

BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2022

BOROUGH OF HASBROUCK HEIGHTS

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BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Hasbrouck Heights, as of December 31, 2022 and 2021, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2022, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the financial statements - regulatory basis referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Hasbrouck Heights as of December 31, 2022 and 2021, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the respective revenues - regulatory basis and expenditures - regulatory basis of the Current Fund for the year ended December 31, 2022 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Hasbrouck Heights as of December 31, 2022 and 2021, or changes in financial position for the years then ended.

Basis for Opinions

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2022 and 2021. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 44 percent and 46 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2022 and 2021, respectively.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Hasbrouck Heights on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Hasbrouck Heights’s internal control. Accordingly, no such opinion is expressed.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Hasbrouck Heights as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Hasbrouck Heights. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 15, 2023 on our consideration of the Borough of Hasbrouck Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Hasbrouck Heights's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Hasbrouck Heights's internal control over financial reporting and compliance.

Lerch, Vinci & Bliss, LLP
 LERCH, VINCI & BLISS, LLP
 Certified Public Accountants
 Registered Municipal Accountants

Andrew Parente
 Andrew D. Parente
 Registered Municipal Accountant
 RMA Number CR00529

Fair Lawn, New Jersey
 August 15, 2023

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
REGULAR FUND			
Cash	A-4	\$ 3,755,560	\$ 3,497,294
Cash - Change Funds	A-5	<u>275</u>	<u>275</u>
		<u>3,755,835</u>	<u>3,497,569</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-11	270,384	313,335
Tax Title Liens Receivable	A-12	213,097	201,018
Demolition Liens Receivable	A-10	-	49,717
Revenue Accounts Receivable	A-13	<u>10,544</u>	<u>5,276</u>
		<u>494,025</u>	<u>569,346</u>
Deferred Charges:			
Special Emergency Authorization	A-9	<u>472,000</u>	<u>590,000</u>
Total Regular Fund		<u>4,721,860</u>	<u>4,656,915</u>
GRANT FUND			
Cash	A-7	<u>966,198</u>	<u>780,588</u>
Total Grant Fund		<u>966,198</u>	<u>780,588</u>
Grand Total		<u>\$ 5,688,058</u>	<u>\$ 5,437,503</u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCES			
REGULAR FUND			
Liabilities:			
Appropriation Reserves	A-3, A-14	\$ 1,088,708	\$ 759,516
Encumbrances Payable	A-15	212,886	243,986
Accounts Payable	A-16	31,324	1,611
Prepaid Taxes	A-17	156,867	223,582
Tax Overpayments	A-18	47,960	14,005
Special Emergency Notes	A-19	472,000	590,000
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	A-8	6,366	6,116
Due to County for Added Taxes	A-20	9,665	9,724
Due to State of New Jersey:			
Building Surcharge Fees	A-22	4,173	3,722
Marriage License Fees	A-22	-	225
Reserve for:			
Tax Appeals	A-23	218,803	233,445
Municipal Relief Fund	A-24	56,501	-
Insurance Proceeds	A-25	-	26,273
Terminal Pay	A-26	105,050	228,037
Maintenance of Free Public Library with State Aid	A-27	450	6,106
		<u>2,410,753</u>	<u>2,346,348</u>
Reserve for Receivables and Other Assets	A	494,025	569,346
Fund Balance	A-1	<u>1,817,082</u>	<u>1,741,221</u>
Total Regular Fund		<u>4,721,860</u>	<u>4,656,915</u>
GRANT FUND			
Encumbrances Payable	A-31	21,912	10,660
Appropriated Grant Reserves	A-29	291,218	111,660
Unappropriated Grant Reserves	A-30	<u>653,068</u>	<u>658,268</u>
Total Grant Fund		<u>966,198</u>	<u>780,588</u>
Grand Total		<u>\$ 5,688,058</u>	<u>\$ 5,437,503</u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUE AND OTHER INCOME			
Fund Balance Utilized	A-2	\$ 1,380,000	\$ 1,280,000
Miscellaneous Revenue Anticipated	A-2	4,202,031	3,061,238
Receipts from Delinquent Taxes	A-2	313,585	395,177
Receipts from Current Taxes	A-2	53,788,528	52,681,562
Non-Budget Revenues	A-2	221,735	111,016
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	531,609	302,124
Liquidated Prior Year Receivable	A	49,717	
Special Emergency Authorization - COVID 19	A-9	-	590,000
Cancellation of Prior Year Fees Payable	A	-	3,429
Cancellation of Tax Overpayments	A	-	10,357
Cancellation of Trust Fund Balances	A	-	55,875
Total Income		<u>60,487,205</u>	<u>58,490,778</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	10,185,623	9,902,600
Other Expenses	A-3	7,723,073	6,871,791
Capital Improvements	A-3	307,593	40,000
Municipal Debt Service	A-3	1,171,187	1,204,949
Deferred Charges and Statutory Expenditures	A-3	2,487,585	2,308,000
County Taxes	A-20	4,919,504	4,769,146
Due to County for Added Tares	A-20	9,665	9,724
Local District School Tax	A-21	32,221,116	31,594,523
Senior Citizens Deductions Disallowed - Prior Years	A-8	250	591
Demolition Lien Receivable - Created	A	-	49,717
Refund of Prior Year Revenue	A-4	5,748	1,019
Total Expenditures		<u>59,031,344</u>	<u>56,752,060</u>
Statutory Excess in Revenues		1,455,861	1,738,718
Fund Balance, Beginning of Year	A	<u>1,741,221</u>	<u>1,282,503</u>
		3,197,082	3,021,221
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	<u>1,380,000</u>	<u>1,280,000</u>
Fund Balance, End of Year	A	<u>\$ 1,817,082</u>	<u>\$ 1,741,221</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Reference	Budget	Realized	Excess (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,380,000	\$ 1,380,000	-
MISCELLANEOUS REVENUES				
Licenses:				
Alcoholic Beverages	A-13	15,500	15,600	\$ 100
Other	A-13	85,500	46,850	(38,650)
Fees and Permits	A-13	51,500	66,385	14,885
Fines and Costs:				
Municipal Court	A-13	90,000	108,533	18,533
Interest and Costs on Taxes	A-13	130,000	110,961	(19,039)
Parking Meters	A-13	15,000	1,176	(13,824)
Interest on Investments and Deposits	A-13	8,500	133,345	124,845
Lease - Hasbrouck Heights Swim Club	A-13	7,000	7,000	-
Due from H.H. Bd. of Ed. - Class III Police Officers	A-13	225,545	225,548	3
Sewer Service Charges - City of Hackensack	A-13	42,987	42,987	-
Sewer Service Charges - Briad Group (Wendy's/Element Hotel)	A-13	9,395	9,395	-
Sewer Service Charges - Hilton Hotel	A-13	11,490	11,490	-
Car Dealership Registration Fees	A-13	115,000	108,400	(6,600)
Energy Receipts Taxes	A-13	1,083,148	1,083,148	-
Uniform Construction Code Fees	A-13	249,000	414,832	165,832
Hotel and Motel Occupancy Fee	A-13	375,000	499,520	124,520
State and Federal Revenues Offset with Appropriations:				
Recycling Tonnage Grant	A-28	17,863	17,863	-
Reserve for Clean Communities Program - Reserve	A-30	21,985	21,985	-
Body Amor Fund	A-28	1,517	1,517	-
Reserve for Drunk Driving Enforcement	A-30	8,463	8,463	-
Bergen County Food Security Task Force	A-28	10,556	10,556	-
ARP Funds	A-30	227,593	227,593	-
Reserve for Alcohol Education & Rehabilitation - Reserve	A-30	227	227	-
Other Special Items:				
ARP Funds - Revenue Shortfall	A-30	400,000	400,000	-
Uniform Fire Safety Act (P.L. 1983, Ch. 383)	A-13	13,792	16,873	3,081
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field	A-13	58,710	58,710	-
Due from H.H. Bd. of Ed. - Debt Service Depken Field	A-13	105,925	105,925	-
FEMA Reimbursement - Isaias	A-13	90,374	109,232	18,858
Fire Protection - Teterboro	A-13	118,018	118,018	-
911 Coverage - Teterboro	A-13	7,866	7,865	(1)
911 Coverage - Wood-Ridge	A-13	11,687	11,687	-
Due from PSE&G - Williams Avenue Lease Agreement	A-13	30,000	32,500	2,500
BCUA Municipal Incentive Program Rebate	A-13	2,432	2,432	-
Cable TV Franchise Fees	A-13	86,932	86,932	-
Cable TV Franchise Fees - Verizon FIOS	A-13	71,731	71,731	-
Devereux Treatment Centers - 21 Garrison Avenue	A-13	2,000	2,000	-
Pistol Range - Carlstadt	A-13	3,216	3,216	-
Pistol Range - Maywood	A-13	500	500	-
Lease - Port of New York Authority	A-13	1,036	1,036	-
Total Miscellaneous Revenues		<u>3,806,988</u>	<u>4,202,031</u>	<u>395,043</u>
RECEIPTS FROM DELINQUENT TAXES		<u>348,165</u>	<u>313,585</u>	<u>(34,580)</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes		16,147,039	16,445,374	298,335
Minimum Library Tax		<u>688,948</u>	<u>688,948</u>	-
		<u>16,835,987</u>	<u>17,134,322</u>	<u>298,335</u>
Total General Revenues		<u>\$ 22,371,140</u>	23,029,938	<u>\$ 658,798</u>
Non-Budget Revenue			<u>221,735</u>	
			<u>\$ 23,251,673</u>	

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Reference</u>	<u>2022</u>
ANALYSIS OF REALIZED REVENUE		
Allocation of Current Tax Collection		
Revenue from Collections	A-11	\$ 53,788,528
Less: Allocated to School and County Taxes	A-20,A-21	<u>37,150,285</u>
Balance for Support of Municipal Budget Appropriations		16,638,243
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>496,079</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 17,134,322</u>
RECEIPTS FROM DELINQUENT TAXES		
Delinquent Tax Collections	A-11	<u>\$ 313,585</u>
	A-1, A-2	<u>\$ 313,585</u>
ANALYSIS OF NON-BUDGET REVENUE		
Miscellaneous Refunds		\$ 4,037
FEMA Reimbursements - COVID		39,293
FEMA Reimbursements - Hurricane IDA		116,284
Towing Application Fees		2,500
DMV Inspection Fines		1,750
2% Administrative Fee - Senior Citizen's and Veteran's Deductions		1,165
Police Reports		6,495
Other Licenses		3,740
Miscellaneous Charges and Fees		<u>46,471</u>
	A-2, A-4	<u>\$ 221,735</u>
	Cash Receipts	<u>\$ 221,735</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Appropriated</u>		<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
			<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
Administrative and Executive - Mayor and Council				
Salaries and Wages	\$ 39,000	\$ 39,000	\$ 38,857	\$ 143
Administrative and Executive				
Salaries and Wages	226,000	226,000	225,537	463
Other Expenses	46,000	40,400	35,943	4,457
Elections				
Other Expenses	14,000	12,900	12,793	107
Financial Administration				
Salaries and Wages	120,000	120,000	119,646	354
Other Expenses - Audit	41,200	41,200	2,011	39,189
Other Expenses - Miscellaneous	9,500	9,500	8,504	996
Assessment of Taxes				
Salaries and Wages	20,500	20,500	20,400	100
Other Expenses	48,700	48,700	47,868	832
Collection of Taxes				
Salaries and Wages	92,000	92,000	76,219	15,781
Other Expenses	26,000	26,000	23,982	2,018
Legal Services				
Other Expenses	210,000	184,000	129,247	54,753
Municipal Court				
Salaries and Wages	108,000	108,000	91,753	16,247
Other Expenses	12,500	12,500	6,114	6,386
Municipal Prosecutor				
Salaries and Wages	26,000	26,000	22,560	3,440
Other Expenses	100	100	-	100
Public Defender				
Salaries and Wages	13,000	13,000	6,000	7,000
Other Expenses	100	100		100
Engineering Services and Costs				
Other Expenses	60,000	60,000	43,685	16,315
Public Buildings and Grounds				
Salaries and Wages	101,000	81,000	74,617	6,383
Other Expenses	152,000	152,000	89,124	62,876
MUNICIPAL LAND USE LAW				
Planning Board				
Salaries and Wages	36,000	36,000	32,272	3,728
Other Expenses	6,000	17,000	15,096	1,904
Master Plan				
Other Expenses	7,500	7,500	6,238	1,262
Codification of Ordinances				
Other Expenses	5,500	6,050	6,026	24
Shade Trees				
Salaries and Wages	330,000	318,000	304,254	13,746
Other Expenses	31,000	37,000	32,153	4,847
Recycling Program				
Salaries and Wages	269,000	244,000	224,184	19,816
Other Expenses	150,000	125,200	109,452	15,748

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
INSURANCE					
Employee Group Insurance	\$ 2,198,880	\$ 2,198,880	\$ 1,987,806	\$ 211,074	
Workman's Compensation Insurance	379,080	379,080	379,080	-	
Other Insurance Premiums	338,000	336,500	336,414	86	
PUBLIC SAFETY FUNCTIONS					
Fire					
Salaries and Wages	113,000	88,000	71,507	16,493	
Other Expenses	146,500	146,500	127,482	19,018	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Salaries and Wages	68,000	68,000	58,145	9,855	
Other Expenses	5,000	5,000	3,886	1,114	
Police Department					
Salaries and Wages	5,058,000	5,132,000	5,107,538	24,462	
Salaries and Wages - ARP Funded	400,000	400,000	400,000	-	
Other Expenses	283,500	283,500	266,416	17,084	
Emergency Management Services					
Salaries and Wages	7,000	7,000	6,823	177	
Other Expenses	10,000	8,450	7,170	1,280	
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries and Wages	378,000	386,000	379,791	6,209	
Other Expenses	90,000	90,000	79,307	10,693	
SANITATION					
Street Cleaning					
Salaries and Wages	358,500	358,500	316,772	41,728	
Other Expenses	71,250	73,250	70,905	2,345	
Garbage and Trash Removal					
Salaries and Wages	711,000	711,000	665,507	45,493	
Other Expenses	91,000	98,000	93,148	4,852	
Sewer Maintenance					
Salaries and Wages	241,000	241,000	232,993	8,007	
Other Expenses	25,000	25,000	17,663	7,337	
Sanitary Landfill - Contractual -Bergen County	510,000	510,000	384,865	125,135	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	55,000	55,000	54,712	288	
Other Expenses - Contractual	81,000	81,000	80,843	157	
Other Expenses - Miscellaneous	7,700	8,700	7,773	927	
Computer Data Processing					
Salaries and Wages	58,500	58,500	54,688	3,812	
Other Expenses	9,000	9,000	6,555	2,445	
Dog Regulation					
Other Expenses - Contractual	3,000	-	-	-	
Other Expenses - Miscellaneous	250	250	-	250	
Administration of Public Assistance					
Other Expenses	1	1	-	1	

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
RECREATION AND EDUCATION					
Parks and Playground					
Salaries and Wages	\$ 270,000	\$ 270,000	\$ 240,398	\$ 29,602	
Other Expenses	16,500	20,000	18,111	1,889	
Recreation					
Salaries and Wages	114,500	114,500	108,398	6,102	
Other Expenses	54,500	59,500	52,882	6,618	
Celebration of Public Events, Anniversary or Holiday					
Salaries and Wages	15,500	15,500	15,238	262	
Other Expenses	25,000	25,000	18,618	6,382	
Senior Citizen's Transportation					
Salaries and Wages	20,000	11,500	10,805	695	
Other Expenses	1,000	500	131	369	
Senior Citizen's Activities					
Salaries and Wages	35,500	35,500	35,246	254	
Other Expenses	21,000	21,000	19,391	1,609	
Grant Writer - Contractual	27,000	-	-	-	
Emergency Medical Services - Contractual	1	1	-	1	
Reserve from Terminal Leave	50,000	50,000	50,000	-	
UNIFORM CONSTRUCTION CODE					
Construction Code Officials					
Salaries and Wages	172,000	172,000	171,067	933	
Other Expenses	10,000	38,000	36,176	1,824	
UNCLASSIFIED					
Utilities					
Gasoline	165,000	172,000	157,264	14,736	
Electricity	120,000	125,000	124,280	720	
Telephone	55,000	84,000	79,053	4,947	
Natural Gas	45,000	43,000	43,000	-	
Street Lighting	110,000	105,000	103,368	1,632	
Fire Hydrant Service	125,000	125,000	113,428	11,572	
Water	25,000	29,000	24,815	4,185	-
Total Operations Within "CAPS"	<u>15,375,262</u>	<u>15,377,762</u>	<u>14,423,993</u>	<u>953,769</u>	<u>-</u>
Detail:					
Salaries & Wages	9,456,000	9,447,500	9,165,927	281,573	-
Other Expenses	<u>5,919,262</u>	<u>5,930,262</u>	<u>5,258,066</u>	<u>672,196</u>	<u>-</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Unexpended</u>
		<u>Modification</u>	<u>Charged</u>	<u>Balance</u>
			<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"				
STATUTORY CHARGES				
Public Employees Retirement System	\$ 575,000	\$ 575,000	\$ 571,103	\$ 3,897
Social Security System (O.A.S.I.)	425,000	425,000	408,570	16,430
Police and Firemans Retirement System	1,365,000	1,365,000	1,334,177	30,823
Unemployment Insurance	2,500	-	-	-
	<u>2,367,500</u>	<u>2,365,000</u>	<u>2,313,850</u>	<u>51,150</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"				-
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>17,742,762</u>	<u>17,742,762</u>	<u>16,737,843</u>	<u>1,004,919</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
Maintenance of Free Public Library				
Salaries and Wages	480,103	480,103	474,349	5,754
Other Expenses	263,547	263,547	263,515	32
Bergen County Utilities Authority - Sewer Service Charges				
Other Expenses - Contractual	1,307,000	1,307,000	1,306,270	730
Reserve for Tax Appeals	25,000	25,000	25,000	-
Group Insurance Plan	20,128	20,128	20,128	-
Length of Service Awards Program (LOSAP)	58,000	58,000	-	58,000
Police - Class III Police Officers				
Salaries and Wages	209,520	209,520	201,240	8,280
Other Expenses	16,025	16,025	15,395	630
Recycling Tax	21,000	21,000	14,917	6,083
Lodi -Sewer Charges	15,000	15,000	10,720	4,280
Street Cleaning				
Salaries and Wages	48,500	48,500	48,500	-
Other Expenses	6,500	6,500	6,500	-
	<u>2,470,323</u>	<u>2,470,323</u>	<u>2,386,534</u>	<u>83,789</u>
Total Other Operations Excluded from "CAPS"				-

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Reserve for Clean Communities Program	\$ 21,985	\$ 21,985	\$ 21,985	-	-
Reserve for Alcohol Education & Rehabilitation	227	227	227	-	-
Body Amor Fund	1,517	1,517	1,517	-	-
Reserve for Drunk Driving Enforcement	8,463	8,463	8,463	-	-
Bergen Cty Food Security Grant	10,556	10,556	10,556	-	-
Recycling Tonnage Grant	17,863	17,863	17,863	-	-
	<u>60,611</u>	<u>60,611</u>	<u>60,611</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
	<u>60,611</u>	<u>60,611</u>	<u>60,611</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,530,934</u>	<u>2,530,934</u>	<u>2,447,145</u>	<u>\$ 83,789</u>	<u>-</u>
Detail:					
Salaries and Wages	738,123	738,123	724,089	14,034	-
Other Expenses	1,792,811	1,792,811	1,723,056	69,755	-
	<u>1,792,811</u>	<u>1,792,811</u>	<u>1,723,056</u>	<u>69,755</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED					
FROM "CAPS"					
Capital Improvement Fund	80,000	80,000	80,000	-	-
Sanitary Sewer Repairs & Maintenance - ARP Fund	227,593	227,593	227,593	-	-
	<u>227,593</u>	<u>227,593</u>	<u>227,593</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>307,593</u>	<u>307,593</u>	<u>307,593</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED					
FROM "CAPS"					
Payment of Bond Principal	1,045,000	1,045,000	1,045,000	-	-
Interest on Bonds	123,650	123,650	123,650	-	-
Interest on Notes	2,537	2,537	2,537	-	-
	<u>1,171,187</u>	<u>1,171,187</u>	<u>1,171,187</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,171,187</u>	<u>1,171,187</u>	<u>1,171,187</u>	<u>-</u>	<u>-</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

	<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>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges:					
5 Year Emergencies	\$ 118,000	\$ 118,000	\$ 118,000		
Deferred Charges - General Capital Ordinances	4,585	4,585	4,585	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>122,585</u>	<u>122,585</u>	<u>122,585</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,132,299</u>	<u>4,132,299</u>	<u>4,048,510</u>	\$ 83,789	\$ -
Subtotal General Appropriations	21,875,061	21,875,061	20,786,353	1,088,708	-
Reserve for Uncollected Taxes	<u>496,079</u>	<u>496,079</u>	<u>496,079</u>	-	-
Total General Appropriations	<u>\$ 22,371,140</u>	<u>\$ 22,371,140</u>	<u>\$ 21,282,432</u>	<u>\$ 1,088,708</u>	<u>\$ -</u>
<u>Reference</u>	A-2		A-1	A,A-1	

	<u>Reference</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-3	<u>\$ 22,371,140</u>	
Cash Disbursements	A-4		\$ 20,092,263
Encumbrances Payable	A-15		212,886
Reserve for Tax Appeals	A-23		25,000
Reserve for Terminal Pay	A-26		50,000
Appropriated Grant Reserves	A-29		288,204
Special Emergency Authorization	A-9		118,000
Reserve for Uncollected Taxes	A-2		<u>496,079</u>
			<u>\$ 21,282,432</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Assessment Trust Fund			
Cash	B-3	\$ <u>1,839</u>	\$ <u>1,839</u>
Animal Control Fund			
Cash	B-3	<u>8,967</u>	<u>14,475</u>
Other Trust Fund			
Cash	B-3	461,525	1,082,275
Due from General Capital Fund	C-15	560,000	-
Police Outside-Duty Receivable	B-8	<u>112,045</u>	<u>212,785</u>
		<u>1,133,570</u>	<u>1,295,060</u>
Length of Service Awards Program Fund (Unaudited)			
Investments	B	859,033	1,063,101
Contribution Receivable	B	<u>41,100</u>	<u>44,150</u>
		<u>900,133</u>	<u>1,107,251</u>
TOTAL ASSETS		<u>\$ 2,044,509</u>	<u>\$ 2,418,625</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Assessment Trust Fund			
Fund Balance	B-2	\$ <u>1,839</u>	\$ <u>1,839</u>
Animal Control Fund			
Reserve for Animal Control Expenditures	B-5	<u>8,967</u>	<u>14,475</u>
Other Trust Fund			
Miscellaneous Reserves	B-6	823,681	942,266
Payroll Deductions Payable	B-7	106,394	143,117
Reserve for Unemployment Insurance	B-9	<u>203,495</u>	<u>209,677</u>
		<u>1,133,570</u>	<u>1,295,060</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for LOSAP Benefits	B	<u>900,133</u>	<u>1,107,251</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 2,044,509</u>	<u>\$ 2,418,625</u>

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
OTHER TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	B	\$ -	\$ 39,282
Increased by:			
Miscellaneous Reserves Cancelled	B	-	16,593
		-	55,875
Decreased by:			
Cash Disbursements			
Transferred to Current Fund	B	-	55,875
Balance, December 31	B	\$ -	\$ -

**BOROUGH OF HASBROUCK HEIGHTS
 COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
 ASSESSMENT TRUST FUND
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</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, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	C-2, C-3	\$ 135,694	\$ 1,809,609
Grants Receivable - State of New Jersey	C-4		728,239
Grants Receivable - Community Devel. Block Grant/Open Space Grant	C-5	192,550	277,300
Grants Receivable - Due From FEMA	C-6		45,000
Deferred Charges to Future Taxation			
Funded	C-7	7,990,000	9,035,000
Unfunded	C-8	<u>3,000,239</u>	<u>2,170,735</u>
TOTAL ASSETS		<u>\$ 11,318,483</u>	<u>\$ 14,065,883</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 7,990,000	\$ 9,035,000
Contracts Payable	C-14	982,049	2,494,372
Due to - Other Trust	C-15	560,000	
Improvement Authorizations			
Funded	C-9	447,732	1,267,835
Unfunded	C-9	659,746	906,387
Capital Improvement Fund	C-11	64,635	49,285
Reserve for Debt Service	C-12	158,348	126,221
Reserve for Purchase of Pistol Range	C-13	140,858	-
Fund Balance	C-1	<u>315,115</u>	<u>186,783</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 11,318,483</u>	<u>\$ 14,065,883</u>

There were bonds and notes authorized but not issued on December 31, 2022 of \$3,000,239 and on December 31, 2021 of \$2,170,735 (Exhibit C-16).

BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	C	\$ 186,783	\$ 14,655
Increased by:			
Premium on BANS/Bonds		-	10,258
Accrued Interest on Bond Sale		-	2,148
Cancelled Improvement Authorizations	C-9	<u>380,982</u>	<u>306,472</u>
		<u>380,982</u>	<u>318,878</u>
		567,765	333,533
Decreased by:			
Appropriated to Finance Improvement Authorizations		<u>252,650</u>	<u>146,750</u>
Balance, December 31	C	<u>\$ 315,115</u>	<u>\$ 186,783</u>

**BOROUGH OF HASBROUCK HEIGHTS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE TRUST FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	D-1	\$ <u>28,386</u>	\$ <u>29,868</u>
TOTAL ASSETS		<u>\$ 28,386</u>	<u>\$ 29,868</u>
 LIABILITIES AND RESERVES			
Reserve for Public Assistance	D-4	\$ <u>28,386</u>	\$ <u>29,868</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 28,386</u>	<u>\$ 29,868</u>

**COMPARATIVE BALANCE SHEETS OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNTS GROUP
AS OF DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Land	\$ 25,827,600	\$ 25,827,600
Buildings	13,371,984	13,152,200
Machinery and Equipment	<u>9,654,651</u>	<u>8,917,064</u>
	<u>\$ 48,854,235</u>	<u>\$ 47,896,864</u>
 Investment in General Fixed Assets	 <u>\$ 48,854,235</u>	 <u>\$ 47,896,864</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 or volunteer fire department, 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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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, 2021 balances to conform to the December 31, 2022 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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

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

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

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

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

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

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

Pensions – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

Other Post-Employment Benefits (OPEB) – The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Hasbrouck Heights has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 2020 are stated as follows. Donated fixed assets are recorded at acquisition value at the date of donation.

Land and Buildings	Assessed Value
Machinery and Equipment	Cost

General Fixed Assets purchased prior to December 31, 2020 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Estimate 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, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Fund
General Capital Fund
Public Assistance Trust Fund

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

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 2022 and 2021 the Borough Council did not increase the original budget. However, the governing body approved several budget transfers during 2022 and 2021.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. **Cash Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021, the book value of the Borough's deposits were \$5,358,444 and \$7,216,223 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,676,089 and \$7,515,039, 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>2022</u>	<u>2021</u>
Insured	\$ 8,325,718	\$ 6,785,847
Uninsured and Collateralized	<u>350,371</u>	<u>729,192</u>
	<u>\$ 8,676,089</u>	<u>\$ 7,515,039</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, 2022 and 2021, the Borough's bank balances of \$350,371 and \$729,192 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 350,371</u>	<u>\$ 729,192</u>
	<u>\$ 350,371</u>	<u>\$ 729,192</u>

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, 2022 AND 2021**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2022 and 2021 the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP)</u>	
	<u>2022</u>	<u>2021</u>
Investment:		
Lincoln Financial LOSAP Investment Fund	<u>\$ 859,033</u>	<u>\$ 1,063,101</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2022 and 2021, \$859,033 and \$1,063,101 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP)</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 859,033</u>	<u>\$ 1,063,101</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2022 and 2021, the Borough’s investment in Lincoln Financial Group was rated A1 by Moody’s Investor Services .

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

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

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

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2022 and 2021 are categorized as Level 2.

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

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2022 and 2021 consisted of the following:

<u>Current</u>			
Property Taxes	\$	270,384	\$ 313,335
Tax Title Liens		<u>213,097</u>	<u>201,018</u>
	\$	<u>483,481</u>	\$ <u>514,353</u>

In 2022 and 2021, the Borough collected \$313,585 and \$395,177 from delinquent taxes, which represented 61% and 65%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2022</u>		<u>2021</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Trust Fund:				
Other Trust	\$ 560,000			
General Capital Fund	<u>-</u>	\$ <u>560,000</u>	<u>-</u>	<u>-</u>
 Total	<u>\$ 560,000</u>	<u>\$ 560,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

The Borough expects all interfund balances to be liquidated within one year.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2022</u>			
Current Fund			
Special Emergency Authorizations	\$ <u>472,000</u>	\$ <u>118,000</u>	\$ <u>354,000</u>

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2022</u>		<u>2021</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ <u>1,817,082</u>	\$ <u>1,320,000</u>	\$ <u>1,741,221</u>	\$ <u>1,380,000</u>
	\$ <u>1,817,082</u>	\$ <u>1,320,000</u>	\$ <u>1,741,221</u>	\$ <u>1,380,000</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8 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, 2022 and 2021.

	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Land	\$ 25,827,600			\$ 25,827,600
Buildings and Building Improvements	13,152,200	\$ 219,784		13,371,984
Machinery and Equipment	<u>8,917,064</u>	<u>737,587</u>	<u>\$ -</u>	<u>9,654,651</u>
	<u>\$ 47,896,864</u>	<u>\$ 957,371</u>	<u>\$ -</u>	<u>\$ 48,854,235</u>
	Balance December 31, <u>2020</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Land	\$ 25,436,300	\$ 391,300		\$ 25,827,600
Buildings and Building Improvements	13,132,100	20,100		13,152,200
Machinery and Equipment	<u>8,117,567</u>	<u>799,497</u>	<u>\$ -</u>	<u>8,917,064</u>
	<u>\$ 46,685,967</u>	<u>\$ 1,210,897</u>	<u>\$ -</u>	<u>\$ 47,896,864</u>

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 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 or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2022</u>	<u>2021</u>
Issued		
General		
Bonds	\$ 7,990,000	\$ 9,035,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>158,348</u>	<u>126,221</u>
Net Debt Issued	7,831,652	8,908,779.00
Authorized But Not Issued		
General		
Bonds and Notes	<u>3,000,239</u>	<u>2,170,735</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 10,831,891</u>	<u>\$ 11,079,514</u>

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .527% and .570% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	\$ 10,990,239	\$ 158,348	\$ 10,831,891
School Debt	<u>4,815,000</u>	<u>\$ 4,815,000</u>	<u>-</u>
Total	<u>\$ 15,805,239</u>	<u>\$ 4,973,348</u>	<u>\$ 10,831,891</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt (Continued)

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

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>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 72,745,351	\$ 68,571,915
Less: Net Debt	<u>10,831,891</u>	<u>11,079,514</u>
Remaining Borrowing Power	<u>\$ 61,913,460</u>	<u>\$ 57,492,401</u>

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>2022</u>	<u>2021</u>
\$3,555,000, 2014 Refunding Bonds, due in annual installments of \$330,000 to \$345,000 through September 15, 2023, interest at 4.00%	\$ 330,000	\$ 675,000
\$8,360,000 2021 General Improvement Bond, due in annual installments of \$700,000 to \$870,000 through September 15, 2031, interest from 1.0% to 1.5%	<u>7,660,000</u>	<u>8,360,000</u>
	<u>\$ 7,990,000</u>	<u>\$ 9,035,000</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2022 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2023	\$ 1,030,000	\$ 102,850	\$ 1,132,850
2024	870,000	82,650	952,650
2025	870,000	73,950	943,950
2026	870,000	65,250	935,250
2027	870,000	56,550	926,550
2028-2031	3,480,000	117,450	3,597,450
Total	\$ 7,990,000	\$ 498,700	\$ 8,488,700

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 9,035,000	\$ -	\$ 1,045,000	\$ 7,990,000	\$ 1,030,000
General Capital Fund Long-Term Liabilities	\$ 9,035,000	\$ -	\$ 1,045,000	\$ 7,990,000	\$ 1,030,000

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

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

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	Rate (%)	Maturity Date	Balance, December 31, <u>2021</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2022</u>
<u>2022</u>						
There were none.						
<u>Purpose</u>	Rate (%)	Maturity Date	Balance, December 31, <u>2020</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2021</u>
<u>2021</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	0.80%	3/19/2021	\$ 6,749,000		\$ 6,749,000	\$ -
Various Capital Improvements	0.50%	9/24/2021	-	\$ 6,532,000	6,532,000	-
Total General Capital Fund			<u>\$ 6,749,000</u>	<u>\$ 6,532,000</u>	<u>\$ 13,281,000</u>	<u>\$ -</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2022 and 2021 as follows:

Emergency Notes

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2021</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2022</u>
<u>2022</u>						
COVID-19	2.58%	6/30/2022	\$ 590,000	\$ 472,000	\$ 590,000	\$ 472,000
Total Emergency Notes			<u>\$ 590,000</u>	<u>\$ 472,000</u>	<u>\$ 590,000</u>	<u>\$ 472,000</u>
			Balance, December 31, <u>2020</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2021</u>
<u>2021</u>						
COVID-19	0.43%	6/30/2022	\$ -	\$ 590,000	\$ -	\$ 590,000
Total Emergency Notes			<u>\$ -</u>	<u>\$ 590,000</u>	<u>\$ -</u>	<u>\$ 590,000</u>

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2022</u>		
2020 Road Resurfacing Project	\$ 52,198	2023
Baldwin Avenue Roadway Improvements	24,241	2023
2022 Road Program	283,447	2023
Acquisition of Radio Repeater System	59,365	2023
DPW Wheel Loader	164,077	2023
<u>2021</u>		
2020 Road Resurfacing Project	\$ 707,943	2023
Woodland Park Playground Resurfacing	249,745	2022
Automatic Door Installations	131,500	2022
2019 Road Resurfacing Program	114,723	2022
Improvements to Raymond Street	88,409	2022
Public Safety Building Camera Installation	75,512	2022
Acquisition of Vehicles	72,223	2022

NOTE 11 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 \$913,492 and \$990,047 at December 31, 2022 and 2021, 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, 2022 and 2021, the Borough has reserved in the Current Fund \$105,050 and \$228,037 respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Financing Agreements

Capital Financing Agreements

The Borough entered into the following agreements to finance other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the Borough's approved budget.

Capital financing agreements at December 31 are comprised of the following:

	<u>2022</u>	<u>2021</u>
\$277,993, 2022 Agreement for the acquisition of a DPW Street Sweeper for a term of 5 years due in annual principal installments of \$55,331 to \$60,084 through July 1st, 2027 interest at 5.34%	\$ 277,993	\$ -
Total	<u>\$ 277,993</u>	<u>\$ -</u>

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest as of December 31, 2022:

Governmental Activities:

Calendar Year	Capital Agreements		Total
	Principal	Interest	
2023	\$ 55,331	\$ 7,963	\$ 63,294
2024	51,397	11,896	63,293
2025	54,144	9,150	63,294
2026	57,037	6,258	63,295
2027	<u>60,084</u>	<u>3,210</u>	<u>63,294</u>
Total	<u>\$ 277,993</u>	<u>\$ 38,477</u>	<u>\$ 316,470</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 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, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Compensated Absences	\$ 990,047		\$ 76,555	\$ 913,492	
Capital Financing Agreements		\$ 277,993		277,993	\$ 55,331
Net Pension Liability - PERS (1)	5,645,637			5,645,637	
Net Pension Liability - PFRS (1)	8,367,225			8,367,225	
Net OPEB Liability (1)	<u>22,340,248</u>	<u>-</u>	<u>-</u>	<u>22,340,248</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 37,343,157</u>	 <u>\$ 277,993</u>	 <u>\$ 76,555</u>	 <u>\$ 37,544,595</u>	 <u>\$ 55,331</u>
	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 872,792	\$ 117,255		\$ 990,047	
Net Pension Liability - PERS	8,249,428		\$ 2,603,791	5,645,637	
Net Pension Liability - PFRS	15,101,671		6,734,446	8,367,225	
Net OPEB Liability	<u>17,567,760</u>	<u>4,772,488</u>	<u>-</u>	<u>22,340,248</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 41,791,651</u>	 <u>\$ 4,889,743</u>	 <u>\$ 9,338,237</u>	 <u>\$ 37,343,157</u>	 <u>\$ -</u>

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 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) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PFRS:

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

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 was not available and for June 30, 2021 is \$12.0 billion, and the plan fiduciary net position as a percentage of the total pension liability is 70.33% at June 30, 2021. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was not available and for June 30, 2021 is \$9.4 billion and the plan fiduciary net position as a percentage of total pension liability is 77.26% at June 30, 2021.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022 and 2021 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2022, 2021 and 2020 were equal to the required contributions.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2022, 2021, and 2020, 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>
2022	\$ 1,334,177	\$ 558,114	\$ 5,889
2021	1,305,683	553,397	6,243
2020	1,117,128	490,600	5,450

In addition for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$0 and \$1,431, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough reported a liability of \$5,645,637, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021, the Borough’s proportionate share was .04766 percent, which was a decrease of .00293 percent from its proportionate share measured as of June 30, 2020 of .05059 percent.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2021, the pension system has determined the Borough's pension expense (benefit) to be \$(845,672), for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$553,397. At December 31, 2021, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 89,039	\$ 40,416
Changes of Assumptions	29,402	2,009,883
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,487,209
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>75,296</u>	<u>630,209</u>
Total	<u>\$ 193,737</u>	<u>\$ 4,167,717</u>

At December 31, 2021 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>
2022	\$ (1,278,139)
2023	(1,278,139)
2024	(857,678)
2025	(551,313)
2026	(8,711)
Thereafter	<u>-</u>
	<u>\$ (3,973,980)</u>

**BOROUGH OF HASBROUCK HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 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, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, as well as what the Borough’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,688,213</u>	<u>\$ 5,645,637</u>	<u>\$ 3,912,222</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2021, the Borough reported a liability of \$8,367,225, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021, the Borough’s proportionate share was .11448 percent, which was a decrease of .00239 percent from its proportionate share measured as of June 30, 2020 of .11687 percent.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the pension system has determined the Borough pension expense (benefit) to be \$(884,258) for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$1,305,683. At December 31, 2021, 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>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 95,460	\$ 1,002,307
Changes of Assumptions	44,523	2,507,619
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		3,565,547
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>958,801</u>	<u>430,925</u>
Total	<u>\$ 1,098,784</u>	<u>\$ 7,506,398</u>

At December 31, 2021 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>
2022	\$ (1,707,191)
2023	(1,707,189)
2024	(1,605,080)
2025	(1,213,417)
2026	(149,346)
Thereafter	<u>(25,391)</u>
	<u>\$ (6,407,614)</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	2.75%
Salary Increases	3.25%-15.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 12,705,369	\$ 8,367,225	\$ 4,756,188

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

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, 2021, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,353,280. For the year ended December 31, 2021, 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 \$262,087 which is more than the actual contribution the State made on behalf of the Borough of \$204,428. At December 31, 2021 (measurement date June 30, 2021) the State’s share of the PFRS net pension liability attributable to the Borough was .11448 percent, which was a decrease of .00239 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .11687 percent. The State’s proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough’s financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), 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 participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	64,243
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>32,624</u>
Total	<u>96,867</u>
Contributing Employers	585
Contributing Nonemployers	1

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, 2022 was not available and for 2021 is \$18.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.28% at June 30, 2021.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2020 which was rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

The employers participating in the OPEB plan made contributions of \$325.1 million and the State of New Jersey, as the non-employer contributing entity, contributed \$37.8 million for fiscal year 2021.

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, 2022, 2021 and 2020 were \$713,211, \$563,145 and \$514,982, respectively, which equaled the required contributions for each year.

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2021, the Borough reported a liability of \$22,340,248, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2021. As of the measurement date of June 30, 2021 the Borough's proportionate share was .12411 percent, which was an increase of .02622 percent from its proportionate share measured as of June 30, 2020 of .09789 percent.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 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 year ended December 31, 2021, the Plan has determined the Borough's OPEB expense to be \$463,065, based on the actuarial valuation which is less than the actual contributions reported in the Borough's financial statements of \$563,145. At December 31, 2021, 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:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 501,288	\$ 4,673,910
Changes of Assumptions	3,213,712	3,948,901
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	10,682	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	5,722,056	2,543,396
Contributions made Subsequent to the Measurement Date	-	-
 Total	 <u>\$ 9,447,738</u>	 <u>\$ 11,166,207</u>

At December 31, 2021 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 December 31,	Total
2022	\$ (840,469)
2023	(842,628)
2024	(843,628)
2025	(844,589)
2026	303,888
Thereafter	<u>1,348,957</u>
	 <u>\$ (1,718,469)</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The Borough’s total OPEB liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2021</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%

*Salary increases are based on years of service within the respective pension plan.

Mortality Rates

Pre-retirement and healthy post-retirement mortality rates were based on the Pub-2010 Healthy “Safety” for PFRS and Healthy “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled “Safety” for PFRS and Disabled “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 5.65 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. Future years PPO and HMO trend rates differ for each retirement plan. PPO trend is initially 7.56% in fiscal year 2024, increasing to 14.43% in fiscal year 2025 and decreasing to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term after 7 years.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate for June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2021 calculated using the discount rate of 2.16%, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.16% or 1-percentage-point higher 3.16% than the current rate:

<u>2021</u>	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 26,290,187</u>	<u>\$ 22,340,248</u>	<u>\$ 19,209,837</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2021. 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 net OPEB liability as of December 31, 2021 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2021</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 18,639,291</u>	<u>\$ 22,340,248</u>	<u>\$ 27,169,539</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2021. 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, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (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, 2021, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$237,628. For the year ended December 31, 2021 the plan has determined the State's proportionate share of the OPEB revenue attributable to the Borough for the OPEB special funding situation is \$32,425. At December 31, 2021, (measurement date June 30, 2021), the State's share of the OPEB liability attributable to the Borough was .00615 percent, which was a decrease of .11734 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .12349 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.

NOTE 14 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 Fund (NJEIF). The joint insurance funds are 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 Funds are risk-sharing public entity pools. The NJEIF coverage amounts are on file with the Borough.

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employer Contributions Prior Years</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022		\$ 4,619	\$ 10,801	\$ 203,495
2021	\$ 75,000	82,654	29,355	209,677
2020	25,000		21,331	52,023

NOTE 15 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, 2022 and 2021. 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, 2022 and 2021, the Borough reserved \$218,803 and \$233,445, 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, 2022 and 2021, 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.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 16 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, 2022 and 2021, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Hasbrouck Heights Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 18, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Hasbrouck Heights approved the adoption of the Plan at the general election held on November 6, 2001.

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

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

The Borough of Hasbrouck Heights has contributed between \$1,000 and \$1,700 for 2022 and 2021, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$41,100 and \$44,150 for 2022 and 2021, 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.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

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 18 HURRICANE IDA/TROPICAL STORM ISAIAS

Hurricane Ida and Tropical Storm Isaias resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the cleanup and recovery from these federal disasters. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2022. As of December 31, 2022, the Borough has received \$382,089 in FEMA reimbursements relating to Hurricane Ida and \$109,232 in FEMA reimbursements relating to Tropical Storm Isaias which have been reflected in the financial statements.

NOTE 19 TAX ABATEMENTS

For the years ended December 31, 2022 and 2021, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2022 and 2021 the Borough abated property taxes totaling \$11,366 and \$13,801, respectively under the LTTE program. The Borough received \$3,036 and \$5,037 in PILOT payments under this program for the years ended December 31, 2022 and 2021, respectively.

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022.

On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

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

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

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

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

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

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

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$1,255,186 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough utilized \$627,593 of the funds in the 2022 budget to replace lost public sector revenue and for sewer repair and maintenance. The Borough also utilized \$627,593 in the 2023 budget to replace lost public sector revenue. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 21 SUBSEQUENT EVENTS

Debt Authorized

On June 27, 2023 the Borough adopted a bond ordinance authorizing the issuance \$155,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On July 18, 2023 the Borough adopted a bond ordinance authorizing the issuance \$2,518,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

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

Balance, January 1, 2022		\$	3,497,294
Increased by:			
Petty Cash	\$		600
Due from State of New Jersey -			
Senior Citizens' & Veterans' Deductions		58,250	
Demolition Lien Receivable		49,717	
Taxes Receivable		53,820,281	
Revenue Accounts Receivable		3,913,827	
Miscellaneous Revenue Not Anticipated		221,735	
Tax Overpayments		39,149	
Special Emergency Notes		472,000	
Due to State of New Jersey:			
Building Surcharge Fees		30,894	
Marriage License Fees		500	
Maintenance of Free Public Library With State Aid		6,244	
Prepaid Taxes		156,867	
Reserve for Municipal Relief Fund		<u>56,501</u>	
			<u>58,826,565</u>
			62,323,859
Decreased by:			
2022 Budget Appropriations		20,092,263	
2021 Appropriation Reserves		203,137	
County Taxes		4,929,228	
School Taxes		32,221,116	
Special Emergency Note		590,000	
Tax Overpayments		5,194	
Encumbrances Payable		237,432	
Petty Cash Funds		600	
Accounts Payable		1,611	
Reserve for Tax Appeals		39,642	
Reserve for Terminal Pay		172,987	
Reserve for Insurance Proceeds		26,273	
Maintenance of Free Public Library With State Aid		11,900	
Due to State of New Jersey:			
Building Surcharge Fees		30,443	
Marriage License Fees		725	
Refund of Prior Year Revenue		<u>5,748</u>	
			<u>58,568,299</u>
Balance December 31, 2022		\$	<u>3,755,560</u>

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

Balance, January 1, 2022	\$ <u>275</u>
Balance, December 31, 2022	\$ <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>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUNDS

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

EXHIBIT A-7

STATEMENT OF CASH - GRANT FUND

Balance, January 1, 2022	\$ 780,588
Increased by:	
Unappropriated Grant Reserves	\$ 653,068
Federal and State Grants Receivable	<u>29,936</u>
	<u>683,004</u>
	1,463,592
Decreased by:	
Encumbrances Payable	10,660
Anticipated Current Fund Revenue	400,000
Appropriated Grant Reserves	<u>86,734</u>
	<u>497,394</u>
Balance, December 31, 2022	\$ <u><u>966,198</u></u>

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

Balance, January 1, 2022		\$ 6,116
Increased by:		
Cash Received From State	\$ 58,250	
Senior Citizens & Veterans Deductions Disallowed - Prior Year	<u>250</u>	
		<u>58,500</u>
		64,616
Decreased by:		
Senior Citizens & Veterans Deductions Allowed Per Tax Duplicate		<u>58,250</u>
Balance, December 31, 2022		<u>\$ 6,366</u>

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance January 1, 2022</u>	<u>Appropriated in 2022</u>	<u>Balance December 31, 2022</u>
4/22/2021	COVID - 19	\$ 590,000	\$ 118,000	<u>\$ 590,000</u>	<u>\$ 118,000</u>	<u>\$ 472,000</u>

DEMOLITION LIEN RECEIVABLE

Balance, January 1, 2022		\$ 49,717
Decreased By:		
Cash Receipt		<u>\$ 49,717</u>

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

Year	Balance, January 1, 2022	2022 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Cash Receipts		Senior Citizens' and Veterans' Deductions Allowed	Transfer to Tax Title Liens	Cancelled	Balance, December 31, 2022
				2021	2022				
2021	\$ 313,335		\$ 250		\$ 313,585				
2022	<u>-</u>	<u>\$ 54,085,502</u>	<u>-</u>	<u>\$ 223,582</u>	<u>53,506,696</u>	<u>\$ 58,250</u>	<u>\$ 12,079</u>	<u>\$ 14,511</u>	<u>\$ 270,384</u>
	<u>\$ 313,335</u>	<u>\$ 54,085,502</u>	<u>\$ 250</u>	<u>\$ 223,582</u>	<u>\$ 53,820,281</u>	<u>\$ 58,250</u>	<u>\$ 12,079</u>	<u>\$ 14,511</u>	<u>\$ 270,384</u>

Analysis of 2022 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 53,979,734
Added Taxes (54:4-63.1 et seq.)	<u>105,768</u>
	<u>\$ 54,085,502</u>
Tax Levy	
Local District School Tax	\$ 32,221,116
County Taxes	
County Taxes	\$ 4,724,368
County Open Space Preservation	195,136
Due County for Added Taxes (54:63.1 et seq.)	<u>9,665</u>
	4,929,169
Local Tax for Municipal Purposes	16,147,039
Local Tax for Library Purposes	688,948
Add Additional Tax Levied	<u>99,230</u>
	<u>16,935,217</u>
	<u>\$ 54,085,502</u>

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

Balance, January 1, 2022	\$ 201,018
Increased by:	
Transfer from 2022 Taxes Receivable	<u>12,079</u>
Balance, December 31, 2022	<u>\$ 213,097</u>

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2022</u>	Accrued in <u>2022</u>	<u>Collected</u>	Balance, December 31, <u>2022</u>
Licenses:				
Alcoholic Beverages		\$ 15,600	\$ 15,600	
Other		46,850	46,850	
Fees and Permits		66,385	66,385	
Fines and Costs:				
Municipal Court	\$ 5,276	113,801	108,533	\$ 10,544
Interest and Costs on Taxes		110,961	110,961	
Parking Meters		1,176	1,176	
Interest on Investments and Deposits		133,345	133,345	
Lease - Hasbrouck Heights Swim Club		7,000	7,000	
Cable TV Franchise Fees		86,932	86,932	
Cable TV Franchise Fees - Verizon		71,731	71,731	
Car Dealership Registration Fees		108,400	108,400	
Energy Receipts Taxes		1,083,148	1,083,148	
Uniform Construction Code Fees		414,832	414,832	
Hotel and Motel Occupancy Fee		499,520	499,520	
Uniform Fire Safety Act (P.L. 1983,Ch. 383)		16,873	16,873	
Other Special Items:				
ARP Revenue Shortfall		400,000	400,000	
Due from H.H. Bd. of Ed. - Debt Service Hitchcock Field		58,710	58,710	
Due from H.H. Bd. of Ed. - Debt Service Depken Field		105,925	105,925	
Due from H.H. Bd. of Ed. - Class III Police Officers		225,548	225,548	
Sewer Service Charges - City of Hackensack		42,987	42,987	
Sewer Service Charges - Briard Group		9,395	9,395	
Sewer Service Charges - Hilton Hotel		11,490	11,490	
BCUA Municipal Incentive Program Rebate		2,432	2,432	
Devereux Treatment Centers - 22		2,000	2,000	
Fire Protection - Teterboro		118,018	118,018	
FEMA Reimbursement - Isaias		109,232	109,232	
911 Coverage - Teterboro		7,865	7,865	
911 Coverage - Wood-Ridge		11,687	11,687	
Due from PSE&G - Williams Avenue Lease Agreement		32,500	32,500	
Pistol Range - Carlstadt		3,216	3,216	
Pistol Range - Maywood		500	500	
Lease - Port of New York Authority	-	1,036	1,036	-
	<u>\$ 5,276</u>	<u>\$ 3,919,095</u>	<u>\$ 3,913,827</u>	<u>\$ 10,544</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2021 APPROPRIATION RESERVES**

	Balance, January 1, <u>2022</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	\$ 143		\$ 143		\$ 143
Administrative and Executive					
Salaries and Wages	515		515		515
Other Expenses	7,761		7,761	\$ 3,270	4,491
Elections					
Other Expenses	4,158		4,158		4,158
Financial Administration					
Salaries and Wages	200		200	-	200
Other Expenses	403		403	151	252
Other Expenses - Audit	37,450		37,450	32,500	4,950
Assessment of Taxes					
Salaries and Wages	606		606	-	606
Other Expenses	256		256	-	256
Collection of Taxes					
Salaries and Wages	275		275	-	275
Other expenses	462	-	462	-	462
Legal Services and Costs					
Other Expenses	69,895		69,895	25,180	44,715
Municipal Court					
Salaries and Wages	7,510		7,510	1,038	6,472
Other Expenses	4,744	\$ 28	4,772		4,772
Municipal Prosecutor					
Salaries and Wages	980		980	980	-
Public Defender					
Salaries and Wages	630		630	-	630
Engineering Services and Costs					
Other Expenses	21,152	1,298	22,450	-	22,450
Public Buildings and Grounds					
Salaries and Wages	7,401		7,401	4,295	3,106
Other Expenses	12,979	32	13,011	-	13,011
Codification of Ordinances					
Other Expenses	608		608	-	608
Planning Board					
Salaries and Wages	1,768		1,768	-	1,768
Other Expenses	3,976		3,976	645	3,331
Shade Trees					
Salaries and Wages	14,309		14,309	5,390	8,919
Other Expenses	8,869		8,869		8,869

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2021 APPROPRIATION RESERVES**

	Balance, January 1, <u>2022</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	\$ 9,797		\$ 9,797		\$ 9,797
Other Expenses	2,695		2,695	\$ 2,695	-
Insurance					
Other Insurance Premiums	830		830	745	85
Employee Group Insurance	92,866		92,866	13,119	79,747
Fire					
Salaries and Wages	14,576		14,576	-	14,576
Other Expenses	5,163	\$ 395	5,558	-	5,558
Uniform Fire Safety Act					
Salaries and Wages	2,658		2,658	-	2,658
Other Expenses	2,935		2,935	3	2,932
Police					
Salaries and Wages	45,397		45,397	30,486	14,911
Other Expenses	14,480		14,480	6,345	8,135
Emergency Management Services					
Salaries and Wages	63		63	-	63
Other Expenses	2,057		2,057		2,057
Road Repairs and Maintenance					
Salaries and Wages	1,589		1,589	1,564	25
Other Expenses	24,233		24,233	3	24,230
Street Cleaning					
Salaries and Wages	31,240		31,240	5,792	25,448
Other Expenses	604	1,500	2,104	-	2,104
Garbage and Trash Removal					
Salaries and Wages	45,634		45,634	13,919	31,715
Other Expenses	2,818		2,818	327	2,491
Sewer Maintenance					
Salaries and Wages	4,438		4,438	3,693	745
Other Expenses	5,978		5,978	371	5,607
Sanitary Landfill					
Contractual-Bergen County	30,668	1,461	32,129	-	32,129
Board of Health					
Salaries and Wages	361		361	-	361
Other Expenses - Contractual	2,557		2,557	21	2,536
Other Expenses - Miscellaneous	565	-	565	152	413
Parks and Playgrounds					
Salaries and Wages	9,503		9,503	2,875	6,628
Other Expenses	7,733		7,733	1,702	6,031
Board of Recreation Commissioners					
Salaries and Wages	262		262	-	262
Other Expenses	8,079		8,079	8,079	-

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF 2021 APPROPRIATION RESERVES**

	Balance, January 1, <u>2022</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	\$ 61		\$ 61		\$ 61
Other Expenses	10,558		10,558	\$ 198	10,360
Senior Citizen's Transportation					
Salaries and Wages	11,771		11,771	10,600	1,171
Other Expenses	838		838		838
Senior Citizen's Activities					
Salaries ad Wages	445		445	-	445
Other Expenses	13,755		13,755	525	13,230
Construction Code Officials					
Salaries and Wages	1,072		1,072	-	1,072
Other Expenses	2,264		2,264	41	2,223
Utilities:					
Gasoline	797	\$ 338	1,135	-	1,135
Electricity	9,295		9,295	-	9,295
Telephone	736		736	-	736
Natural Gas	7	-	7	-	7
Street Lighting	535		535	-	535
Fire Hydrant Service	31		31	-	31
Water	4,987		4,987	-	4,987
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	10,360		10,360	5,803	4,557
Social Security System (O.A.S.L)	1,079		1,079	3	1,076
Police and Firemans Retirement System	34,317		34,317	-	34,317
Maintenance of Free Public Library (Chap. 82 & 541. P.L. 1985)					
Salaries and Wages	4,400		4,400	3,372	1,028
Other Expenses	11,291	1,333	12,624	-	12,624
B.C. Utilities - Sewer Charges	39		39	-	39
L.O.S.A P.	58,000		58,000	44,150	13,850
Police- Class III Police Officers					
Salaries and Wages	4,457		4,457	4,429	28
Recycling Tax	1,592	169	1,761	-	1,761
	<u>\$ 759,516</u>	<u>\$ 6,554</u>	<u>\$ 766,070</u>	<u>\$ 234,461</u>	<u>\$ 531,609</u>
			Cash Disbursements	\$ 203,137	
			Accounts Payable	<u>31,324</u>	
				<u>\$ 234,461</u>	

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

Balance, January 1, 2022		\$ 243,986
Increased by:		
Charges to 2022 Budget Appropriations		<u>212,886</u>
		456,872
Decreased by:		
Cash Disbursements	\$ 237,432	
Cancellations Restored to 2021 Appropriation Reserves	<u>6,554</u>	
		<u>243,986</u>
Balance, December 31, 2022		<u>\$ 212,886</u>

EXHIBIT A-16

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2022		\$ 1,611
Increased by:		
Transfer from 2021 Appropriated Reserves		<u>31,324</u>
		32,935
Decreased by:		
Cash Disbursements		<u>1,611</u>
Balance, December 31, 2022		<u>\$ 31,324</u>

EXHIBIT A-17

STATEMENT OF PREPAID TAXES

Balance, January 1, 2022		\$ 223,582
Increased by:		
Cash Receipts		<u>156,867</u>
		380,449
Decreased by:		
Applied to 2022 Taxes Receivable		<u>223,582</u>
Balance, December 31, 2022		<u>\$ 156,867</u>

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

Balance, January 1, 2022		\$ 14,005
Increased by:		
Cash Receipts		39,149
		53,154
Decreased by:		
Cash Disbursements		5,194
Balance, December 31, 2022		\$ 47,960

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

Balance, January 1, 2022		\$ 590,000
Increased by:		
Cash Receipts		472,000
		1,062,000
Decreased by:		
Cash Disbursement		590,000
Balance, December 31, 2022		\$ 472,000

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2022		\$ 9,724
Increased by:		
2022 County Levy	\$ 4,724,368	
2022 County Open Space Levy	195,136	
2022 County Added Taxes	9,665	
		4,929,169
		4,938,893
Decreased by:		
Cash Disbursements		4,929,228
Balance, December 31, 2022		\$ 9,665

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

Increased by:		
2022 School Tax Levy		\$ 32,221,116
Decreased by:		
Cash Disbursements		<u>\$ 32,221,116</u>

STATEMENT OF DUE TO STATE OF NEW JERSEY - SURCHARGE FEES

	<u>Building Surcharge Fees</u>	<u>Marriage License Fees</u>
Balance, January 1, 2022	\$ 3,722	\$ 225
Increased by:		
Cash Receipts	<u>30,894</u>	<u>500</u>
	34,616	725
Decreased by:		
Cash Disbursements	<u>30,443</u>	<u>725</u>
Balance, December 31, 2022	<u>\$ 4,173</u>	<u>\$ -</u>

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

Balance, January 1, 2022	\$	233,445
Increased by:		
Transferred from 2022 Budget Appropriations		25,000
		258,445
Decreased by:		
Cash Disbursements		39,642
Balance, December 31, 2022	\$	218,803

EXHIBIT A-24

STATEMENT OF RESERVE FOR MUNICIPAL RELIEF FUND

Increased by:		
Cash Receipts	\$	56,501
Balance, December 31, 2022	\$	56,501

EXHIBIT A-25

STATEMENT OF RESERVE FOR INSURANCE PROCEEDS

Balance, January 1, 2022	\$	26,273
Decreased by:		
Cash Disbursements	\$	26,273

EXHIBIT A-26

STATEMENT OF RESERVE FOR TERMINAL PAY

Balance, January 1, 2022	\$	228,037
Increased by:		
Transferred from 2022 Appropriation Reserves		50,000
		278,037
Decreased by:		
Cash Disbursements		172,987
Balance, December 31, 2022	\$	105,050

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

Balance, January 1, 2022	\$	6,106
Increased by:		
State Aid Received		<u>6,244</u>
		12,350
Decreased by:		
Cash Disbursements		<u>11,900</u>
Balance, December 31, 2022	\$	<u>450</u>

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

<u>Grant</u>	2022 Budget Revenue <u>Realized</u>	Cash <u>Received</u>
Bergen County Food Security Task Force	\$ 10,556	\$ 10,556
Recycling Tonnage Grant	17,863	17,863
Body Armor Fund	<u>1,517</u>	<u>1,517</u>
	<u>\$ 29,936</u>	<u>\$ 29,936</u>

EXHIBIT A-29

**STATEMENT OF APPROPRIATED GRANT RESERVES
GRANT FUND**

<u>Grant</u>	Balance, January 1, 2022	2022 Budget Realized	<u>Expended</u>	Balance, December 31, 2022
Clean Communities Program	\$ 48,957	\$ 21,985	\$ 45,387	\$ 25,555
Body Armor Fund	960	1,517	2,477	-
Recycling Tonnage Grant	5,805	17,863	17,112	6,556
Drunk Driving Enforcement Fund	47,142	8,463	366	55,239
Alcohol Education and Rehabilitation	8,796	227	3,127	5,896
Bergen County Food Security Task Force	-	10,556	-	10,556
ARP Funds - Sanitary Sewer Repairs & Maintenance	<u>-</u>	<u>227,593</u>	<u>40,177</u>	<u>187,416</u>
	<u>\$ 111,660</u>	<u>\$ 288,204</u>	<u>\$ 108,646</u>	<u>\$ 291,218</u>
		Cash Disbursements	\$ 86,734	
		Encumbrances Payable	<u>21,912</u>	
			<u>\$ 108,646</u>	

EXHIBIT A-30

**STATEMENT OF UNAPPROPRIATED GRANT RESERVES
GRANT FUND**

<u>Grant</u>	Balance, January 1, 2022	Cash Received	Anticipated as Current Fund Revenue	Balance, December 31, 2022
Clean Communities Program	\$ 21,985	\$ 22,207	\$ 21,985	\$ 22,207
Alcohol Education and Rehabilitation	227	1,264	227	1,264
Drunk Driving Enforcement	8,463	-	8,463	-
Body Armor Fund	-	2,004	-	2,004
American Rescue Plan	<u>627,593</u>	<u>627,593</u>	<u>627,593</u>	<u>627,593</u>
	<u>\$ 658,268</u>	<u>\$ 653,068</u>	<u>\$ 658,268</u>	<u>\$ 653,068</u>
		Appropriated Grants	\$ 258,268	
		Cash Disbursement	<u>400,000</u>	
			<u>\$ 658,268</u>	

EXHIBIT A-31

**STATEMENT OF ENCUMBRANCES PAYABLE
GRANT FUND**

Balance, January 1, 2022	\$ 10,660
Increased by:	
Charges to Appropriated Grant Reserves	<u>21,912</u>
	32,572
Decreased by:	
Cash Disbursements	<u>10,660</u>
Balance, December 31, 2022	<u>\$ 21,912</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, 2022	\$ 1,839	\$ 14,475	\$ 1,082,275
Increased by Receipts:			
Dog License Fees		\$ 13,726	
State Registration Fees		1,756	
Miscellaneous Reserves			\$ 449,972
Police Outside-Duty Billings			1,768,728
Payroll Deductions Payable			4,765,356
Interest Earnings	-	-	4,619
	<u>-</u>	<u>-</u>	<u>6,988,675</u>
	1,839	29,957	8,070,950
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.1		19,234	
Due to State of New Jersey		1,756	
Miscellaneous Reserves			2,236,545
Payroll Deductions Payable			4,802,079
Payments to General Capital Fund			560,000
Due to State of New Jersey - Unemployment	-	-	10,801
	<u>-</u>	<u>-</u>	<u>7,609,425</u>
	1,839	8,967	461,525
Balance, December 31, 2022	<u>\$ 1,839</u>	<u>\$ 8,967</u>	<u>\$ 461,525</u>

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

Increased by:	
State License Fees Collected	\$ <u>1,756</u>
Decreased by:	
Payments to State of New Jersey	\$ <u>1,756</u>

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

Balance, January 1, 2022	\$ 14,475
Increased by:	
Dog License Fees Collected	<u>13,726</u>
	28,201
Decreased by:	
Cash Disbursements	<u>19,234</u>
Balance, December 31, 2022	\$ <u>8,967</u>

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

	Balance, January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
Library Book Fund	\$ 43,535	\$ 9,826	\$ 6,096	\$ 47,265
Library - BCCLS Refund- Technology Upgrade	27,514	2,823	6,418	23,919
Library- Insurance Reimbursement	5,616			5,616
Library Improvements Reserve	-	6,402		6,402
Board of Recreation Commission	28,198	204,201	177,181	55,218
Towing	2,677		2,677	-
Off-Duty Municipal Police Pay / Car Charges	205,417	1,767,392	1,621,860	350,949
Merchant Bonds	9,300	50	50	9,300
Planning Board / Developers Escrow	129,147	20,053	85,703	63,497
Developer's Deposit - Car Wash	14,145	35		14,180
Performance Bond - ADPP	24,346	60		24,406
Developer's Deposit - Three Buildings Escrow	39,100		39,100	-
Developer's Deposit - Heights Cliff Escrow	786	11		797
Street Opening	7,000	11,300	9,300	9,000
Miscellaneous	22,510	12,913	34,121	1,302
Tax Sale Premiums	263,900	64,000	236,600	91,300
Parking Offenses Adjudication Act	57,908	1,077	1,461	57,524
Uniform Fire Penalties	14,163	6,539		20,702
Firefighters Walk of Honor	1,099		325	774
Drug Alliance- Space Odyssey	5,297	6,402		11,699
Veterans Memorial Park / Maint.	14,663		480	14,183
Bench Program	1,703	150	83	1,770
Andrew Feintuch Memorial Fund	5,201	12	500	4,713
Port Authority Donation	872		872	-
Reserve for Rec Center Donations	-	250		250
Recycling Proceeds	18,169	4,464	13,718	8,915
	<u>\$ 942,266</u>	<u>\$ 2,117,960</u>	<u>\$ 2,236,545</u>	<u>\$ 823,681</u>
		Cash Receipts \$ 449,972		
		Outside Duty Billings <u>1,667,988</u>		
		<u>\$ 2,117,960</u>		
		Cash Disbursements	<u>\$ 2,236,545</u>	
			<u>\$ 2,236,545</u>	

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

Balance, January 1, 2022	\$ 143,117
Increased by:	
Cash Receipts	<u>4,765,356</u>
	4,908,473
Decreased by:	
Cash Disbursements	<u>4,802,079</u>
Balance, December 31, 2022	<u>\$ 106,394</u>

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

Balance, January 1, 2022	\$ 212,785
Increased by:	
Outside Duty Billings	<u>1,667,988</u>
	1,880,773
Decreased by:	
Cash Receipts	<u>1,768,728</u>
Balance, December 31, 2022	<u>\$ 112,045</u>

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

Balance, January 1, 2022	\$ 209,677
Increased by:	
Cash Receipts	
Interest Earned	4,619
	214,296
Decreased by:	
Due to State of New Jersey - Unemployment Claims	10,801
Balance, December 31, 2022	\$ 203,495

EXHIBIT B-10

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

Increased by:	
Unemployment Claims Due to State	\$ 10,801
Decreased by:	
Unemployment Claims Paid to State	\$ 10,801

GENERAL CAPITAL FUND

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

Balance, January 1, 2022		\$ 1,809,609
Increased by:		
2022 Budget Appropriation:		
Improvement Costs	\$ 4,585	
Capital Improvement Fund	80,000	
Grants Receivable - Due from County of Bergen Community		
Development Block Grant	230,800	
Grants Receivable - Due from State of New Jersey	108,793	
Grants Receivable - Due from FEMA	45,000	
Deferred Charges Unfunded - FEMA Reimbursement	178,561	
Receipts from Other Trust Fund	560,000	
Reserve for Debt Service	32,127	
Reserve for Pistol Range Trailer	<u>140,858</u>	
		<u>1,380,724</u>
		3,190,333
Decreased by:		
Improvement Authorization Expenditures	801,617	
Contracts Payable	<u>2,253,022</u>	
		<u>3,054,639</u>
Balance, December 31, 2022		<u>\$ 135,694</u>

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

	Balance, December 31, <u>2022</u>
Fund Balance	\$ 315,115
Contracts Payable	982,049
Capital Improvement Fund	64,635
Due to - Other Trust	560,000
Reserve for Debt Service	158,348
Reserve for Purchase of Pistol Range Trailer	140,858
Grants Receivable - County Community Development Block Grant/Open Space Grant	(192,550)

<u>Ord. #</u>	<u>Improvement Description</u>	
2286	Acquisition of in Car Video System for the Police Dept.	3,635
2339	Curb and Sidewalk Replacement Program	58,073
2374	Acquisition of Finger Printing md Mug Shot Equipment	6,620
2391	2017 Road Resurfacing Program	46,101
2394	Acquisitions of a Generator for the DPW	1,222
2413	Rehabilitation and Environmental Remediation at the DPW	63,074
2427	Improvements to Woodland Park Playground	113
2448	2019 Road Resurfacing Program	106,548
2460/2501	Installation of New Automatic Door Openers at Municipal Bld & Public Safety	13,445
2463	Construction of Walking Path, Roadway and Perimeter Fence at Woodland Park	15,511
2465	Acquisition of Certain Trucks for DPW Department	31,667
2466	Improvement of Industrial Ave	67,166
2467/2501	2020 Road Resurfacing Program	19,686
2481	Purchase of Senior Bus	819
2490	2021 Road Program - LaSalle, Ravine, Austin Place	(565,799)
2491	Acquisition of Real Property - Walter Ave	(556,516)
2495	Various Public Improvements	(551,986)
2510	Resurfacing of Baldwin Avenue	14,052
2513	2022 Road Resurfacing Program	(621,415)
2515	Various Public Improvements and Acquisition of Equipment	<u>(44,777)</u>
		<u>\$ 135,694</u>

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

Balance, January 1, 2022		\$ 728,239
Decreased by:		
Cash Receipts	\$ 108,793	
Cancelled to Improvement Authorizations	<u>619,446</u>	
		<u>\$ 728,239</u>

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

Balance, January 1, 2022		\$ 277,300
Increased by:		
Grants Awarded	<u>146,050</u>	
		423,350
Decreased by:		
Cash Received	<u>230,800</u>	
Balance, December 31, 2022		<u>\$ 192,550</u>
<u>Analysis of Balance December 31, 2022</u>		
Community Development Grants:		
Resurfacing of Baldwin Avenue - Ord. No. 2510		\$ 146,050
Open Space Grants:		
Walking Path, Roadway and Perimeter Fence at Woodland Park - Ordinance No. 2463		<u>46,500</u>
		<u>\$ 192,550</u>

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

Balance, January 1, 2022	<u>\$ 45,000</u>
Decreased by:	
Cash Received	<u>\$ 45,000</u>

STATEMENT OF DEFERRED CHARGES FUNDED

Balance, January 1, 2022	\$ 9,035,000
Decreased by:	
2022 Budget Appropriation	<u>1,045,000</u>
Balance, December 31, 2022	<u>\$ 7,990,000</u>

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

Ord. No.	Improvement Description	Balance January 1, 2022	2022 Authori- zations	Funded by Budget Appropriation	FEMA Reimbursement	Balance December 31, 2022	Analysis of Balance, December 31, 2022	
							Expenditures	Unexpended Improvement Authorizations
GENERAL IMPROVEMENTS								
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	\$ 5		\$ 5				
1944/1968/1985/2038	Construction of New Muni. Bldg. and New Public Safety Bldg.	900		900				
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	3,680		3,680				
2490	2021 Road Program - LaSalle (Austin to Terrace), Ravine, Austin Place	741,000				\$ 741,000	\$ 565,799	\$ 175,201
2491	Acquisition of Real Property - 161 Walter Ave	587,250				587,250	556,516	30,734
2495	DPW Vehicles, Fueling System, HVAC, Salt Shed, Sewer Repairs, Computer & IT, Municipal Building Improvements	837,900			\$ 178,561	659,339	551,986	107,353
2513	2022 Road Resurfacing Program		\$ 665,000			665,000	621,415	43,585
2515	Various Public Imprvts and Acquisition of Equipment	-	347,650	-	-	347,650	44,777	302,873
		<u>\$ 2,170,735</u>	<u>\$ 1,012,650</u>	<u>\$ 4,585</u>	<u>\$ 178,561</u>	<u>\$ 3,000,239</u>	<u>\$ 2,340,493</u>	<u>\$ 659,746</u>

BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Balance January 1, 2022		2022 Authorizations	Encumbrances Cancelled	Paid or Charged	Cancelled and Adjustments*	Balance December 31, 2022	
			Amount	Funded					Funded	Unfunded
GENERAL IMPROVEMENTS										
2185/2209	Boulevard Streetscape Improvement	6/10/2008	\$ 200,000	\$ 8,305				\$ 8,305		
2189	Renovations of the Department of Public Works	9/9/2008	55,000	1,195			\$ 1,195			
2233	Rehabilitation and Environmental Remediation at DPW	4/13/2010	100,000	1,985			1,985			
2234	Curb and Sidewalk Reconstruction Along Portions of Terrace Ave. and the Boulevard - County Road Program	4/13/2010	100,000	1,268				1,268		
2246	Curb and Sidewalk Reconstruction Along Portions of Passaic Ave. and the Boulevard	09/28/2010 & 9/23/2013	55,000	17,346				17,346		
2252	Boulevard Streetscape Improvement-Phase IV	3/8/2011	175,000	8,442				8,442		
2286	Acquisition of Car Video System for Police Department	7/24/2012	75,000	3,635					\$ 3,635	
2289	Boulevard Streetscape Improvement Phase V	9/11/2012	175,000	23,361					23,361	
2307	Boulevard Streetscape Improvement Phase VI	6/11/2013	170,000	17,290					17,290	
2329	Provide for Additional Funding for Boulevard Streetscape	8/12/2014	100,000	26,431					26,431	
2337	Boulevard Streetscape Improvement Phase VII and VIII	5/12/2015	400,000	2,675					2,675	
2339	Curb and Sidewalk Replacement Program	5/12/2015	150,000	58,873			800			58,073
2350	Improvements to Stanley Ave. Roadway, Curbs and Sidewalks	9/22/2015	385,000	102,808						102,808
2371	Boulevard Streetscape Improvement Phase IX	11/29/2016	200,000	38,861		\$ 2,989		41,850		
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	46,101						46,101
2392	Upgrade of Radio Equipment for Police, Fire and DPW	8/8/2017	100,000	3,300			3,300			
2394	Acquisition of a Generator for the DPW	8/8/2017	120,000	21,024						19,802
2397	Upgrade and Improvements to Municipal Buildings	11/28/2017	125,000	1,498				1,498		
2413	Rehabilitation and Environmental Remediation at the DPW	8/14/2018	100,000	87,135				24,061		63,074
2425	Resurfacing Portions of Charlton and Pasadena Avenue	2/26/2019	135,000	45,785		5,515		51,302		
2427	Improvements to Woodland Park Playground	2/26/2019	275,000	13,248						13,248
2428	Acquisition of Trucks for DPW	2/26/2019	150,000	6,690				6,690		
2445	Acquisition of Gear and Equipment for the Fire Department	6/25/2019	175,000	77				77		
2448	2019 Road Resurfacing Program	8/13/2019	400,000	16,479		90,069				106,548
2449	Resurfacing of Raymond Street	8/13/2019	350,000	79,478		88,409		167,887		
2450	Boulevard Streetscape Phase X	8/13/2019	450,000	405,772		28,376		434,148		
2457	Rehabilitation and Replacement of the Synthetic Turf Field at Depken Field	3/10/2020	1,000,000	79,708		17,608		97,316		
2460/2501	Installation of New Automatic Door Openers at Municipal Bld & Public Safety	9/8/2020	140,000	5,062		8,383				13,445
2461	Acquisition of Gear and Equipment for Fire Department	9/8/2020	175,000	203			203			
2462	Acquisition of Four Wheel Vehicle for Fire Department	9/8/2020	50,000	732				732		
2463	Construction of Walking Path, Roadway and Perimeter Fence at Woodland Park	9/8/2020	105,000	15,511						15,511
2465	Acquisition of Certain Trucks for DPW Department	10/13/2020	400,000	32,952				1,285		31,667
2466	Improvement of Industrial Ave	10/13/2020	250,000	67,166						67,166
2467/2501	2020 Road Resurfacing Program	10/13/2020	600,000	20,000				314		19,686
2481	Purchase of Senior Bus	4/13/2021	77,500	819						819
2490	2021 Road Program - LaSalle, Ravine, Austin Place	9/14/2021	780,000		\$ 192,319		17,118		\$ 175,201	
2491	Acquisition of Real Property - 161 Walter Avenue	9/28/2021	650,000	35,781			5,047			30,734
2495	Various Public Improvements	10/12/2021	908,500	678,287			570,934			107,353
2510	Resurfacing of Baldwin Avenue	6/14/2022	176,000		\$ 176,000		161,948			14,052
2513	2022 Road Resurfacing Program	8/16/2022	700,000		700,000		656,415			43,585
2515	Various Public Improvements and Acquisition of Equipment	10/11/2022	600,000		600,000		297,127			302,873
			\$ 1,267,835	\$ 906,387	\$ 1,476,000	\$ 241,349	\$ 1,783,666	\$ 1,000,429	\$ 447,732	\$ 659,746
					Capital Improvement Fund	\$ 64,650		\$ 380,982	Fund Balance	
					General Capital Fund Balance	252,650		619,446	Grants Receivable - State	
					Bergen County - Community Development Grant	146,050		\$ 1,000,428		
					Deferred Charges - Unfunded	1,012,650				
						\$ 1,476,000				
							\$ 982,049	Contracts Payable		
							801,617	Cash Disbursements		
							\$ 1,783,666			

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

06

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2022</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2022</u>	<u>Increase</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds 2014	2/10/2014	\$ 3,555,000	9/15/2023	\$ 330,000	4.00 %	\$ 675,000		\$ 345,000	\$ 330,000
General Improvement Bonds - 2021	9/15/2021	8,360,000	9/15/2023	700,000	1.00	<u>8,360,000</u>	<u>\$ -</u>	<u>700,000</u>	<u>7,660,000</u>
			9/15/2024-26	870,000	1.00				
			9/15/2027-30	870,000	1.25				
			9/15/2031	870,000	1.50				
						<u>\$ 9,035,000</u>	<u>\$ -</u>	<u>\$ 1,045,000</u>	<u>\$ 7,990,000</u>
								<u>\$ 1,045,000</u>	

Paid by Budget Appropriation \$ 1,045,000

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

Balance, January 1, 2022	\$ 49,285
Increased by:	
2022 Budget Appropriation	<u>80,000</u>
	129,285
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>64,650</u>
Balance, December 31, 2022	<u>\$ 64,635</u>

EXHIBIT C-12

STATEMENT OF RESERVE FOR DEBT SERVICE

Balance, January 1, 2022	\$ 126,221
Increased by:	
Cash Receipts - FEMA	<u>32,127</u>
Balance, December 31, 2022	<u>\$ 158,348</u>

EXHIBIT C-13

STATEMENT OF RESERVE FOR PISTOL RANGE TRAILER

Increased by:		
Cash Receipts - Insurance Proceeds	\$ 85,741	
Cash Receipts - FEMA	<u>55,117</u>	
		<u>\$ 140,858</u>
Balance, December 31, 2022		<u>\$ 140,858</u>

**BOROUGH OF HASBROUCK HEIGHTS
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2022		\$ 2,494,372
Increased by:		
Charged to Improvement Authorizations		<u>982,049</u>
		3,476,421
Decreased by:		
Cancelled	\$ 241,349	
Cash Disbursements	<u>2,253,023</u>	
		<u>2,494,372</u>
Balance, December 31, 2022		<u>\$ 982,049</u>

STATEMENT OF DUE TO OTHER TRUST

Increased by:		
Cash Receipts		<u>\$ 560,000</u>
Balance, December 31, 2022		<u>\$ 560,000</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2022</u>	2022 <u>Authorizations</u>	FEMA <u>Reimbursement</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2022</u>
	<u>General Improvements:</u>					
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.	\$ 5			\$ 5	
1944/1968/1985	Public Safety Building	900			900	
2054	Resurfacing of Oak Grove Ave. from Jefferson Ave. to Williams Ave.	3,680			3,680	
2490	2021 Road Program - LaSalle (Austin to Terrace), Ravine, Austin Place	741,000				\$ 741,000
2491	Acquisition of Real Property - 161 Walter Ave	587,250				587,250
2495	DPW Vehicles, Fueling System, HVAC, Salt Shed, Sewer Repairs, Computer & IT, Municipal Building Improvements	837,900		\$ 178,561		-
2513	2022 Road Resurfacing Program		\$ 665,000			665,000
2515	Various Public Imprvts and Acquisition of Equipment	-	347,650	-	-	347,650
		<u>\$ 2,170,735</u>	<u>\$ 1,012,650</u>	<u>\$ 178,561</u>	<u>\$ 4,585</u>	<u>\$ 3,000,239</u>

PUBLIC ASSISTANCE FUND

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

Balance, January 1, 2022	\$ 29,868
Increased by:	
Food Pantry Donations	<u>2,318</u>
	32,186
Decreased by:	
Food Pantry Expenditures	<u>3,800</u>
Balance, December 31, 2022	<u>\$ 28,386</u>

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	<u>P.A.T.F.</u>
Food Pantry Donations	<u>\$ 2,318</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

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

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

	<u>P.A.T.F.</u>
Balance, January 1, 2022	\$ 29,868
Increased by:	
Revenues	<u>2,318</u>
	32,186
Decreased by:	
Expenditures	<u>3,800</u>
Balance, December 31, 2022	<u><u>\$ 28,386</u></u>

BOROUGH OF HASBROUCK HEIGHTS
BERGEN COUNTY, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2022



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
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ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements—regulatory basis of the Borough of Hasbrouck Heights as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2023. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters


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

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

Purpose of this Report

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


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


Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
August 15, 2023



LERCH, VINCI & BLISS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY U.S. UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Borough of Hasbrouck Heights's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Borough of Hasbrouck Heights's major federal programs for the year ended December 31, 2022. The Borough of Hasbrouck Heights's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough of Hasbrouck Heights complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and U.S. Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough of Hasbrouck Heights and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Borough of Hasbrouck Heights's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Borough of Hasbrouck Heights's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough of Hasbrouck Heights's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and U.S. Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Borough of Hasbrouck Heights's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Borough of Hasbrouck Heights's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough of Hasbrouck Heights's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the Borough of Hasbrouck Heights's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance

We have audited the financial statements - regulatory basis of the Borough of Hasbrouck Heights as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated August 15, 2023, which contained a modified opinion on those financial statements prepared in accordance with the regulatory basis of accounting because of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited and also contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance and schedule of expenditures of state financial assistance is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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



Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
August 15, 2023

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<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, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancellations</u>	<u>Balance, December 31, 2022</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Department of Treasury										
ARP -Coronavirus Relief Fund	21.027	2021		\$ 627,593		\$ 627,593	\$ 440,177		\$ 187,416	\$ 440,177
ARP -Coronavirus Relief Fund	21.027	2022	627,593	627,593						
U.S. Department of Homeland Security (Passed through State Department of Law and Public Safety)										
FEMA - Hurricane IDA	97.036	2022	382,089	382,089		382,089	382,089		-	382,089
Tropical Storm Isaias	97.036	2022	109,232	109,232		109,232	109,232		-	109,232
DPW Generator	97.036	2017			\$ 45,000		45,000			
COVID	97.036					39,293	39,293			
Department of Housing and Urban Development Community Development Block Grant (Passed through the County of Bergen)										
Resurfacing of Baldwin Avenue - Ord. 2510	14.218	2022		146,050	-	146,050	146,050	-	-	146,050
					\$ 45,000	\$ 1,304,257	\$ 1,161,841	\$ -	\$ 187,416	

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**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

<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, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, December 31, 2022</u>	<u>(Memo) Cumulative Expenditures</u>
Environmental Solid Waste Administration:										
Clean Communities Grant	042-4900-765-004	2022	\$ 22,207	\$ 22,207						
Clean Communities Grant	042-4900-765-004	2021	21,985			\$ 21,985			\$ 21,985	-
Clean Communities Grant	042-4900-765-004	2020	20,653		\$ 20,653		\$ 17,083		3,570	\$ 17,083
Clean Communities Grant	042-4900-765-004	2019	22,905		22,905		22,905		-	22,905
Clean Communities Grant	042-4900-765-004	2018	20,524		5,399				-	20,524
Recycling Tonnage Grant	042-4910-100-224	2022	17,863	17,863		17,863	11,307		6,556	11,307
Recycling Tonnage Grant	042-4910-100-224	2021	18,220		5,805		5,805		-	18,220
Law and Public Division of Criminal Justice:										
Body Armor Replacement Fund	066-1020-718-001	2022	2,004	2,004						
Body Armor Replacement Fund	066-1020-718-001	2021	1,517	1,517		1,517	1,517		-	1,517
Body Armor Replacement Fund	066-1020-718-001	2020	2,280		960		960		-	2,280
Division of Motor Vehicles:										
Drunk Driving Enforcement Fund	6400-100-078-6400	2021	8,463			8,463			8,463	
Drunk Driving Enforcement Fund	6400-100-078-6400	2019	4,180		4,180				4,180	
Drunk Driving Enforcement Fund	6400-100-078-6400	2018	5,093		5,093				5,093	
Drunk Driving Enforcement Fund	6400-100-078-6400	Prior Years	39,494		37,869		366		37,503	1,991
Municipal Court:										
Alcohol Education and Rehabilitation	098-9735-760-001	2022	1,264	1,264						
Alcohol Education and Rehabilitation	098-9735-760-001	2021	227			227			227	
Alcohol Education and Rehabilitation	098-9735-760-001	2020	2,251		2,251				2,251	
Alcohol Education and Rehabilitation	098-9735-760-001	2019	321		321				321	
Alcohol Education and Rehabilitation	098-9735-760-001	2018	439		439				439	
Alcohol Education and Rehabilitation	098-9735-760-001	2017	1,609		1,609				1,609	
Alcohol Education and Rehabilitation	098-9735-760-001	Prior Years	4,536		4,176		3,127		1,049	3,487
Department of Transportation										
Boulevard Streetscape - Ordinance No. 2450	Not Available	2019	218,000		218,000	-	-	\$ 218,000	-	
					<u>\$ 329,660</u>	<u>\$ 50,055</u>	<u>\$ 68,469</u>	<u>\$ 218,000</u>	<u>\$ 93,246</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, 2022**

NOTE 1 REPORTING ENTITY

The Borough of Hasbrouck Heights (the “Borough”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed 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 federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough’s summary of significant accounting policies are described in Note 1 to the Borough’s Financial Statements.

NOTE 4 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	\$ 892,402	\$ 50,055	\$ 942,457
General Capital Fund	<u>411,855</u>	<u>-</u>	<u>411,855</u>
Total Financial Awards	<u>\$ 1,304,257</u>	<u>\$ 50,055</u>	<u>\$ 1,354,312</u>

**BOROUGH OF HASBROUCK HEIGHTS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 INDIRECT COST RATE

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

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Significant deficiency(ies) that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to the financial statements noted? yes X none reported

Federal Awards Section

Dollar threshold used to determine Type A programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

Type of auditors' report on compliance for major program Unmodified

Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Department of Housing and Urban Development Community Development Block Grant</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds - ARP</u>

State Awards Section

NOT APPLICABLE

**BOROUGH OF HASBROUCK HEIGHTS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

**BOROUGH OF HASBROUCK HEIGHTS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF HASBROUCK HEIGHTS

BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

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

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,380,000	2.28 %	\$ 1,280,000	2.19 %
Miscellaneous - From Other Than Local				
Property Tax Levies	4,423,766	7.31	3,172,254	5.42
Collection of Delinquent Taxes and Tax Title Liens	313,585	0.52	395,177	0.68
Collection of Current Tax Levy	53,788,528	88.93	52,681,562	90.07
Other Credits	<u>581,326</u>	<u>0.96</u>	<u>961,785</u>	<u>1.64</u>
 Total Income	 <u>60,487,205</u>	 <u>100.00</u> %	 <u>58,490,778</u>	 <u>100.00</u> %
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	21,875,061	37.06	20,327,340	35.82 %
County Taxes	4,929,169	8.35	4,778,870	8.42
Local School Taxes	32,221,116	54.58	31,594,523	55.67
Other Expenditures	<u>5,998</u>	<u>0.01</u>	<u>51,327</u>	<u>0.09</u>
 Total Expenditures	 <u>59,031,344</u>	 <u>100.00</u> %	 <u>56,752,060</u>	 <u>100.00</u> %
 Excess in Revenue	 1,455,861		 1,738,718	
 Fund Balance, January 1	 <u>1,741,221</u>		 <u>1,282,503</u>	
	3,197,082		3,021,221	
 Less Utilization as Anticipated Revenue	 <u>1,380,000</u>		 <u>1,280,000</u>	
 Fund Balance, December 31	 <u>\$ 1,817,082</u>		 <u>\$ 1,741,221</u>	

**BOROUGH OF HASBROUCK HEIGHTS
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2019</u>
<u>Tax Rate</u>	<u>\$ 2.692</u>	<u>\$ 2.824</u>	<u>\$ 2.876</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Library Tax)	0.839	0.883	0.901
County (Includes Open Space)	0.246	0.256	0.256
Local School	1.607	1.685	1.719

Assessed Valuation

2022	<u>\$2,005,190,700</u>	
2021		<u>\$1,874,325,444</u>
2020		<u>\$1,797,767,287</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>
2022	\$ 54,085,502	\$ 53,788,528	99.45%
2021	53,038,413	52,681,562	99.33%
2020	51,795,894	51,382,575	99.20%

**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>
2022	\$ 213,097	\$ 270,384	\$ 483,481	0.89%
2021	201,018	313,335	514,353	0.97%
2020	218,567	389,447	608,014	1.17%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2022 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>
2022	-
2021	-
2020	\$ 304,739

Comparative Schedule Of Fund Balance

	<u>Year</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2022	\$ 1,817,082	\$ 1,320,000
	2021	1,741,221	1,380,000
	2020	1,282,503	1,280,000

**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	
Michal Sickels	Council President	
Ronald Kistner	Councilman	
Josephine Ciocia	Councilwoman	
Christopher Hillmann	Councilman	
Robert Bing	Councilman	
Thomas Meli	Councilman	
Laurie Varga	Borough Administrator	
David Sireci	CFO/Treasurer	
Conchita C. Parker	Tax Collector/Tax Search Officer	(1)
Louise Balsamo	Assistant to Collector	(1)
Pam Grisafe	Secretary to Administrator/Payroll Clerk	
Laurie Varga	Borough Clerk	
Ed Brown	Assessor	
Norberto Hernandez, Neglia Engineering	Engineer	
Joseph R. Jones	Judge	
Curt Geisler	Public Defender	
Rosario Presti/ Thomas Flinn (Alt)	Prosecutors	
Susan Paul	Clerk of the Court/Violations Clerk	(1)
Joe Rinke	Chief of Police	
Gino Tessaro	Construction Official	
Laura French	Secretary Board of Health Registrar	
Joseph J. Cariddi	Fire Official – Uniform Fire Code	
Mimi Hui	Library Director	
Richard Malagiere	Borough Attorney	
Lenny Masucci	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.

Current Year

Our audit revealed that contract awards in excess of the bid threshold, were not approved by resolution in the minutes. It is recommended that contract awards in excess of the bid threshold be formally approved in the Borough minutes.

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$44,000. The Borough has adopted a resolution increasing the threshold to \$44,000 and has appointed a qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

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

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

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 4, 2022 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

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

Collection of Interest on Delinquent Taxes and Assessments (Continued)

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 4, 2022 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 October 12, 2022.

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>
2022	13
2021	13
2020	18

APPRECIATION

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

Suggestion to Management

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

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

RECOMMENDATIONS

It is recommended that:

1. Contract awards in excess of the bid threshold be formally approved in the Borough minutes.


* * * * *

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

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

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


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


Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529