks, Improvement of Pistol Range and Acq of a 4 Wheel Drive Vehicle for the Police Department	500			500		\$ 5	495
1941	Resurfacing of Kipp Ave. from the Boulevard to Terrace Ave.	5,000		5,000	-			
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove and Paterson Ave. from Terrace Ave. to Burton Ave.	8,000		5,000	3,000	3,000		
1944/1968/1985	Construction of New Muni. Bldg. and New Public Safety Bldg.	900			900		899	1
1989	Acq. Of a Garbage Truck and Dump Truck							
1990	Acq. Of Fire Gear and Equipment	6,875		3,125	3,750	3,750		
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	32,500			32,500		3,681	28,819
2183/2270	Acq. Of Garbage Truck and Dump Truck with Salt Spreader and Plow	99,250		33,250	66,000	66,000		
2185/2209	Boulevard Streetscape Improvement	27,000		9,000	18,000	18,000		
2189	Renovations to DPW Bldg.	12,000		6,000	6,000	6,000		
2208	Acq. Of a New Ambulance	20,000		10,000	10,000	10,000		
2210	Resurfacing of Jefferson Ave.	35,500		18,000	17,500	17,500		
2211	Improvement of Miers Park and Woodland Park	30,000		15,000	15,000	15,000		
2219	2009 Road Resurfacing Program	60,000		30,000	30,000	30,000		
2233	Rehabilitation and Environmental Remediation at DPW	30,000		10,000	20,000	20,000		
2238	Continuation of Boulevard Streetscape Improvement	25,000		2,475	22,525	22,525		
2252	Boulevard Streetscape Improvement-Phase IV	20,000			20,000	20,000		
2253	Resurfacing of Burton Ave. and Collins Ave. Between Williams Ave. and Route 46	39,000		13,500	25,500	25,500		
2254	2011 Road Resurfacing Program	97,875		32,000	65,875	65,875		
2255/2294	Construction of a New Pavilion in Woodland Park	78,700		6,700	72,000	72,000		
2262	Construction of Certain Damaged Portions of the Sanitary Sewer System	28,000		7,000	21,000	21,000		

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

Ord. <u>No.</u>	Improvement <u>Description</u>	Balance January 1, <u>2019</u>	2019 Authori- <u>zations</u>	Funded by Budget <u>Appropriation</u>	Balance December 31, <u>2019</u>	Analysis of Balance, December 31, 2019		
						Financed by Bond Anticipation <u>Notes</u>	Unexpended Improvement <u>Authorizations</u>	<u>Expenditures</u>
GENERAL IMPROVEMENTS								
2271	Refurbishment of the Hook and Ladder Truck	\$ 29,000		\$ 8,500	\$ 20,500	\$ 20,500		
2282	2011/2012 Road Resurfacing Program	225,000		45,000	180,000	180,000		
2285	Reconstruction of Coolidge Avenue	202,000		40,500	161,500	161,500		
2286	Acquisition of In Car Radio System for the Police Dept.	37,500		7,500	30,000	30,000		
2288	Repair and/or Construction of Sanitary Sewer System	52,000		10,500	41,500	41,500		
2289	Boulevard Streetscape Improvement Phase V	25,000			25,000	25,000		
2290	Acquisition of Gear and Equipment for the Fire Dept.	38,000		8,000	30,000	30,000		
2292	Acquisition of Radio Equipment for PD, FD and PWD	28,575		5,600	22,975	22,975		
2303/2346	Repairs and Improvements to Veterans Memorial Park	21,700		3,100	18,600	18,600		
2304/2320	Construction of Barrier Free Curb Ramps	20,000			20,000	20,000		
2307	Boulevard Streetscape Improvement Phase VI	20,000			20,000	20,000		
2308	Repairs and Reconstruction of Sanitary Sewer System	66,500		9,500	57,000	57,000		
2312	Acquisition of New Street Sweeper	122,000		20,000	102,000	102,000		
2313	Acquisition of a 4 Wheel Drive Vehicle for the Police Dept.	25,700		4,250	21,450	21,450		
2314	2013 Road Resurfacing Program	193,100		31,700	161,400	161,400		
2316	Bond Refunding	126,680			126,680			\$ 126,680
2321	Installation of New Turf Field at Hitchcock Field	342,000		57,000	285,000	285,000		
2324	Repairs and Improvements to Polify Park	27,200		3,400	23,800	23,800		
2326	Acquisition of Equipment for Free Public Library	16,300		2,400	13,900	13,900		
2327	Acquisition of Two Trucks for DPW	141,625		21,500	120,125	120,125		
2328	Acquisition of Quint Ladder Truck for Fire Dept.	760,000		95,000	665,000	665,000		
2329	Additional Funding for Phase III and IV of Boulevard	66,500		9,500	57,000	57,000		
2337	Boulevard Streetscape Improvement Phase VII and VIII	76,000		9,500	66,500	66,500		
2338/2410	Road Resurfacing Program	530,000		67,000	463,000	463,000		
2339	Curb and Sidewalk Replacement Program	118,850		14,250	104,600	104,600		
2340/2366	Improvements to Woodland Park Playground	205,500		23,750	181,750	181,750		
2350	Improvements to Stanley Ave. Roadway, Curbs and Sidewalks	196,000		24,500	171,500	171,500		
2351	Improvement to Playground Surfaces	48,000		6,000	42,000	42,000		
2358	2016 Road Resurfacing Program	380,000			380,000	380,000		
2361	Repair and/or Reconstruction of Sanitary Sewer System	91,500		3,500	88,000	88,000		
2370	Improvements to Playground Surfaces at Depken Field	36,900		4,100	32,800	32,800		
2371	Boulevard Streetscape Improvement Phase IX	70,200		7,800	62,400	62,400		
2372	Resurfacing Portions of Cleveland Ave., Webb Place and Lincoln Street	40,000		5,000	35,000	35,000		
2373	Acquisition of Garbage Truck	192,000		24,000	168,000	168,000		
2374	Acquisition of Finger Printing and Mug Shot Equipment	23,400		2,600	20,800	20,800		
2391	2017 Road Resurfacing Program	285,000			285,000	285,000		
2392	Upgrade of Radio Equipment for Police, Fire and DPW	95,000			95,000	95,000		

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

Ord. No.	Improvement Description	Balance January 1, 2019	2019 Authori- zations	Funded by Budget Appropriation	Balance December 31, 2019	Analysis of Balance, December 31, 2019		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
GENERAL IMPROVEMENTS								
2393	Acquisition and Upgrade of Computers and Technology Systems	\$ 45,000			\$ 45,000	\$ 45,000		
2394	Acquisition of a Generator for the DPW	70,000			70,000	70,000		
2397	Upgrade and Improvements to Municipal Buildings	117,500			117,500	117,500		
2398	Acquisition of Heavy Equipment for the DPW	210,000			210,000	210,000		
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System	95,000			95,000	95,000		
2409	Acquisition of a Sewer Inspection Camera	70,000			70,000	70,000		
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department	285,000			285,000	285,000		
2412	Acquisition of Equipment for the Fire Department	142,500			142,500	142,500		
2413	Rehabilitation and Environmental Remediation at the DPW	95,000			95,000	95,000		
2425	Resurfacing Portions of Charlton and Pasadena Avenue		\$ 50,000		50,000		\$ 8,905	\$ 41,095
2426	Resurfacing of Myers Avenue		85,000		85,000		31,235	53,765
2427	Improvements to Woodland Park Playground		139,000		139,000		-	139,000
2428	Acquisition of Trucks for DPW		142,500		142,500		126,810	15,690
2436	Replacement of Public Safety Communications Equipment		356,250		356,250		342,389	13,861
2445	Acquisition of Gear and Equipment for the Fire Department		166,250		166,250		125,515	40,735
2447	Reconstruction of Sanitary and Storm Water Drainage Facilities		49,000		49,000		10,282	38,718
2448	2019 Road Resurfacing Program		380,000		380,000		329,920	50,080
2449	Resurfacing of Raymond Street		140,000		140,000		60,522	79,478
2450	Boulevard Streetscape Phase X		220,000		220,000		-	220,000
		<u>\$ 6,926,498</u>	<u>\$ 1,728,000</u>	<u>\$ 788,500</u>	<u>\$ 7,865,998</u>	<u>\$ 5,823,500</u>	<u>\$ 1,040,163</u>	<u>\$ 1,002,335</u>

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

Improvement Authorizations - Unfunded \$ 1,999,036

Less: Unexpended Proceeds of Bond Anticipation Notes:

Ord. 1908	\$	4,250
Ord. 1942		1,139
Ord. 2183/2270		1,195
Ord. 2185/2209		8,305
Ord. 2189		1,195
Ord. 2208		1,720
Ord. 2210		17,500
Ord. 2238		2,480
Ord. 2252		9,485
Ord. 2253		25,500
Ord. 2271		14,716
Ord. 2285		34,839
Ord. 2286		4,495
Ord. 2289		23,361
Ord. 2304/2320		20,000
Ord. 2307		17,290
Ord. 2312		1,681
Ord. 2313		6,115
Ord. 2321		82,534
Ord. 2324		8,658
Ord. 2326		68
Ord. 2327		2,677
Ord. 2328		13,047
Ord. 2329		33,680
Ord. 2337		182
Ord. 2338/2410		2,075
Ord. 2339		104,600
Ord. 2350		96,860
Ord. 2371		40,814
Ord. 2372		20,489
Ord. 2374		6,620
Ord. 2391		46,910
Ord. 2392		43,300
Ord. 2393		20,760
Ord. 2394		70,000
Ord. 2397		75,850
Ord. 2408		34,427
Ord. 2409		852
Ord. 2411		5,127
Ord. 2413		91,905

996,701

\$ 1,002,335

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

Ord. No.	Improvement Description	Ordinance		Balance January 1, 2019		2019 Authorizations	Encumbrances Cancelled	Paid or Charged	Balance December 31, 2019	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
<b>GENERAL IMPROVEMENTS</b>										
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	5,613	11,750				13,113	4,250
1915/1940	Purchase of Comm. Equipment, Improvement of Parks, Improvement of Police Pistol Range and Acq. Of a 4-Wheel Drive Vehicle for Police Dept.	11/30/2000	255,000							
		7/10/2001	190,000		495					495
1936	Refurbishment of Hook and Ladder	6/12/2001	100,000	1,343					1,343	
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove	8/14/2001	45,500		1,139					1,139
1944/1968	Construction of a New Municipal Bldg. and a New Public Safety Bldg.	08/14/2001, 07/09/2002								
1985/2038		11/26/2002, 04/27/2004	11,311,646		1					1
1948	Acquisition of a New Ambulance	11/13/2001	150,000	566					566	
1976	Acquisition of Real Property Located at 302 Boulevard	9/10/2002	450,000	815					815	
2012	Improvement of Baldwin Ave. Between the Boulevard and Rte. 46	8/12/2003	55,000	4,952					4,952	
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	7/27/2004	325,000		28,819					28,819
2085	Acquisition of a Laptop Computers for Free Public Library	4/26/2005	16,000	676					676	
2087	Acquisition of a Front End Loader for the DPW	5/10/2005	125,000	1,688					1,688	
2088	Acquisition of a Rolloff Truck for the DPW	5/10/2005	125,000	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	70,293	35,500				88,293	17,500
2221	Pedestrian Safety Infrastructure Improvements	12/15/2009	175,000	155,331					155,331	
2222	Pedestrian Safety Encouragement Improvements	12/15/2009	25,000	9,997					9,997	
2234	Curb and Sidewalk Reconstruction Along Portions of Terrace Ave. and the Boulevard - County Road Program	4/13/2010	100,000	1,268					1,268	
2238	Continuation of Boulevard Streetscape Improvement	5/11/2010	175,000		6,718			\$ 4,238		2,480
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		11,260			1,775		9,485



BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance January 1, 2019		2019 Authorizations	Encumbrances Cancelled	Paid or Charged	Balance December 31, 2019	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
<u>GENERAL IMPROVEMENTS</u>										
2253	Resurfacing of Burton Avenue and Collins Avenue Between Williams Avenue and Route 46	3/8/2011	\$ 215,000	\$ 32,334	\$ 39,000				\$ 45,834	\$ 25,500
2271	Refurbishment of the Hook and Ladder Truck	10/25/2011	80,000		14,716					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		4,495					4,495
2289	Boulevard Streetscape Improvement Phase V	9/11/2012	175,000		23,361					23,361
2304/2320	Construction of Barrier Free Curb Ramps	05/28/2013,12/10/2013	202,180	54,751	20,000				54,751	20,000
2307	Boulevard Streetscape Improvement Phase VI	6/11/2013	170,000	1,508	20,000			\$ 4,218		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				6,260	126,680
2321	Installation of New Synthetic Turf - Hitchcock Field	3/11/2014	600,000		82,534					82,534
2324	Repairs and Improvements to Polifly Park	5/27/2014	60,000		8,658					8,658
2326	Acquisition of Equipment for Free Public Library	8/12/2014	25,000		3,097			3,029		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		20,807			7,760		13,047
2329	Provide for Additional Funding for Boulevard Streetscape	8/12/2014	100,000		33,680					33,680
2337	Boulevard Streetscape Improvement Phase VII and VIII	5/12/2015	400,000		182					182
2338/2410	Road Resurfacing Program	5/12/2015, 6/26/18	600,000				\$ 2,075			2,075
2339	Curb and Sidewalk Replacement Program	5/12/2015	150,000	5,548	118,850				19,798	104,600
2350	Improvements to Stanley Ave. Roadway, Curbs and Sidewalks	9/22/2015	385,000		119,954			23,094		96,860
2371	Boulevard Streetscape Improvement Phase IX	11/29/2016	200,000		40,814					40,814
2372	Resurfacing Portions of Cleveland, Webb and Lincoln	11/29/2016	125,000		4,468		16,021			20,489
2374	Acquisition of Finger Printing and Mug Shot Equipment	11/29/2016	30,000		6,620					6,620
2391	2017 Road Resurfacing Program	8/8/2017	300,000		125,841			78,931		46,910
2392	Upgrade of Radio Equipment for Police, Fire and DPW	8/8/2017	100,000		43,300					43,300
2393	Systems	8/8/2017	50,000		35,142			14,382		20,760
2394	Acquisition of a Generator for the DPW	8/8/2017	120,000	49,630	70,000				49,630	70,000
2397	Upgrade and Improvements to Municipal Buildings	11/28/2017	125,000		87,081			11,231		75,850
2398	Acquisition of Heavy Equipment for the DPW	11/28/2017	225,000		35,736			35,736		-

BOROUGH OF HASBROUCK HEIGHTS  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance January 1, 2019		2019 Authorizations	Encumbrances Cancelled	Paid or Charged	Balance December 31, 2019	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
<b>GENERAL IMPROVEMENTS</b>										
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System	6/26/2018	\$ 100,000		\$ 93,551			\$ 59,124	\$ 34,427	
2409	Acquisition of a Sewer Inspection Camera	6/26/2018	75,000		852				852	
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department	8/14/2018	300,000		14,564			9,437	5,127	
2412	Acquisition of Equipment for the Fire Department	8/14/2018	150,000		135,377			135,377	-	
2413	Rehabilitation and Environmental Remediation at the DPW	8/14/2018	100,000	\$ 4,704	95,000			7,799	91,905	
2425	Resurfacing Portions of Charlton and Pasadena Avenue	2/26/2019	135,000			\$ 135,000		93,905	41,095	
2426	Resurfacing of Myers Avenue	2/26/2019	220,000			220,000		166,235	53,765	
2427	Improvements to Woodland Park Playground	2/26/2019	275,000			275,000		12,007	\$ 123,993	139,000
2428	Acquisition of Trucks for DPW	2/26/2019	150,000			150,000		134,310	15,690	
2436	Replacement of Public Safety Communications Equipment	4/23/2019	375,000			375,000		361,139	13,861	
2445	Acquisition of Gear and Equipment for the Fire Department	6/25/2019	175,000			175,000		134,265	40,735	
2447	Reconstruction of Sanitary and Storm Water Drainage Facilities	8/13/2019	100,000			100,000		61,282	38,718	
2448	2019 Road Resurfacing Program	8/13/2019	400,000			400,000		349,920	50,080	
2449	Resurfacing of Raymond Street	8/13/2019	350,000			350,000		270,522	79,478	
2450	Boulevard Streetscape Phase X	8/13/2019	450,000			450,000		228	229,772	220,000
				\$ 513,895	\$ 1,731,687	\$ 2,630,000	\$ 18,096	\$ 1,979,944	\$ 914,698	\$ 1,999,036
						Capital Improvement Fund	\$ 100,165			
						Bergen County CBDG/Open Space	334,150			
						New Jersey Department of Transportation	420,000			
						Reserve for Pump Station Repair	47,685			
						Deferred Charges - Unfunded	1,728,000			
							\$ 2,630,000			
								\$ 1,528,482	Contracts Payable	
								451,462	Cash Disbursements	
								\$ 1,979,944		



**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, 2019	Increased	Decreased	Balance, December 31, 2019
1908	Resurfacing of Ottawa Ave. from Burton Ave. to Rte. 17	\$ 237,500	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 % 2.750	\$ 11,750	\$ 4,250	\$ 11,750	\$ 4,250
1941	Resurfacing of Kipp Ave. from the Boulevard to Terrace Ave.	64,250	4/3/2010	3/23/2018	3/22/2019	2.750	5,000		5,000	
1942	Resurfacing of LaSalle Ave. from the Boulevard to Oak Grove Ave. and Paterson Ave. from Terrace Ave. to Burton Ave.	43,000	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	8,000	3,000	8,000	3,000
1990	Acquisition of Gear and Equipment for Fire Dept.	23,750	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	6,875	3,750	6,875	3,750
2189	Renovations to DPW Building	50,000	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	12,000	6,000	12,000	6,000
2208	Acquisition of an Ambulance	80,000	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	20,000	10,000	20,000	10,000
2210	Resurfacing of Jefferson Ave. from Burton Ave. to Woodside Ave.	137,500	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	35,500	17,500	35,500	17,500
2211	Improvement to Miers Park	110,000	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	30,000	15,000	30,000	15,000
2219	2009 Road Resurfacing Program	237,500	4/3/2010	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	60,000	30,000	60,000	30,000
2183	Acquisition of a Garbage Truck and Dump Truck w/Salter	298,750	4/1/2011	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	99,250	66,000	99,250	66,000
2185/2209	Boulevard Streetscape Phase I and II	80,000	4/1/2011	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	27,000	18,000	27,000	18,000
2233	Environmental Remediation at Department of Public Works	85,000	4/1/2011	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	30,000	20,000	30,000	20,000
2253	Resurfacing of Burton Avenue and Collins Avenue	119,000	3/30/2012	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	39,000	25,500	39,000	25,500
2254	2010 Road Resurfacing Program	285,000	3/30/2012	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	97,875	65,875	97,875	65,875
2262	Reconstruction of Damaged Sanitary Sewer System	70,000	3/30/2012	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	28,000	21,000	28,000	21,000

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

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2019	Increased	Decreased	Balance, December 31, 2019
2271	Refurbishment of Hook and Ladder Truck for Fire Dept.	\$ 75,000	3/30/2012	3/23/2018	3/22/2019	2.750 %	\$ 29,000		\$ 29,000	
				3/22/2019	3/20/2020	2.750		\$ 20,500		\$ 20,500
2255/2294	Construction of a New Pavilion in Woodland Park	108,000	3/28/2013	3/23/2018	3/22/2019	2.750	33,700		33,700	
				3/22/2019	3/20/2020	2.750		27,000		27,000
2282	2011/2012 Road Resurfacing Program	402,500	3/28/2013	3/23/2018	3/22/2019	2.750	225,000		225,000	
				3/22/2019	3/20/2020	2.750		180,000		180,000
2285	Reconstruction of Coolidge Avenue	400,000	3/28/2013	3/23/2018	3/22/2019	2.750	202,000		202,000	
				3/22/2019	3/20/2020	2.750		161,500		161,500
2286	Acquisition of In Car Video System for the Police Dept.	70,000	3/28/2013	3/23/2018	3/22/2019	2.750	37,500		37,500	
				3/22/2019	3/20/2020	2.750		30,000		30,000
2288	Repair and/or Construction of Sanitary Sewer System	95,000	3/28/2013	3/23/2018	3/22/2019	2.750	52,000		52,000	
				3/22/2019	3/20/2020	2.750		41,500		41,500
2290	Acquisition of Gear and Equipment for Fire Dept.	71,000	3/28/2013	3/23/2018	3/22/2019	2.750	38,000		38,000	
				3/22/2019	3/20/2020	2.750		30,000		30,000
2292	Acquisition of Radio Equipment for PD, FD & PWD	52,000	3/28/2013	3/23/2018	3/22/2019	2.750	28,575		28,575	
				3/22/2019	3/20/2020	2.750		22,975		22,975
2303	Repairs to Veteran's Memorial Park	31,000	6/19/2014	3/23/2018	3/22/2019	2.750	21,700		21,700	
				3/22/2019	3/20/2020	2.750		18,600		18,600
2308	Repair and/or Reconstruction of Sanitary Sewer System	95,000	6/19/2014	3/23/2018	3/22/2019	2.750	66,500		66,500	
				3/22/2019	3/20/2020	2.750		57,000		57,000
2312	Acquisition of New Street Sweeper	180,000	6/19/2014	3/23/2018	3/22/2019	2.750	122,000		122,000	
				3/22/2019	3/20/2020	2.750		102,000		102,000
2313	Acquisition of 4WD Vehicle for Police Department	38,000	6/19/2014	3/23/2018	3/22/2019	2.750	25,700		25,700	
				3/22/2019	3/20/2020	2.750		21,450		21,450
2314	2013 Road Resurfacing Program	285,000	6/19/2014	3/23/2018	3/22/2019	2.750	193,100		193,100	
				3/22/2019	3/20/2020	2.750		161,400		161,400
2321	New Synthetic Turf Field at Hitchcock Field	570,000	6/19/2014	3/23/2018	3/22/2019	2.750	342,000		342,000	
				3/22/2019	3/20/2020	2.750		285,000		285,000
2326	Acquisition of Equipment for Free Public Library	23,000	3/27/2015	3/23/2018	3/22/2019	2.750	16,300		16,300	
				3/22/2019	3/20/2020	2.750		13,900		13,900
2327	Acquisition of Two Trucks for Fire Department	190,000	3/27/2015	3/23/2018	3/22/2019	2.750	141,625		141,625	
				3/22/2019	3/20/2020	2.750		120,125		120,125
2328	Acquisition of Quint Ladder Truck for Fire Dept.	950,000	3/27/2015	3/23/2018	3/22/2019	2.750	760,000		760,000	
				3/22/2019	3/20/2020	2.750		665,000		665,000
2329	Additional Funds for Phases II & III, Boulevard Streetscape	95,000	3/27/2015	3/23/2018	3/22/2019	2.750	66,500		66,500	
				3/22/2019	3/20/2020	2.750		57,000		57,000
2324	Repairs and Improvements to Polifly Park	34,000	3/24/2016	3/23/2018	3/22/2019	2.750	27,200		27,200	
				3/22/2019	3/20/2020	2.750		23,800		23,800
2337	Boulevard Streetscape Phase VII and VIII	95,000	3/24/2016	3/23/2018	3/22/2019	2.750	76,000		76,000	
				3/22/2019	3/20/2020	2.750		66,500		66,500
2338/2410	Road Resurfacing Program	570,000	3/24/2016	3/23/2018	3/22/2019	2.750	530,000		530,000	
				3/22/2019	3/20/2020	2.750		463,000		463,000

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

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2019	Increased	Decreased	Balance, December 31, 2019
2339	Curb and Sidewalk Replacement Program	\$ 142,500	3/24/2016	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 % 2.750	\$ 118,850	\$ 104,600	\$ 118,850	\$ 104,600
2340	Improvements to Woodland Park Playground	142,500	3/24/2016	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	120,000	105,750	120,000	105,750
2350	Improvements to Stanley Avenue	220,000	3/24/2016	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	196,000	171,500	196,000	171,500
2351	Improvements to Playgrounds Surfaces-Mier Park and Central Avenue Park	60,000	3/24/2016	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	48,000	42,000	48,000	42,000
2366	Improvements to Woodland Park Playground	95,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	85,500	76,000	85,500	76,000
2358	2016 Road Resurfacing Program	380,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	380,000	380,000	380,000	380,000
2361	Repair and/or Reconstruction of Sanitary Sewer System	95,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	91,500	88,000	91,500	88,000
2370	Improvements to Playground Surfaces at Depken Field	41,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	36,900	32,800	36,900	32,800
2371	Boulevard Streetscape Improvement Phase IX	78,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	70,200	62,400	70,200	62,400
2372	Resurfacing Portions of Cleveland Ave., Webb Place and Lincoln Street	44,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	40,000	35,000	40,000	35,000
2373	Acquisition of Garbage Truck	213,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	192,000	168,000	192,000	168,000
2374	Acquisition of Finger Printing and Mug Shot Equipment	26,000	3/24/2017	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	23,400	20,800	23,400	20,800
2238	Continuation of Boulevard Streetscape Improvement	25,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	25,000	22,525	25,000	22,525
2252	Boulevard Streetscape Improvement Phase IV	20,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	20,000	20,000	20,000	20,000
2294	Construction of a New Pavilion in Woodland Park	45,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	45,000	45,000	45,000	45,000
2289	Boulevard Streetscape Improvement Phase V	25,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	25,000	25,000	25,000	25,000
2304/2320	Construction of Barrier Free Curb Ramps	20,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	20,000	20,000	20,000	20,000
2307	Boulevard Streetscape Improvement Phase VI	20,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	20,000	20,000	20,000	20,000
2391	2017 Road Resurfacing Program	285,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	285,000	285,000	285,000	285,000
2392	Upgrade of Radio Equipment for Police, Fire and DPW	95,000	3/23/2018	3/23/2018 3/22/2019	3/22/2019 3/20/2020	2.750 2.750	95,000	95,000	95,000	95,000

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

Ord. No.	Improvement Description	Original Amount Issued	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2019	Increased	Decreased	Balance, December 31, 2019
2393	Acquisition and Upgrade of Computers and Technology Systems	\$ 45,000	3/23/2018	3/23/2018	3/22/2019	2.750 %	\$ 45,000		\$ 45,000	\$ 45,000
2394	Acquisition of a Generator for the DPW	70,000	3/23/2018	3/23/2018	3/22/2019	2.750	70,000	\$ 45,000	70,000	\$ 45,000
2397	Upgrade and Improvements to Municipal Buildings	117,500	3/23/2018	3/23/2018	3/22/2019	2.750	117,500	70,000	117,500	70,000
2398	Acquisition of Heavy Equipment for the DPW	210,000	3/23/2018	3/23/2018	3/22/2019	2.750	210,000	210,000	210,000	210,000
2408	Reconstruction of Portions of the Sanitary and StormWater Drainage System	95,000	3/22/2019	3/22/2019	3/20/2020	2.750		95,000		-
2409	Acquisition of a Sewer Inspection Camera	70,000	3/22/2019	3/22/2019	3/20/2020	2.750		70,000		70,000
2411	Acq of an Ambulance and a 4 Wheel Drive Vehicle for Fire Dept	285,000	3/22/2019	3/22/2019	3/20/2020	2.750		285,000		285,000
2412	Acquisition of Equipment for the Fire Department	142,500	3/22/2019	3/22/2019	3/20/2020	2.750		142,500		142,500
2413	Rehabilitation and Environmental Remediation at the DPW	95,000	3/22/2019	3/22/2019	3/20/2020	2.750	-	95,000	-	95,000
							<u>\$ 5,924,500</u>	<u>\$ 5,823,500</u>	<u>\$ 5,924,500</u>	<u>\$ 5,823,500</u>
								Renewals \$ 5,136,000	\$ 5,136,000	
								Issued for Cash 687,500		
								Paid by Budget Appropriation -	788,500	
								<u>\$ 5,823,500</u>	<u>\$ 5,924,500</u>	

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

Balance, January 1, 2019	\$ 226,800
Increased by:	
2019 Budget Appropriation	<u>50,000</u>
	276,800
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>100,165</u>
Balance, December 31, 2019	<u><u>\$ 176,635</u></u>

EXHIBIT C-13

**STATEMENT OF RESERVE FOR GARRISON AVENUE REPAIR - FEMA FUNDS**

Balance, January 1, 2019	<u>\$ 7,801</u>
Balance, December 31, 2019	<u><u>\$ 7,801</u></u>

EXHIBIT C-14

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

Balance, January 1, 2019	\$ 59,725
Increased by:	
Premium on Bond Anticipation Notes Issued	<u>46,821</u>
	106,546
Decreased by:	
Anticipated as Current Fund Revenue	<u>59,725</u>
Balance, December 31, 2019	<u><u>\$ 46,821</u></u>



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

Balance, January 1, 2019	\$	47,685
Decreased by:		
Appropriated to Finance Improvement Authorization	\$	<u>47,685</u>

EXHIBIT C-16

**STATEMENT OF DUE TO CURRENT FUND**

Increased by:		
Interest Earnings	\$	32,715
Decreased by:		
Payments to Current Fund	\$	<u>32,715</u>

EXHIBIT C-17

**STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2019	\$	520,067
Increased by:		
Charged to Improvement Authorizations		<u>1,528,482</u>
		2,048,549
Decreased by:		
Cancelled	\$	18,096
Cash Disbursements		<u>408,280</u>
		<u>426,376</u>
Balance, December 31, 2019	\$	<u>1,622,173</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2019</u>	2019 <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Balance, December 31, <u>2019</u>
	<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			500
1944/1968/1985	Public Safety Building	900			900
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	32,500			32,500
2316	Bond Refunding	126,680			126,680
2408	Reconstruction of Portions of the Sanitary and Storm Water Drainage System	95,000		\$ 95,000	
2409	Acquisition of a Sewer Inspection Camera	70,000		70,000	
2411	Acquisition of an Ambulance and a 4 Wheel Drive Vehicle for Fire Department	285,000		285,000	
2412	Acquisition of Equipment for the Fire Department	142,500		142,500	
2413	Rehabilitation and Environmental Remediation at the DPW	95,000		95,000	
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
		<u>\$ 1,001,998</u>	<u>\$ 1,728,000</u>	<u>\$ 687,500</u>	<u>\$ 2,042,498</u>

**PUBLIC ASSISTANCE FUND**

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

Balance, January 1, 2019		\$ 28,609
Increased by:		
Interest Earned	\$ 618	
Food Pantry Donations	<u>1,270</u>	
		<u>1,888</u>
		30,497
Decreased by:		
Payments to Current Fund	618	
Food Pantry Expenditures	<u>1,425</u>	
		<u>2,043</u>
Balance, December 31, 2019		<u><u>\$ 28,454</u></u>

EXHIBIT D-2

**STATEMENT OF PUBLIC ASSISTANCE REVENUES**

		<u>P.A.T.F.</u>
Food Pantry Donations		<u><u>\$ 1,270</u></u>

EXHIBIT D-3

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

		<u>P.A.T.F.</u>
Food Pantry - Expenditures		<u><u>\$ 1,425</u></u>

EXHIBIT D-4

**STATEMENT OF DUE TO CURRENT FUND**

Increased by:		
Interest Earned	\$ 618	
Decreased by:		
Payments to Current Fund	<u>\$ 618</u>	

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

	<u>P.A.T.F.</u>
Balance, January 1, 2019	\$ 28,609
Increased by: Revenues	<u>1,270</u>
	29,879
Decreased by: Expenditures	<u>1,425</u>
Balance, December 31, 2019	<u><u>\$ 28,454</u></u>

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

---

**PART II**  
**GOVERNMENT AUDITING STANDARDS**  
**YEAR ENDED DECEMBER 31, 2019**

# LVH LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Hasbrouck Heights as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2020. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

#### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

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



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



Andrew D. Parente  
Registered Municipal Accountant  
RMA Number CR00529

Fair Lawn, New Jersey  
September 14, 2020



**BOROUGH OF HASBROUCK HEIGHTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<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, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2019</u>	<u>(Memo) Cumulative Expenditures</u>
Department of Homeland Security									
FEMA									
Garrison Avenue Repair	Not Available	Prior Years		\$ 7,801	\$ 7,801			\$ 7,801	
Severe Winter Storm and Snow Storm Quinn	97.036	2019	\$ 38,515	38,515		\$ 38,515	\$ 38,515		\$ 38,515
Department of Housing and Urban Development									
Community Development Block Grant									
(Passed through the County of Bergen)									
Improvements to Charlton & Pasadena - Ordinance No 2425	14.218	2019		78,450		78,450	78,450		78,450
Improvements to Myers Avenue - Ordinance No 2426	14.218	2019		127,200		127,200	127,200		127,200
Improvements to Woodland Park Surface - Ordinance No 2427	14.218	2019		128,500		128,500		128,500	
New Jersey State Police									
Public Assistance - DPW Generator	Not Available	2017		45,000	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	
					<u>\$ 52,801</u>	<u>\$ 372,665</u>	<u>\$ 244,165</u>	<u>\$ 181,301</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, 2019**

<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, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2019</u>	<u>(Memo) Cumulative Expenditures</u>
Environmental Solid Waste Administration:									
Clean Communities Grant	042-4900-765-004	2019	\$ 22,905	\$ 22,905					
Clean Communities Grant	042-4900-765-004	2018	20,524			\$ 20,524		\$ 20,524	
Clean Communities Grant	042-4900-765-004	2017	21,447		\$ 19,114		\$ 14,285	4,829	\$ 16,618
Recycling Tonnage Grant	042-4910-100-224	2019	17,409						
Recycling Tonnage Grant	042-4910-100-224	2018	17,409	17,409		17,409	5,183	12,226	5,183
Recycling Tonnage Grant	042-4900-752-001	2017	17,351		17,351		17,351		17,351
Recycling Tonnage Grant	042-4900-752-001	2016	34,596		841		841		34,596
Law and Public Division of Criminal Justice:									
Body Armor Replacement Fund	066-1020-718-001	2019	3,139	3,139		3,139		3,139	
Body Armor Replacement Fund	066-1020-018-001	2017	2,910		1,209			1,209	1,701
Division of Motor Vehicles:									
Drunk Driving Enforcement Fund	6400-100-078-6400	2019	4,180	4,180		4,180		4,180	
Drunk Driving Enforcement Fund	6400-100-078-6400	2018	5,093		5,093			5,093	
		Prior Years	39,494		39,494			39,494	
Municipal Court:									
Alcohol Education and Rehabilitation	098-9735-760-001	2019	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			4,536	
Department of Transportation									
Boulevard Streetscape - Ordinance No. 2307	078-6320-480-AKE & ALL	2009	145,000		1,508		1,508		145,000
Boulevard Streetscape - Ordinance No. 2450	Not Available	2019	218,000			218,000		218,000	
Resurfacing of Raymond Street - Ordinance No. 2449	Not Available	2019	202,000			202,000	202,000		202,000
Safe Routes to Schools - Ordinance No. 2221, 2222	Not Available	2009	173,000		138,328	-	-	138,328	34,672
					<u>\$ 229,083</u>	<u>\$ 465,691</u>	<u>\$ 241,168</u>	<u>\$ 453,606</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, 2019**

**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	\$ 38,515	\$ 45,691	\$ 84,206
General Capital Fund	<u>334,150</u>	<u>420,000</u>	<u>754,150</u>
Total Financial Awards	<u>\$ 372,665</u>	<u>\$ 465,691</u>	<u>\$ 838,356</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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



**BOROUGH OF HASBROUCK HEIGHTS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

*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, 2019**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2018-001:**

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

**Status**

See Letter of Comments and Recommendations.

**BOROUGH OF HASBROUCK HEIGHTS**

**BERGEN COUNTY, NEW JERSEY**

---

**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2019**



**BOROUGH OF HASBROUCK HEIGHTS  
SUPPLEMENTARY DATA**

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

	<u>Year 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,275,000	2.31%	\$ 1,275,000	2.37 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,464,955	6.27%	3,258,004	6.05
Collection of Delinquent Taxes and Tax Title Liens	385,258	0.70%	416,897	0.77
Collection of Current Tax Levy	49,972,641	90.45%	48,641,295	90.28
Other Credits	<u>149,196</u>	<u>0.27%</u>	<u>286,358</u>	<u>0.53</u>
Total Income	<u>55,247,050</u>	<u>100.00%</u>	<u>53,877,554</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	19,547,391	36.15%	18,916,416	35.96 %
County Taxes	4,388,706	8.12%	4,384,695	8.33
Local School Taxes	30,127,255	55.72%	29,306,120	55.70
Other Expenditures	<u>2,800</u>	<u>0.01%</u>	<u>1,235</u>	<u>0.01</u>
Total Expenditures	54,066,152	<u>100.00% %</u>	52,608,466	<u>100.00 %</u>
Excess in Revenue	1,180,898		1,269,088	
Fund Balance, January 1	<u>1,931,611</u>		<u>1,937,523</u>	
	3,112,509		3,206,611	
Less Utilization as Anticipated Revenue	<u>1,275,000</u>		<u>1,275,000</u>	
Fund Balance, December 31	<u>\$ 1,837,509</u>		<u>\$ 1,931,611</u>	

**BOROUGH OF HASBROUCK HEIGHTS  
SUPPLEMENTARY DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$2.845</u>	<u>\$2.852</u>	<u>\$2.856</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	.890	.892	.888
County (Includes Open Space)	.249	.255	.264
Local School	1.706	1.705	1.704

Assessed Valuation

2019	<u>\$1,766,657,570</u>
2018	<u>\$1,718,394,708</u>
2017	<u>\$1,680,933,833</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>
2019	\$ 50,323,075	\$ 49,972,641	99.30%
2018	49,080,539	48,641,295	99.11%
2017	48,056,406	47,585,955	99.02%

**BOROUGH OF HASBROUCK HEIGHTS  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2019	\$ 326,124	\$ 315,918	\$ 642,042	1.28%
2018	286,484	407,012	693,496	1.41%
2017	271,209	416,300	687,509	1.43%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2019 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>
2019	\$304,730
2018	304,730
2017	304,730

**Comparative Schedule Of Fund Balance**

<u>Year</u>	<u>Fund Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2019	\$1,837,509	\$1,315,000
2018	1,931,611	1,275,000
2017	1,937,523	1,275,000

**BOROUGH OF HASBROUCK HEIGHTS  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
John DeLorenzo III	Mayor	
Ronald Kistner	Council President	
Josephine Ciocia	Councilwoman	
Justin A. DiPisa	Councilman	
Christopher Hillmann	Councilman	
Russell A. Lipari	Councilman	
Steven Reyngoudt	Councilman	
Michael Kronyak	Borough Administrator	(1)
	CFO/Treasurer/Purchasing Agent	
Conchita C. Parker	Tax Collector/Tax Search Officer	(1)
Louise Balsamo	Assistant to Collector	(1)
Pam Grisafe	Secretary to Administrator/Payroll Clerk	
Laurie Varga	Acting Borough Clerk	
Rick Del Guercio	Assessor	
Evan M. Jacobs, Neglia Engineering	Engineer	
Joseph R. Jones	Judge	
Thomas Mason/ Mark Musella (Alt)	Public Defender	
Rosario Presti/ Thomas Flinn (Alt)	Prosecutors	
Susan Paul	Clerk of the Court/Violations Clerk	(1)
Lyne Moody	Deputy Violations Clerk	(1)
Michael Colaneri, Jr.	Chief of Police	
Nick Melfi	Construction Official	
Laura French	Secretary Board of Health Registrar	
Joseph J. Cariddi	Fire Official – Uniform Fire Code	
Mimi Hui	Library Director	
Ralph W. Chandless, Jr.	Borough Attorney	
William Spindler	Superintendent of Public Works	

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

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

**GENERAL COMMENTS**

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

**Prior Year Unresolved**

Our audit revealed several prior year outstanding grants receivable balances exist in the General Capital Fund. It is recommended that grants receivable balances in the General Capital Fund be subsequently collected and or cleared of record.

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

Our audit revealed that the detailed Tax Title Lien ledger was not in agreement with the summarized general ledger balance at year end. In addition a Foreclosed Property ledger was not maintained. It is recommended that the detailed Tax Title Lien ledger be reconciled and in agreement with the general ledger at year end and that a Foreclosed Property ledger be maintained.

**Current Year**

Our audit revealed the balance reported in the Other Trust Fund for certain developer escrow deposits was not in agreement with the detailed subsidiary ledgers at year end. It is recommended that developer escrow deposits reported in the Other Trust Fund be in agreement with the detailed subsidiary ledgers.

Our audit of the municipal departments revealed that a detailed daily cash receipts journal was not maintained by the Recreation Department. It is recommended that a detailed daily cash receipts journal be maintained for collections by the Recreation Department.

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

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

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

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

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

Improvements to Myers, Charlton and Pasadena Ave.  
2019 Road Program

Improvements to Raymond Street

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

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

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

**Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 2, 2019 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 2, 2019 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 5 and October 23, 2019.

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>
2019	18
2018	20
2017	23

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

**APPRECIATION**

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

**Suggestion to Management**

- Although the Borough currently maintains sufficient manual general ledgers, consideration be made for the implementation of an integrated computerized general ledger system for each of the various funds maintained by the Borough.

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

**RECOMMENDATIONS**

It is recommended that:

- \* 1. Grants receivable balances in the General Capital Fund be subsequently collected and or cleared of record.
- \* 2. Capital Ordinances greater than five (5) years old with cash deficits be funded.
- \* 3. The detailed Tax Title Lien ledger be reconciled and in agreement with the general ledger at year end and that a Foreclosed Property ledger be maintained.
- 4. Developer escrow deposits reported in the Other Trust Fund be in agreement with the detailed subsidiary ledgers.
- 5. A detailed daily cash receipts journal be maintained for collections by the Recreation Department.

\* \* \* \* \*

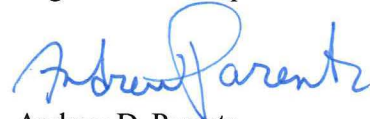
A review was performed on all prior year's recommendations. Corrective action was taken on all prior year's recommendations, except those denoted with an asterisk above.

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

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



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



Andrew D. Parente  
Registered Municipal Accountant  
RMA Number CR00529