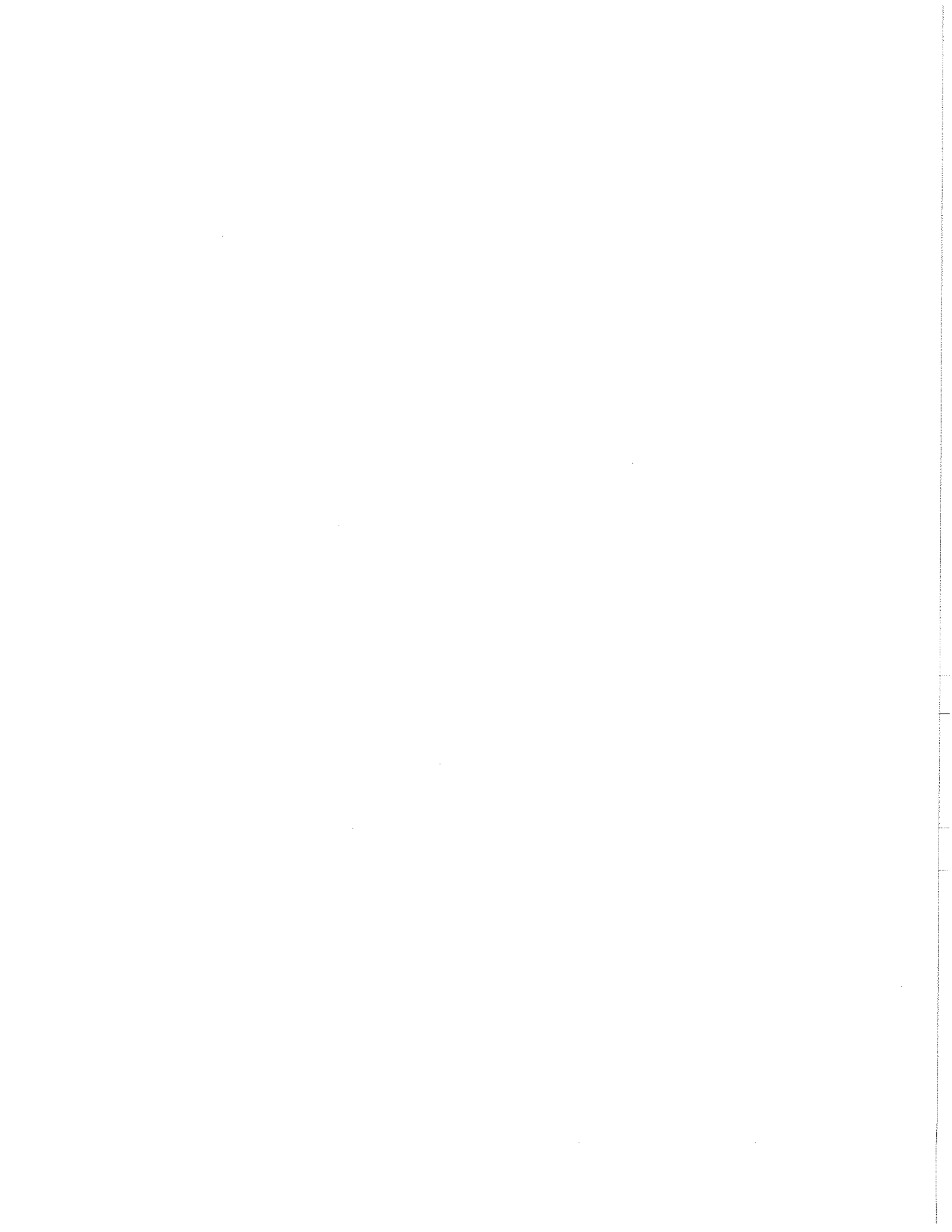


TOWNSHIP OF SOUTH HACKENSACK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2009



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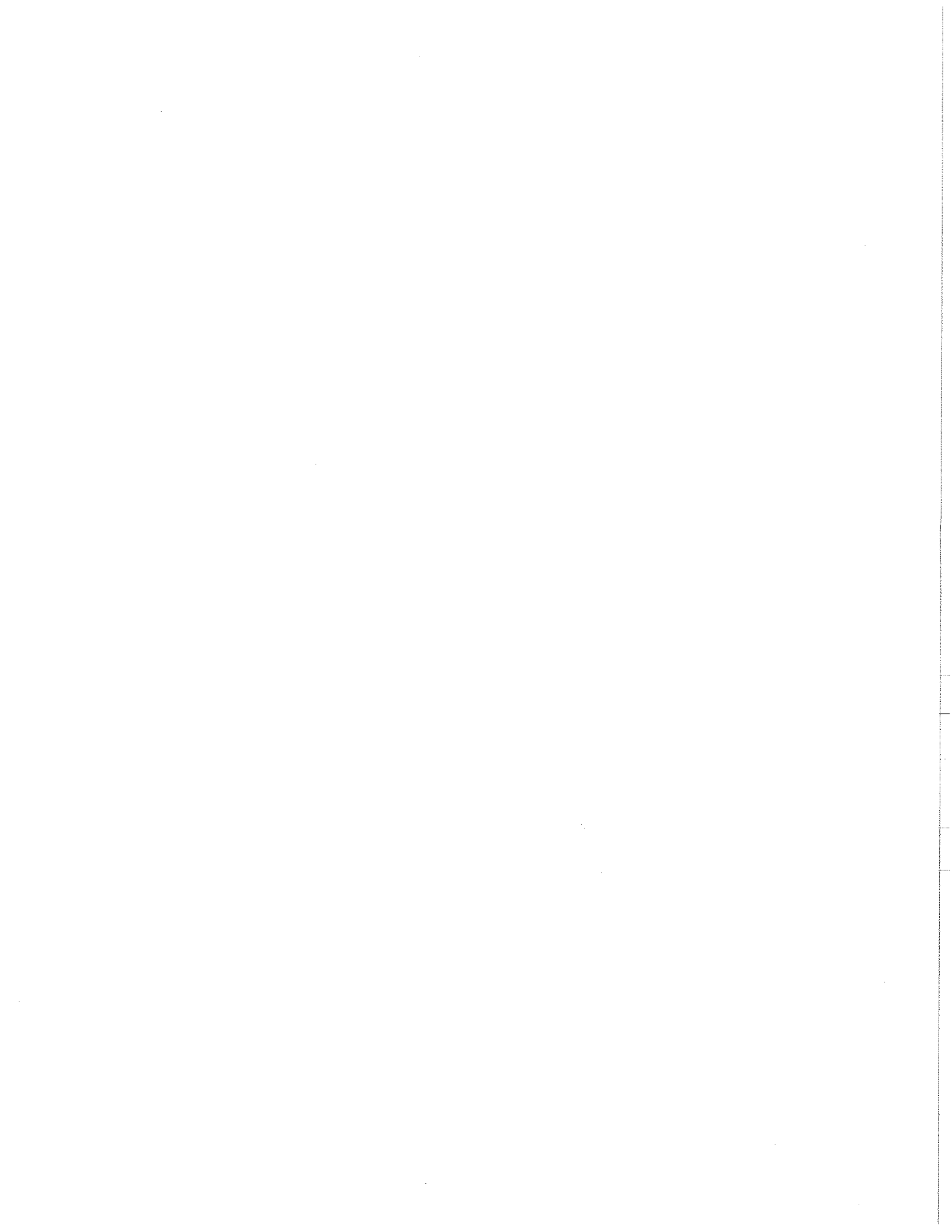
TOWNSHIP OF SOUTH HACKENSACK

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009



LERCH, VINCI & HIGGINS, LLP

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RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Township Committee
South Hackensack, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Township of South Hackensack as of December 31, 2009 and the related statement of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year then ended. These financial statements are the responsibility of the Township of South Hackensack's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Township of South Hackensack as of December 31, 2008, were audited by other auditors whose report dated June 30, 2009 expressed an unqualified opinion on those financial statements prepared using a regulatory basis of accounting, which differs from accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of South Hackensack's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INDEPENDENT AUDITORS' REPORT (Continued)

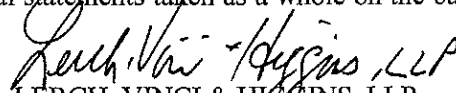
In addition, the financial statements of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements. The LOSAP Trust Fund financial activities are included in the Township's Trust Fund, and represent 33 percent and 26 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2009 and 2008. Also, the notes to the Township's financial statements do not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement Number 45 and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

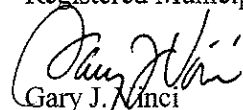
In our opinion, because of the effects of the Township preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township South Hackensack, as of December 31, 2009, or the changes in its financial position for the year then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited and, except for the omission of the note disclosure regarding the other post employment benefit obligations, as described in the fifth paragraph, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the Current Fund of the Township of South Hackensack as of December 31, 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the year then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the Current Fund for the year ended December 31, 2009 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 15, 2010 on our consideration of the Township South Hackensack's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of South Hackensack. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of South Hackensack. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Cash	A-4	\$ 2,345,953	\$ 2,316,792
Cash - Change Funds	A-5	200	200
Petty Cash	A-6	300	
Grants Receivable	A-7	<u>155,630</u>	<u>179,757</u>
		<u>2,502,083</u>	<u>2,496,749</u>
Receivables and Other Assets With Full Reserves			
Tax Title Liens Receivable	A-10	1,769	1,059
Due from Animal Control Fund	B-4	643	643
Revenue Accounts Receivable	A-11	<u>7,009</u>	<u>-</u>
		<u>9,421</u>	<u>1,702</u>
Deferred Charges			
Special Emergency	A-23	<u>84,000</u>	<u>12,000</u>
Total Assets		<u>\$ 2,595,504</u>	<u>\$ 2,510,451</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 402,070	\$ 482,952
Encumbrances Payable	A-14	231,750	99,752
Due to General Capital Fund	C-4	122,621	42,421
Due to Other Trust Fund	B-6		541
Prepaid Taxes	A-15	117,913	60,295
Miscellaneous Reserves and Deposits	A-13	15,011	62,077
Local School Taxes Payable	A-16	3	
County Taxes Payable	A-17	3,414	
Health Fees Payable	A-21	100	50
DCA Training Fees Payable	A-22	1,502	1,188
Reserve for Grants - Appropriated	A-18	84,300	129,177
Reserve for Unappropriated Grants	A-20	16,023	23,088
Reserve for Tax Appeals	A-19	<u>267,763</u>	<u>295,459</u>
		<u>1,262,470</u>	<u>1,197,000</u>
Reserve for Receivables and Other Assets	A	9,421	1,702
Fund Balance	A-1	<u>1,323,613</u>	<u>1,311,749</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,595,504</u>	<u>\$ 2,510,451</u>

TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Anticipated	A-2	\$ 525,000	\$ 487,937
Miscellaneous Revenue Anticipated	A-2	1,942,863	2,491,042
Receipts from Delinquent Taxes	A-2		365
Receipts from Current Taxes	A-2	13,260,763	12,599,233
Non-Budget Revenue	A-2	82,954	85,232
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	321,154	120,759
Statutory Excess from Animal Control Fund	A		310
Cancellations and Adjustments	A		124,705
Cancellation of Appropriated Grant Reserves	A-18	<u>29,709</u>	<u>-</u>
		<u>16,162,443</u>	<u>15,909,583</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,660,247	3,446,030
Other Expenses	A-3	3,174,122	3,564,263
Municipal Debt Service	A-3	218,170	322,804
Deferred Charges and Statutory Expenditures	A-3	853,823	813,727
Capital Improvements	A-3	80,200	20,000
County Taxes	A-17	1,439,948	1,241,199
County Share of Added and Omitted Taxes	A-17	3,414	13,314
Local District School Taxes	A-16	6,257,995	5,943,746
Interfund Advance	A		310
Refund of Prior Year Revenue	A-4	79	6,694
Cancellation of Grants Receivable	A-7	<u>12,581</u>	<u>-</u>
		<u>15,700,579</u>	<u>15,372,087</u>
Excess in Revenue Before Adjustments		461,864	537,496
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-23	<u>75,000</u>	<u>-</u>
Statutory Excess to Fund Balance		536,864	537,496
FUND BALANCE, JANUARY 1	A	<u>1,311,749</u>	<u>1,262,190</u>
		1,848,613	1,799,686
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>525,000</u>	<u>487,937</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,323,613</u>	<u>\$ 1,311,749</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Reference	Budget	Added by: NJS 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 525,000	-	\$ 525,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	15,000		15,846	\$ 846
Other	A-11	70,000		63,927	(6,073)
Fees and Permits	A-11	10,000		8,445	(1,555)
Municipal Court	A-11	125,000		123,798	(1,202)
Interest and Cost on Taxes	A-11	15,000		20,055	5,055
Interest on Investments & Deposits	A-11	6,000		6,432	432
Sewer Charges	A-11	326,846		327,571	725
Well Charges	A-11	15,000		13,554	(1,446)
Biodegradable and Suspended Solids	A-11	174,005		174,085	80
Cellular Tower Lease	A-11	23,400		24,400	1,000
Consolidated Municipal Property Tax Relief	A-11	146,776		146,776	
Energy Receipts Tax	A-11	451,278		451,278	
Uniform Fire Safety Act	A-11	35,000		37,235	2,235
Uniform Construction Code Fees	A-11	60,000		49,628	(10,372)
Recycling Tonnage Grant	A-20	17,954		17,954	
Drunk Driving Enforcement Fund	A-20	3,475		3,475	
Body Armor Replacement Program	A-20	1,659		1,659	
Click It or Ticket	A-7	4,000		4,000	
Over the Limit Under Arrest	A-7		\$ 6,000	6,000	
Green Communities Program	A-7	3,000		3,000	
Bergen County Prosecutor - Confiscated Funds	A-7	11,118		11,118	
N.J. Meadowlands Municipal Assistance Program	A-7	126,300		126,300	
Private Donation - BCCT Adult School	A-7	3,000		3,000	
Sale of Municipal Assets - 2008	A-13	60,200		60,200	
Sale of Municipal Assets - 2009	A-11	130,000		130,000	
Hotel Occupancy Tax	A-11	75,000		63,165	(11,835)
Sewer Connection - Little Ferry BORO	A-11	19,125		49,962	30,837
Total Miscellaneous Revenues	A-1	1,928,136	6,000	1,942,863	8,727
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	5,553,128	-	5,657,764	104,636
Total Budget Revenues	A-3	\$ 8,006,264	\$ 6,000	8,125,627	\$ 113,363
Non-Budget Revenue	A-1, A-2			82,954	
				<u>\$ 8,208,581</u>	

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-9	\$ 13,260,763
Allocated to		
School, County and Open Space Taxes	A-16, A-17	<u>7,701,357</u>
		5,559,406
 Add: Appropriation for Reserve for Uncollected Taxes	 A-3	 <u>98,358</u>
 Balance for Supporting Municipal Budget Appropriations	 A-2	 <u>\$ 5,657,764</u>
 Non-Budget Revenue		
Sale of Recyclables		\$ 4,708
Cable Television Franchise Fees		10,481
Motor Vehicle Inspection Fines		212
NJMC Tax Sharing		28,459
Insurance Premium Refunds		4,750
Poll Booth Rentals		40
Pension Refunds		1,412
LOSAP Contributions Returned		8,315
Rebates		5
Recreation Fees		4,215
Snow Plow Reimbursements - County of Bergen		6,280
Teterboro Traffic Light Electricity		415
Outside Police Employment - Administrative Fees		3,961
Outside Police Employment - Vehicle Charges		4,590
Veterans and Senior Administrative Fees		665
Bergen County Sewer Connection Initiative		1,348
Excess Municipal Court Bail Monies		990
Firehouse Insurance Reimbursement		1,040
Excess REAP Credit		497
Protested Check Fees		180
Miscellaneous		<u>391</u>
		 <u>\$ 82,954</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
Mayor and Township Committee					
Salaries and Wages	\$ 13,500	\$ 13,500	\$ 13,500		
Other Expenses	2,000	2,000	903	\$ 1,097	
Municipal Clerk					
Salaries and Wages	145,600	145,600	139,279	6,321	
Other Expenses	40,000	41,250	34,960	6,290	
Financial Administration					
Salaries & Wages	78,000	84,400	81,734	2,666	
Other Expenses	5,000	5,000	4,716	284	
Audit Services					
Other Expenses	39,000	39,000	4,250	34,750	
Revenue Administration					
Salaries and Wages	20,000	20,000	18,646	1,354	
Other Expenses	7,300	7,300	6,797	503	
Tax Assessment Administration					
Other Expenses	3,000	3,000	2,125	875	
Revaluation of Real Property		75,000	75,000		
Legal Services and Costs					
Salaries and Wages	40,000	40,000	40,000		
Other Expenses	50,000	35,000	11,271	23,729	
Engineering Services & Costs					
Other Expenses	10,000	15,000	12,532	2,468	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	3,100	3,100	2,712	388	
Other Expenses	5,000	5,000	4,789	211	
Zoning Board of Adjustment					
Salaries & Wages	3,100	3,100	2,712	388	
Other Expenses	5,000	4,000	3,008	992	

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<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" (Continued)					
GENERAL GOVERNMENT FUNCTIONS					
(Continued)					
Insurance					
Unemployment Insurance	\$ 100	\$ 100		\$ 100	
Liability Insurance (SBJIF)	103,311	103,311	\$ 91,683	11,628	
Workmen's Compensation Insurance (SBJIF)	147,172	147,172	146,860	312	
Employee Group Insurance	690,000	690,000	668,416	21,584	
Municipal Court					
Salaries and Wages	66,000	66,000	65,540	460	
Other Expenses	9,000	9,000	7,911	1,089	-
Subtotal General Government	<u>1,485,183</u>	<u>1,556,833</u>	<u>1,439,344</u>	<u>117,489</u>	<u>-</u>
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,435,000	2,435,000	2,387,175	47,825	
Other Expenses	55,000	55,000	53,778	1,222	
Police Dispatch/911					
Salaries and Wages	137,000	137,000	125,801	11,199	
Other Expenses	700	700	568	132	
Office of Emergency Management					
Salaries and Wages	6,552	6,552	4,625	1,927	
Other Expenses	2,000	2,000	747	1,253	
Aid to Volunteer Fire Companies					
Other Expenses	60,000	60,000	55,965	4,035	
Aid to Volunteer Ambulance Companies					
Salaries and Wages	6,813	6,813	6,218	595	
Other Expenses	15,000	15,100	14,341	759	
Fire Department					
Salaries and Wages	53,000	53,000	49,013	3,987	
Other Expenses	45,000	45,000	41,113	3,887	
Death Benefit	9,000	9,000	9,000		
Municipal Prosecutor					
Salaries and Wages	7,500	7,500	7,500		
Public Defender					
Salaries and Wages	5,000	5,000	5,000	-	-
Subtotal Public Safety	<u>2,837,565</u>	<u>2,837,665</u>	<u>2,760,844</u>	<u>76,821</u>	<u>-</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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>	
PUBLIC WORKS FUNCTIONS					
STREETS AND ROADS					
Streets and Road Maintenance					
Salaries & Wages	\$ 550,000	\$ 550,000	\$ 515,178	\$ 34,822	
Other Expenses	55,000	61,100	54,119	6,981	
Solid Waste Collection					
Other Expenses	123,312	123,312	123,312		
Public Buildings and Grounds					
Other Expenses	40,000	50,000	47,566	2,434	
Vehicle Maintenance					
Other Expenses	80,000	71,550	33,735	37,815	
Dump Fees					
Other Expenses	110,000	110,000	84,014	25,986	
Other Expenses - Tax	1,050	1,050	247	803	-
Subtotal Streets and Roads	<u>959,362</u>	<u>967,012</u>	<u>858,171</u>	<u>108,841</u>	<u>-</u>
HEALTH AND WELFARE					
Public Health Services					
Salaries and Wages	7,332	8,232	7,507	725	
Other Expenses	17,104	17,104	17,104		
Animal Control					
Other Expenses	4,500	4,500	3,418	1,082	-
Subtotal Health and Welfare	<u>28,936</u>	<u>29,836</u>	<u>28,029</u>	<u>1,807</u>	<u>-</u>
RECREATION AND EDUCATION					
Recreation Services and Programs					
Salaries and Wages	19,950	19,950	18,398	1,552	
Other Expenses	25,000	26,800	23,468	3,332	-
Subtotal Recreation and Education	<u>44,950</u>	<u>46,750</u>	<u>41,866</u>	<u>4,884</u>	<u>-</u>
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	10,000	10,000	8,201	1,799	-
Subtotal Other Common Operating Functions	<u>10,000</u>	<u>10,000</u>	<u>8,201</u>	<u>1,799</u>	<u>-</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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>	
CODE ENFORCEMENT AND ADMINISTRATION					
Salaries and Wages	\$ 52,600	\$ 55,500	\$ 51,689	\$ 3,811	
Other Expenses	3,000	2,300	1,183	1,117	-
Subtotal Code Enforcement	<u>55,600</u>	<u>57,800</u>	<u>52,872</u>	<u>4,928</u>	<u>-</u>
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	77,000	72,000	52,290	19,710	
Street Lighting	41,000	41,000	35,953	5,047	
Telephone	22,000	22,000	14,418	7,582	
Water	3,000	3,000	1,557	1,443	
Gasoline	65,000	60,200	37,397	22,803	-
Subtotal Unclassified	<u>208,000</u>	<u>198,200</u>	<u>141,615</u>	<u>56,585</u>	<u>-</u>
Total Operations Within "CAPS"	<u>5,629,596</u>	<u>5,704,096</u>	<u>5,330,942</u>	<u>373,154</u>	<u>-</u>
Detail:					
Salaries and Wages	3,650,047	3,660,247	3,542,227	118,020	-
Other Expenses	1,979,549	2,043,849	1,788,715	255,134	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	270,000	270,000	243,395	26,605	
Public Employees Retirement System of NJ	98,162	98,162	98,162		
Police and Firemen's Retirement System of NJ	482,661	482,661	482,661	-	-
Subtotal Deferred Charges & Statutory	<u>850,823</u>	<u>850,823</u>	<u>824,218</u>	<u>26,605</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>850,823</u>	<u>850,823</u>	<u>824,218</u>	<u>26,605</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,480,419</u>	<u>6,554,919</u>	<u>6,155,160</u>	<u>399,759</u>	<u>-</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
OTHER COMMON OPERATING FUNCTIONS					
H.M.D.C. Tax Sharing					
Other Expenses	\$ 268,221	\$ 268,221	\$ 268,221		
Reserve for Tax Appeals					
Other Expenses	44,000	44,000	44,000		
Length of Services Awards Program (LOSAP)	<u>38,124</u>	<u>38,124</u>	<u>38,124</u>	-	-
Subtotal Other Common Operating Functions	<u>350,345</u>	<u>350,345</u>	<u>350,345</u>	-	-
Utility Expenses and Bulk Purchases					
Sewerage Processing and Disposal					
Other Expenses	<u>585,422</u>	<u>585,422</u>	<u>583,924</u>	\$ 1,498	-
Subtotal Utility Expenses and Bulk Purchases	<u>585,422</u>	<u>585,422</u>	<u>583,924</u>	1,498	-
Interlocal Municipal Service Agreements					
Borough of Ridgfield-911 Emergency Service	2,000	2,000	1,687	313	
Borough of Hasbrouck heights - Tax Assessing Services	<u>14,000</u>	<u>14,500</u>	<u>14,000</u>	500	-
Total Interlocal Municipal Services Agreements	<u>16,000</u>	<u>16,500</u>	<u>15,687</u>	813	-

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>	
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
			<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Public and Private Programs Offset by					
Revenues					
Recycling Tonnage Grant	\$ 17,954	\$ 17,954	\$ 17,954		
Body Armor Fund	1,659	1,659	1,659		
Drunk Driving Enforcement Fund	3,475	3,475	3,475		
Over the Limit Under Arrest		6,000	6,000		
NJ Meadowlands Commission	100,000	100,000	100,000		
NJ Meadowlands Commission - Downtown Revitalization	26,300	26,300	26,300		
BC Prosecutor-Forfeiture Funds	11,118	11,118	11,118		
Click-It or Ticket	4,000	4,000	4,000		
Green Communities Grant:					
State Share	3,000	3,000	3,000		
Local Share	1,500	1,500	1,500		
Private Donation - BCCT Adult School	3,000	3,000	3,000	-	-
Total Public and Private Programs Offset by Revenues	<u>172,006</u>	<u>178,006</u>	<u>178,006</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,123,773</u>	<u>1,130,273</u>	<u>1,127,962</u>	<u>\$ 2,311</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	80,200	80,200	80,200	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>80,200</u>	<u>80,200</u>	<u>80,200</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Anticipation Notes and Capital Notes	75,000	75,000	75,000		
Interest on Notes	45,720	45,720	45,720		
Green Trust Loan Program Loan Repayments for Principal and Interest	99,794	99,794	97,450	-	\$ 2,344
Total Municipal Debt Service - Excluded from "CAPS"	<u>220,514</u>	<u>220,514</u>	<u>218,170</u>	<u>-</u>	<u>2,344</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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" Special Emergency Authorizations - 5 years (N.J.S. 40A4-55)	\$ 3,000	\$ 3,000	\$ 3,000	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,427,487</u>	<u>1,433,987</u>	<u>1,429,332</u>	\$ 2,311	\$ 2,344
Subtotal General Appropriations	7,907,906	7,988,906	7,584,492	402,070	2,344
Reserve for Uncollected Taxes	<u>98,358</u>	<u>98,358</u>	<u>98,358</u>	-	-
Total General Appropriations	<u>\$ 8,006,264</u>	<u>\$ 8,087,264</u>	<u>\$ 7,682,850</u>	<u>\$ 402,070</u>	<u>\$ 2,344</u>
	A-2			A	
	<u>Reference</u>				
Budget as Adopted	A-2	\$ 8,006,264			
Added by N.J.S. 40A:4-87	A-2	6,000			
Special Emergency Appropriation	A-23	<u>75,000</u>			
		<u>\$ 8,087,264</u>			
Cash Disbursed	A-4		\$ 7,035,236		
Encumbrances Payable	A-14		231,750		
Due to General Capital Fund	C-4		80,200		
Transfer to Reserve for Appropriated Grants	A-18		178,006		
Transfer to Reserve for Revaluation	A-12		12,300		
Transfer to Reserve for Tax Appeals	A-19		44,000		
Deferred Charges	A-23		3,000		
Reserve for Uncollected Taxes	A-2		<u>98,358</u>		
			<u>\$ 7,682,850</u>		

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2009 AND 2008**

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 1,275	\$ 1,249
		<u>1,275</u>	<u>1,249</u>
OTHER TRUST FUND			
Cash	B-1	495,247	412,765
Due from Current Fund	B-6	-	541
		<u>495,247</u>	<u>413,306</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>32,118</u>	<u>29,001</u>
RECREATION TRUST FUND			
Cash	B-1	<u>9,869</u>	<u>7,871</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	233,756	159,907
Contribution Receivable	B	<u>36,712</u>	<u>-</u>
		<u>270,468</u>	<u>159,907</u>
Total Assets		<u>\$ 808,977</u>	<u>\$ 611,334</u>

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2009 AND 2008**

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-4	\$ 643	\$ 643
Due to State of New Jersey	B-2	68	
Reserve for Animal Control Expenditures	B-3	<u>564</u>	<u>606</u>
		<u>1,275</u>	<u>1,249</u>
OTHER TRUST FUND			
Reserve for Escrow Funds	B-5	489,466	413,428
Payroll Deductions Payable	B-9	7,552	(122)
Accrued Salaries and Wages	B-11	<u>(1,771)</u>	<u>-</u>
		<u>495,247</u>	<u>413,306</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-8	907	
Reserve for Unemployment Compensation Claims	B-7	<u>31,211</u>	<u>29,001</u>
		<u>32,118</u>	<u>29,001</u>
RECREATION TRUST FUND			
Reserve for Recreation Expenditures	B-10	<u>9,869</u>	<u>7,871</u>
		<u>9,869</u>	<u>7,871</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>270,468</u>	<u>159,907</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 808,977</u>	<u>\$ 611,334</u>

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Cash	C-2,C-3	\$ 606,974	\$ 465,415
Grant Receivables	C-7	199,402	234,260
Due from Current Fund	C-4	122,621	42,421
Deferred Charges to Future Taxation			
Funded	C-5	858,989	932,068
Unfunded	C-6	<u>2,327,283</u>	<u>2,173,783</u>
 Total Assets		 <u>\$ 4,115,269</u>	 <u>\$ 3,847,947</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Contracts Payable	C-10	\$ 577,042	\$ 431,086
Improvement Authorization			
Funded	C-8	37,098	63,328
Unfunded	C-8	731,987	505,012
Loans Payable	C-11	858,989	932,068
Bond Anticipation Notes	C-9	1,764,000	1,839,000
Capital Improvement Fund	C-12	112,900	44,200
Fund Balance	C-1	<u>33,253</u>	<u>33,253</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 4,115,269</u>	 <u>\$ 3,847,947</u>

There were bonds and notes authorized but not issued of \$563,283 and \$334,783 on December 31, 2009 and 2008, respectively. (Exhibit C-13).

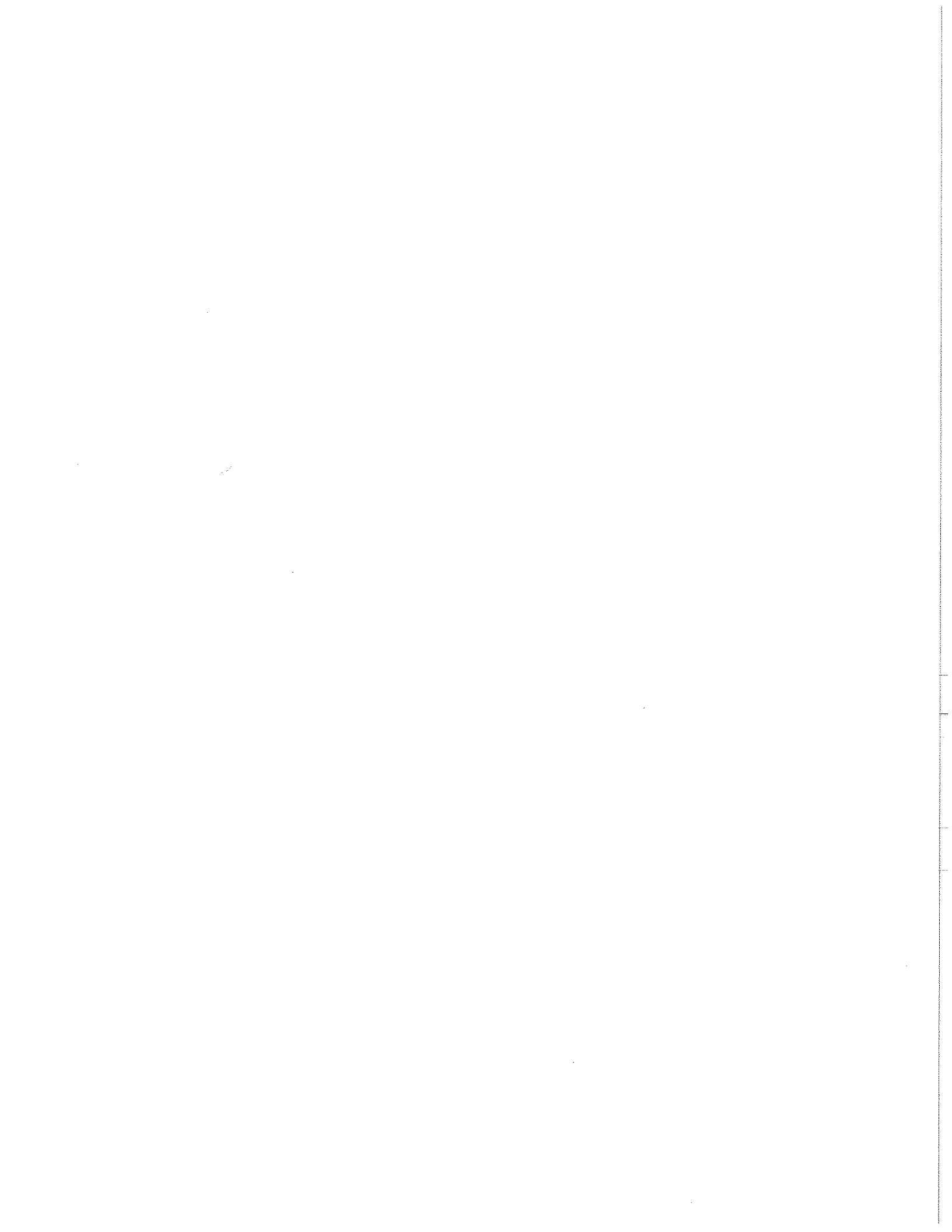
TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
Balance, January 1	C	\$ <u>33,253</u>	\$ <u>33,253</u>
Balance, December 31	C	\$ <u>33,253</u>	\$ <u>33,253</u>

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Land	\$ 1,753,100	\$ 1,753,100
Buildings and Building Improvements	193,200	193,200
Machinery and Equipment	<u>3,140,319</u>	<u>3,041,606</u>
	<u>\$ 5,086,619</u>	<u>\$ 4,987,906</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 5,086,619</u>	<u>\$ 4,987,906</u>

NOTES TO FINANCIAL STATEMENTS



**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of South Hackensack 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 Township 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.

A. Reporting Entity

The Township of South Hackensack (the "Township") was incorporated in 1935 and operates under an elected Committee form of government. The Township'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 Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township 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 Township do not include the volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Township 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 Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

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

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 Township 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 Township as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Recreation Fund - This fund is used to account for the resources and expenditures for recreation activities.

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

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.

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

The Township of South Hackensack 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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The more significant differences are as follows:

Property Tax Revenues - 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 June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. 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 Township 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 Township 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.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township'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 - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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 Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

Other Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2009 the Township Committee increased the original budget by \$81,000. The increase was attributable to a special emergency resolution for the revaluation of real property and additional aid allotted to the Township. The 2008 original budget was not increased by the Township Committee. In addition, the Township Committee approved several budget transfers during 2009 and 2008.

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.

TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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.

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.

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

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

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.

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.

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

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

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

General Fixed Assets (Continued)

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 are not capitalized.

Fixed Assets purchased after December 31, 1990 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1990 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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 Township 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.

Reclassifications - Certain reclassifications have been made to the December 31, 2008 balances to conform to the December 31, 2009 presentation.

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 Township'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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements

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 Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

NOTE 2 DEPOSITS AND INVESTMENTS

The Township 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.

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township 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 maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At December 31, 2009 and 2008, the book value of the Township's deposits were \$3,491,936 and \$3,233,449 and bank and brokerage firm balances of the Township's deposits amounted to \$3,484,259 and \$3,296,641, respectively. The Township'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>2009</u>	<u>2008</u>
Insured	<u>\$ 3,484,259</u>	<u>\$ 3,296,641</u>

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 Township does not have a formal policy for custodial credit risk. None of the Township’s deposits were exposed to custodial credit risk.

Investments

The Township 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, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2009 and 2008, the Township had the following investments:

	<u>Fair Value</u>	
	<u>2009</u>	<u>2008</u>
Investment:		
Length of Service Award Program	\$ 233,756	\$ 159,907

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2009 and 2008, \$233,756 and \$159,907 of the Township’s investments was exposed to custodial credit risk as follows:

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 233,756	\$ 159,907
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Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing it’s exposure to fair value losses arising from increasing interest rates.

The fair value of the above-listed investments were based on quoted market prices.

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

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2009 and 2008 consisted of the following:

<u>Current</u>	<u>2009</u>	<u>2008</u>
Tax Title Liens	<u>\$1,769</u>	<u>\$1,059</u>

In 2009 and 2008, the Township did not collect any monies from the outstanding tax title liens.

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

	<u>2009</u>	<u>2008</u>
Issued		
General		
Notes and Loans	\$2,622,989	\$2,771,068
Less Funds Temporarily Held to Pay Bonds and Notes	_____	_____
Net Debt Issued	2,622,989	2,771,068
Authorized But Not Issued		
General		
Bonds and Notes	<u>563,283</u>	<u>334,783</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$3,186,272</u>	<u>\$3,105,851</u>

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 4 MUNICIPAL DEBT (Continued)

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .45% and .48% at December 31, 2009 and 2008, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 3,186,272		\$ 3,186,272
School Debt	<u>7,615,000</u>	<u>\$ 7,615,000</u>	<u>-</u>
Total	<u>\$ 10,801,272</u>	<u>\$ 7,615,000</u>	<u>\$ 3,186,272</u>
<u>2008</u>			
General Debt	\$ 3,105,851		\$ 3,105,851
School Debt	<u>8,000,000</u>	<u>\$ 8,000,000</u>	<u>-</u>
Total	<u>\$ 11,105,851</u>	<u>\$ 8,000,000</u>	<u>\$ 3,105,851</u>

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

	<u>2009</u>	<u>2008</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 24,697,267	\$ 22,857,959
Net Debt	<u>3,186,272</u>	<u>3,105,851</u>
Remaining Borrowing Power	<u>\$ 21,510,995</u>	<u>\$ 19,752,108</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 4 MUNICIPAL DEBT (Continued)

General Intergovernmental Loans Payable

The Township has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing relating to the Drainage Improvements to Green Street. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2009</u>	<u>2008</u>
\$720,000, 2000 Loans, due in annual installments of \$35,000 to \$55,000 through August 1, 2020, interest at 2.0%	\$ 490,000	\$ 525,000
\$721,280, 2000 Loans, due in annual installments of \$1,901 to \$37,002 through August 1, 2020, interest at 2.0%	<u>368,989</u>	<u>407,068</u>
	<u>\$ 858,989</u>	<u>\$ 932,068</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2009 is as follows:

Calendar <u>Year</u>	<u>General Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 72,002	\$ 25,138	\$ 97,140
2011	70,925	23,388	94,313
2012	77,926	21,637	99,563
2013	76,695	19,638	96,333
2014	75,464	17,637	93,101
2015-2019	429,077	54,168	483,245
2020	<u>56,900</u>	<u>2,887</u>	<u>59,787</u>
Total	<u>\$ 858,989</u>	<u>\$ 164,493</u>	<u>\$ 1,023,482</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years 2009 and 2008 were as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>2009</u>					
General Capital Fund					
Intergovernmental Loans Payable	\$ 932,068	\$ -	\$ 73,079	\$ 858,989	\$ 72,002
	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>	Due Within <u>One Year</u>
<u>2008</u>					
General Capital Fund					
Intergovernmental Loans Payable	\$ 997,994	\$ -	\$ 65,926	\$ 932,068	\$ 73,079

Short-Term Debt

The Township's short-term capital debt activity for the years 2009 and 2008 was as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 1,839,000	\$ 1,764,000	\$ 1,839,000	\$ 1,764,000
	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 1,380,053	\$ 1,839,000	\$ 1,380,053	\$ 1,839,000

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2009 and 2008.

	Balance December 31, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	193,200			193,200
Machinery and Equipment	<u>3,041,606</u>	<u>\$ 98,713</u>	<u>-</u>	<u>3,140,319</u>
	<u>\$ 4,987,906</u>	<u>\$ 98,713</u>	<u>\$ -</u>	<u>\$ 5,086,619</u>

	Balance December 31, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	193,200			193,200
Machinery and Equipment	<u>3,041,606</u>	<u>-</u>	<u>-</u>	<u>3,041,606</u>
	<u>\$ 4,987,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,987,906</u>

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2009</u>		<u>2008</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular	\$ 643	\$ 122,621	\$ 643	\$ 42,962
Trust Fund:				
Animal Control		643		643
Other Trust			541	
General Capital Fund	<u>122,621</u>	<u>-</u>	<u>42,421</u>	<u>-</u>
	<u>\$ 123,264</u>	<u>\$ 123,264</u>	<u>\$ 43,605</u>	<u>\$ 43,605</u>

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

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

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2009</u>	Utilized in Subsequent Year's Budget		Fund Balance December 31, <u>2008</u>	Utilized in Subsequent Year's Budget
Current Fund					
Cash Surplus	\$ 1,083,983	\$ 573,000	(A)	\$ 1,119,992	\$ 525,000
Non-Cash Surplus	<u>239,630</u>	<u>-</u>		<u>191,757</u>	<u>-</u>
	<u>\$ 1,323,613</u>	<u>\$ 573,000</u>		<u>\$ 1,311,749</u>	<u>\$ 525,000</u>

(A) The above fund balance amount appropriated represents the surplus anticipated in the 2010 introduced municipal budget as amended. The 2010 municipal budget has not been legally adopted as of the date of audit.

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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:

	Balance, <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2009</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$84,000</u>	<u>\$18,000</u>	<u>\$66,000</u>
<u>2008</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$12,000</u>	<u>\$3,000</u>	<u>\$9,000</u>

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime 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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 9 COMPENSATED ABSENCES (Continued)

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$580,000 and \$566,000 at December 31, 2009 and 2008, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township 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 June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, 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 and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

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 Township 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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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 and are considered in the annual actuarial calculation of the required contributions for the system.

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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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/pension.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports 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.

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provides an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS and PFRS for payments due in State fiscal year 2009. This law also provides that a local employer may pay 100 percent of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS and PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

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 based on 5.5% for PERS, 8.50% for PFRS and 5.5% for DCRP of employees' annual compensation.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. The Township is allowed to payoff the deferred pension obligations at any time. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

During the years ended December 31, 2009, 2008 and 2007, the Township was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2009	\$ 482,661	\$ 98,162
2008	426,321	83,008
2007	386,201	63,458

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Township provides a post-employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined healthcare plan administered by the Township. In accordance with Township employment contracts and personnel policies, the Township provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree’s spouse and/or dependents ends upon the death of the retiree.

Funding Policy

The Township funds its post-retirement medical benefits on a pay-as-you-go basis. For the year 2009 the Township paid \$98,928 for post-retirement health coverage premiums for eligible retirees and their dependents. The amount the Township paid in 2008 for post-retirement medical benefits was not available.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 12 RISK MANAGEMENT

The Township of South Hackensack is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). 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 BJIIF and MEL coverage amounts are on file with the Township.

The Township is also a member of the Bergen County Municipal Employees Benefit Fund (BMED). This fund is an insured and self-administered group established for the sole purpose of providing medical and dental insurance coverage to the employees of member municipalities. The BMED is a risk-sharing public entity pool. The provided coverage amounts are on file with the Borough.

The relationship between the Township 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 Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

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

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

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

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009		\$ 3,597	\$ 1,387	\$ 31,211
2008	\$ 100	3,375	24	29,001
2007	100	4,440	1,502	25,550

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 13 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. The Township is currently a defendant in a lawsuit with three South Hackensack police officers. The Township Committee revised the Police Department organization structure, which eliminated the position the plaintiff's previously held. A temporary restraining order was entered. The plaintiff's have alleged a violation of the law against discrimination, civil rights complaint and a breach of contract. They seek mandatory compensation and counsel fees. This case is in the preliminary phase, and the Township Counsel is unable at this time to predict the outcome of this lawsuit. Except as noted above, in the opinion of the Township's Attorney, there are no other potential claims against the Township not covered by insurance policies that would materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2009 and 2008. Amounts claimed have not yet been determined. The Township 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 Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2009 and 2008, the Township reserved \$267,763 and \$295,459, 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 Township 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 Township may be required to reimburse the grantor government. As of December 31, 2009 and 2008, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The Township 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, 2009 and 2008, the Township had no estimated arbitrage earnings due to the IRS.

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

The Township of South Hackensack Length of Service Award Program (the Plan) was created by a Township ordinance adopted on August 9, 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 Township of South Hackensack approved the adoption of the Plan at the general election held on November 6, 2001.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

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 Township 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 Township of South Hackensack has contributed \$1,412 for 2009 and 2008 for each eligible volunteer fire department and volunteer first aid squad member into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township 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 Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

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

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

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township 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 Township's Trust Fund.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>2009</u>	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
	Improvements to Calicooneck Road	\$132,161	2010

NOTE 17 SUBSEQUENT EVENTS

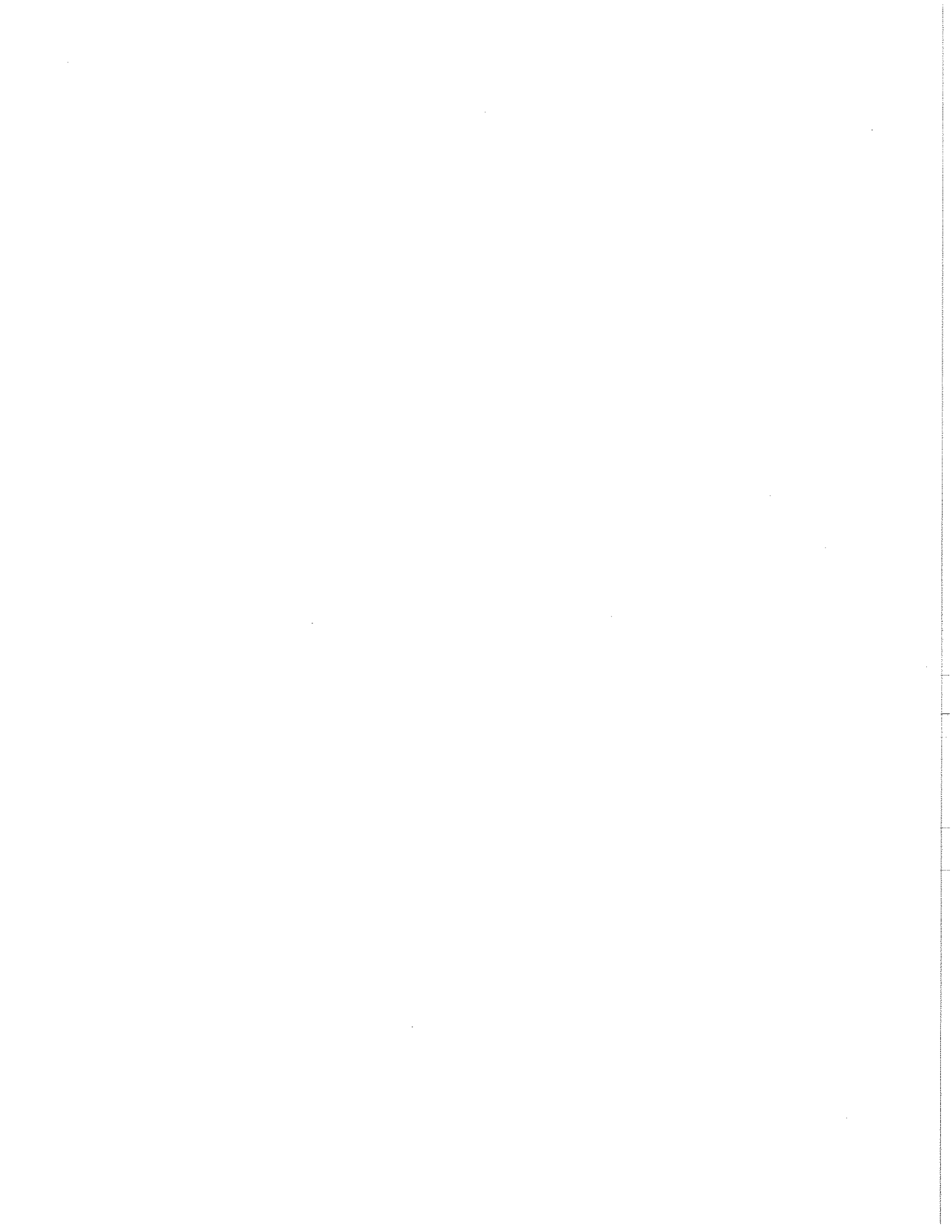
Bond Anticipation Notes

On February 19, 2010 the Township issued Bond Anticipation Notes in the amount of \$1,946,000 to temporarily finance expenditures related to various capital projects. The Township has awarded the sale of said notes to TD Bank, N.A. at an interest rate of .86%. These notes dated February 19, 2010 will mature on February 18, 2011.

Debt Authorized

On May 13, 2010 the Township adopted a Bond Ordinance authorizing the issuance of \$158,500 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND



TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF CURRENT CASH - COLLECTOR - TREASURER

Balance, December 31, 2008		\$ 2,316,792
Increased by Receipts:		
Taxes Receivable	\$ 13,167,221	
Non-Budget Revenue	82,954	
Due from State of New Jersey - Senior Citizens' and Veterans'	33,247	
Revenue Accounts Receivable	1,706,157	
Prepaid Taxes	117,913	
Health Fees	425	
DCA Training Fees	3,940	
Unappropriated Reserves - Grants	16,023	
Grants Receivable	164,964	
Miscellaneous Reserves and Deposits	<u>834</u>	
		<u>15,293,678</u>
		17,610,470
Decreased by Disbursements:		
2009 Budget Appropriations	7,035,236	
2008 Appropriation Reserves	189,541	
Petty Cash Fund	300	
Encumbrances Payable	72,009	
County Taxes Payable	1,439,948	
Local District School Taxes Payable	6,257,992	
DCA Training Fees Payable	3,626	
Health Fees Payable	375	
Refund of Prior Year Revenue	79	
Appropriated Grant Reserves	193,174	
Payments to Other Trust Fund	541	
Reserve for Tax Appeals	<u>71,696</u>	
		<u>15,264,517</u>
Balance, December 31, 2009		<u>\$ 2,345,953</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF CHANGE FUND**

	Balance, December 31, <u>2008</u>	Balance, December 31, <u>2009</u>
Finance Office	\$ 100	\$ 100
Municipal Court	<u>100</u>	<u>100</u>
	<u>\$ 200</u>	<u>\$ 200</u>

STATEMENT OF PETTY CASH

	Balance, December 31, <u>2008</u>	<u>Increased</u>	Balance, December 31, <u>2009</u>
Finance Office	\$ -	\$ 300	\$ 300
	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, <u>2008</u>	Revenue <u>Realized</u>	<u>Received</u>	Cancelled to <u>Operations</u>	Balance December 31. <u>2009</u>
Bergen County Prosecutor- Forfeiture Funds	\$ 12,711	\$ 11,118	\$ 11,118	\$ 12,136	\$ 575
NJMC- Municipal Assistance Program	100,000	100,000	99,995	5	100,000
Green Communities Grant		3,000			3,000
Over the Limit Under Arrest		6,000	6,000		
Click-It-or Ticket		4,000	4,000		
Private Donation - BCCT		3,000	3,000		
NJMC - Downtown Revitalization		26,300			26,300
NJMC - COAH Planning	1,606		1,606		
NJMC - Fair Share Housing Assistance	45,000		19,245		25,755
NJMC - Stormwater	440			440	
NJMC - Acquisition of Hybrid Vehicle	20,000	-	20,000	-	-
	<u>\$ 179,757</u>	<u>\$ 153,418</u>	<u>\$ 164,964</u>	<u>\$ 12,581</u>	<u>\$ 155,630</u>

EXHIBIT A-8

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

Increased by:			
Received in Cash from State		\$ 33,247	
Veteran's Disallowed by Tax Collector-2009 Taxes		<u>1,253</u>	
			\$ 34,500
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		13,500	
Veterans' Deductions Per Tax Billings		20,250	
Senior Citizens' /Veterans' Deductions Allowed by Tax Collector - 2009 Taxes		<u>750</u>	
			<u>34,500</u>
Balance, December 31, 2009			<u>\$ -</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2008	2009 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2008	2009	Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Remitted or Cancelled	Balance, December 31, 2009
2009	\$ -	\$ 13,283,076	\$ 1,253	\$ 60,295	\$ 13,167,221	\$ 34,500	\$ 726	\$ 21,587	\$ -

Analysis of 2009 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 13,251,682
Added Taxes (R.S. 54:4-36.1 et. seq.)	<u>31,394</u>
	\$ 13,283,076

Tax Levy	
Local District School Tax	\$ 6,257,995
County Tax	1,364,848
County Open Space Preservation	75,100
County Tax for Added Taxes	<u>3,414</u>
	7,701,357

Local Tax for Municipal Purposes	5,553,128
Add Additional Tax Levy	<u>28,591</u>
	5,581,719
	<u>\$ 13,283,076</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2008	\$ 1,059
Increased by:	
Transferred from 2009 Taxes	726
	1,785
Decreased by:	
Cancellation	16
Balance, December 31, 2009	\$ 1,769

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2008</u>	<u>Accrued</u>	Collected <u>2009</u>	Balance, December 31, <u>2009</u>
Licenses				
Alcoholic Beverage		\$ 15,846	\$ 15,846	
Other		63,927	63,927	
Fees and Permits		8,445	8,445	
Construction Code Official				
Fees and Permits		49,628	49,628	
Municipal Court				
Fines and Costs		130,807	123,798	\$ 7,009
Interest on Investments and Deposits		6,432	6,432	
Interest and Costs on Taxes		20,055	20,055	
Energy Receipts Tax		451,278	451,278	
Consolidated Municipal Property Tax Relief		146,776	146,776	
Uniform Fire Safety Act		37,235	37,235	
Well Charges		13,554	13,554	
Sewer Charges		327,571	327,571	
Biodegradable and Suspended Solids		174,085	174,085	
Sale of Municipal Assets		130,000	130,000	
Hotel Occupancy Tax		63,165	63,165	
Sewer Connection - Little Ferry Borough		49,962	49,962	
Cellular Tower Lease	-	24,400	24,400	-
	-	\$ 1,713,166	\$ 1,706,157	\$ 7,009

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF 2008 APPROPRIATION RESERVES**

	Balance December 31, <u>2008</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages						
Municipal Clerk's Office	\$ 634		\$ 5,200	\$ 5,834	\$ 5,702	\$ 132
Financial Administration	609		2,400	3,009	2,803	206
Revenue Administration	108		800	908	890	18
Planning Board	58		60	118	118	
Zoning Board of Adjustment	115		10	125	120	5
Code Enforcement			1,579	1,579	1,213	366
Municipal Court	82		3,300	3,382	3,050	332
Police Department	59,014		(22,416)	36,598	14,354	22,244
Police Dispatch 911	755		7,500	8,255	8,047	208
Office of Emergency Management	1,842			1,842	180	1,662
Aid to Volunteer Ambulance Companies	84		200	284	224	60
Fire Department	1,833			1,833	1,107	726
Prosecutor			300	300		300
Streets and Roads	47,645			47,645	38,686	8,959
Vehicle Maintenance	130		1,500	1,630		1,630
Public Health Services	37		550	587	530	57
Public Defender			200	200		200
Recreation Services and Programs	665	-	-	665	462	203
	<u>113,611</u>	<u>-</u>	<u>1,183</u>	<u>114,794</u>	<u>77,486</u>	<u>37,308</u>
Other Expenses						
Mayor and Township Committee	382			382		382
Municipal Clerk's Office	11,594			11,594	3,973	7,621
Financial Administration	3,852			3,852	150	3,702
Audit Services	35,000			35,000	34,500	500
Revenue Administration	1,387			1,387	267	1,120
Tax Assessment Administration	671			671		671
Legal Services and Costs	50,677			50,677	2,929	47,748
Engineering Services and Costs	351		7,800	8,151	7,800	351
Planning Board	2,042		(1,000)	1,042	331	711
Zoning Board of Adjustment	3,413	\$ 1,718	(3,000)	2,131		2,131
Workers Compensation	25,880			25,880	7,598	18,282
Employee Group Insurance	47,491	14,468	(14,468)	47,491		47,491
Police Department	1,684		3,000	4,684	3,487	1,197
Police Dispatch/911	330			330		330
Office of Emergency Management	550	270		820		820
Aid to Volunteer Fire Companies	5,514	2,338	(1,000)	6,852		6,852
Aid to Volunteer Ambulance Companies	1,086			1,086		1,086
Fire Department	7,838		1,000	8,838	1,364	7,474
Streets and Roads Maintenance	15,048	39		15,087		15,087
Solid Waste Collection		8,910		8,910		8,910
Public Buildings and Grounds	6,919		5,000	11,919	5,000	6,919
Vehicle Maintenance	4,577			4,577	1,218	3,359
Dump Fees	34,505			34,505	15,816	18,689
Public Health Services	2,443			2,443		2,443
Animal Control	194			194		194

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF 2008 APPROPRIATION RESERVES**

	Balance December 31, <u>2008</u>	Encumbrances Cancelled	Transfers	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed
Other Expenses (Continued)						
Recreation Services and Programs	\$ 156			\$ 156		\$ 156
Celebration of Public Events	72			72	\$ 72	
Accumulated Leave Compensation	10,858			10,858	10,064	794
Code Enforcement and Administration	647			647	272	375
Utilities:						
Gasoline	11,914			11,914	227	11,687
Electricity	26,609			26,609	8,753	17,856
Street Lighting	3,901			3,901	3,414	487
Telephone	8,987			8,987		8,987
Water	1,576			1,576	128	1,448
Social Security	33,965			33,965	3,599	30,366
Municipal Court	415		\$ 1,000	1,415	1,093	322
Sewerage Processing and Disposal	6,500			6,500		6,500
Boro of Hasbrouck Heights - Assessor			485	485		485
County of Bergen-911 Emergency Service	313	-	-	313	-	313
	<u>369,341</u>	<u>\$ 27,743</u>	<u>(1,183)</u>	<u>395,901</u>	<u>112,055</u>	<u>283,846</u>
	<u>\$ 482,952</u>	<u>\$ 27,743</u>	<u>\$ -</u>	<u>\$ 510,695</u>	<u>\$ 189,541</u>	<u>\$ 321,154</u>

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS

	Balance, December 31, <u>2008</u>	Transfer from 2009 Budget Appropriations	Cash Receipts	Applied to 2009 Anticipated Revenues	Balance, December 31, <u>2009</u>
Library State Aid	\$ 1,877		\$ 834		\$ 2,711
Sale of Assets	60,200			\$ 60,200	
Revaluation	-	\$ 12,300	-	-	12,300
	<u>\$ 62,077</u>	<u>\$ 12,300</u>	<u>\$ 834</u>	<u>\$ 60,200</u>	<u>\$ 15,011</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2008		\$ 99,752
Increased by:		
Charges to 2009 Appropriations		<u>231,750</u>
		331,502
Decreased by:		
Payables Restored to 2008 Appropriation Reserves	\$ 27,743	
Cash Disbursements	<u>72,009</u>	
		<u>99,752</u>
Balance, December 31, 2009		<u>\$ 231,750</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, December 31, 2008		\$ 60,295
Increased by:		
Collection of 2010 Taxes		<u>117,913</u>
		178,208
Decreased by:		
Applied to 2009 Taxes Receivable		<u>60,295</u>
Balance, December 31, 2009		<u>\$ 117,913</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF LOCAL SCHOOL TAXES PAYABLE**

Increased by:		
Levy, Calendar Year 2009		\$ 6,257,995
Decreased by:		
Payments		<u>6,257,992</u>
Balance, December 31, 2009		<u>\$ 3</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
General Levy	\$ 1,364,848	
Open Space Tax	75,100	
Added and Omitted Taxes	<u>3,414</u>	
		\$ 1,443,362
Decreased by:		
Payments		<u>1,439,948</u>
Balance, December 31, 2009		<u>\$ 3,414</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS**

	Balance, December 31, <u>2008</u>	2009 <u>Budget</u>	Cancelled <u>to Operations</u>	<u>Expended</u>	Balance, December 31, <u>2009</u>
Drunk Driving Enforcement Fund	\$ 1,493	\$ 3,475	\$ 4,152	\$ 816	
Recycling Tonnage Grant	14,465	17,954		771	\$ 31,648
Body Armor Fund	3,034	1,659	3,692	695	306
Alcohol Education Rehabilitation Fund	2,009			582	1,427
NJ State Police SLAHEOP	2,406		2,406		
NJMC Stormwater	1,187		1,187		
Click It Or Ticket		4,000		4,000	
Over The Limit Under Arrest		6,000		6,000	
NJ Liveable Community Grant	3,177		3,177		
Private Donation - Grant Supplies	3,000				3,000
Private Donation - BCCT		3,000			3,000
Domestic Violence	2,299		2,299		
Clean Communities	8,000				8,000
Green Communities - State Share		3,000		2,250	750
Green Communities - Local Share		1,500			1,500
BCUA Municipal Recycling Assistance	9,534			4,572	4,962
Smart Growth	363		363		
Bergen County Prosecutor	12,482	11,118	11,903	11,697	
NJMC Downtown Revitalization		26,300		26,085	215
NJMC Municipal Assistance Program	1,957	100,000	530	101,427	
NJMC Fair Share Housing Assistance	43,771			14,279	29,492
NJMC Acquisition of Hybrid Vehicle	20,000	-	-	20,000	-
	<u>\$ 129,177</u>	<u>\$ 178,006</u>	<u>\$ 29,709</u>	<u>\$ 193,174</u>	<u>\$ 84,300</u>

EXHIBIT A-19

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2008	\$ 295,459
Increased by:	
2009 Budget Appropriation	<u>44,000</u>
	339,459
Decreased by:	
Cash Disbursements	<u>71,696</u>
Balance, December 31, 2009	<u>\$ 267,763</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS**

	Balance, December 31, <u>2008</u>	Cash <u>Receipts</u>	Appropriated <u>in 2009</u>	Balance, December 31, <u>2009</u>
Recycling Tonnage Grant	\$ 17,954	\$ 11,418	\$ 17,954	\$ 11,418
Body Armor	1,659		1,659	
Clean Communities Program		4,000		4,000
Drunk Driving Enforcement	<u>3,475</u>	<u>605</u>	<u>3,475</u>	<u>605</u>
	<u>\$ 23,088</u>	<u>\$ 16,023</u>	<u>\$ 23,088</u>	<u>\$ 16,023</u>

EXHIBIT A-21

STATEMENT OF HEALTH FEES PAYABLE

Balance, December 31, 2008	\$ 50
Increased by:	
Cash Receipts	<u>425</u>
	475
Decreased by:	
Cash Disbursements	<u>375</u>
Balance, December 31, 2009	<u>\$ 100</u>

EXHIBIT A-22

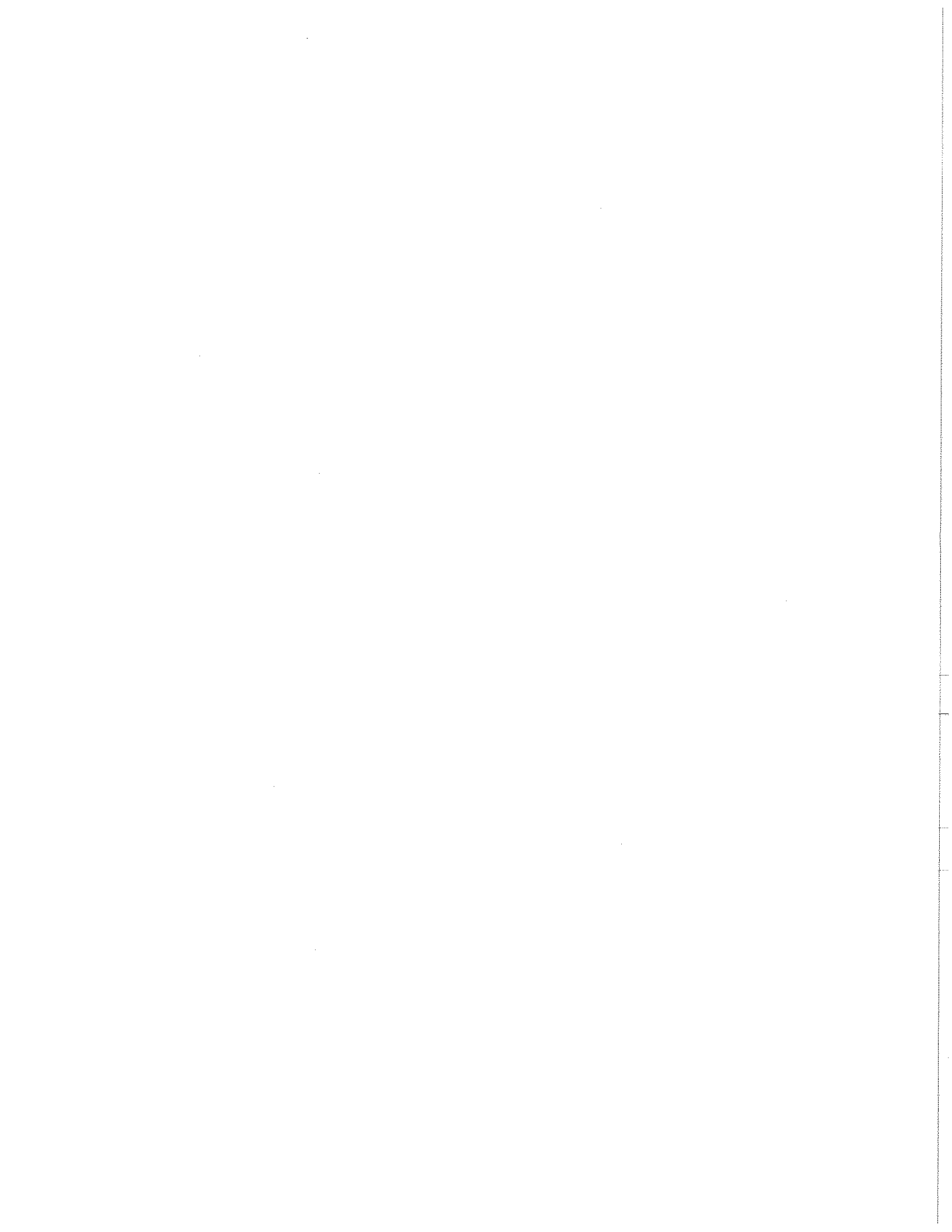
STATEMENT OF DCA TRAINING FEES PAYABLE

Balance, December 31, 2008	\$ 1,188
Increased by:	
Cash Receipts	<u>3,940</u>
	5,128
Decreased by:	
Cash Disbursements	<u>3,626</u>
Balance, December 31, 2009	<u>\$ 1,502</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF DEFERRED CHARGES
N.J.S. 40A:4-55.3 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Purpose</u>	Net Amount Authorized	1/5 of Net Amount Authorized	Balance, December 31, 2008	2009 Authorization	Reduced by 2009 Budget	Balance, December 31, 2009
Master Plan Revaluation	\$ 15,000	\$ 3,000	\$ 12,000	\$ 75,000	\$ 3,000	\$ 9,000
	75,000	15,000	-	-	-	75,000
			<u>\$ 12,000</u>	<u>\$ 75,000</u>	<u>\$ 3,000</u>	<u>\$ 84,000</u>

TRUST FUNDS



TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF TRUST CASH - COLLECTOR-TREASURER

	Animal Control	Other Trust	Unemployment Insurance Trust	Recreation Trust
Balance, December 31, 2008	\$ 1,249	\$ 412,765	\$ 29,001	\$ 7,871
Increased by Receipts:				
Animal Control Fees	\$ 265			
Due to State of NJ - Animal Control Fees	68			
Escrow Deposits Received		\$ 261,910		
Employee Contributions			\$ 3,597	\$ 3,182
Recreations Fees				
Accrued Salaries and Wages		2,314,226		
Payroll Deductions		2,231,364		
Receipt from Current Fund	-	541	-	-
	<u>333</u>	<u>4,808,041</u>	<u>3,597</u>	<u>3,182</u>
Decreased by Disbursements:				
Due to State of NJ	1,582		32,598	11,053
Expenditures Under R.S. 4:19-15.11	307		480	
Escrow Deposits Disbursed		185,872		
Payroll Deductions		2,223,690		
Accrued Salaries and Wages		2,315,997		
Recreation Expenditures	-	-	-	1,184
	<u>307</u>	<u>4,725,559</u>	<u>480</u>	<u>1,184</u>
Balance, December 31, 2009	<u>\$ 1,275</u>	<u>\$ 495,247</u>	<u>\$ 32,118</u>	<u>\$ 9,869</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FEES**

Increased by:	
State Fees Collected	\$ <u>68</u>
Balance, December 31, 2009	\$ <u>68</u>

EXHIBIT B-3

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2008	\$ 606
Increased by:	
Animal Control Fees Collected	<u>265</u>
	871
Decreased by:	
Animal Control Expenditures	<u>307</u>
Balance, December 31, 2009	\$ <u>564</u>

EXHIBIT B-4

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

Balance, December 31, 2008	\$ <u>643</u>
Balance, December 31, 2009	\$ <u>643</u>

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF RESERVE FOR ESCROW FUNDS
OTHER TRUST FUND

Balance, December 31, 2008	\$ 413,428
Increased by:	
Developers and Escrow Deposits	<u>261,910</u>
	675,338
Decreased by:	
Disbursements	<u>185,872</u>
Balance, December 31, 2009	<u>\$ 489,466</u>

	<u>Analysis</u>	
Developer's Escrow		\$ 243,220
Developer's Escrow -Forsgate		7,230
Developer's Escrow -FEDEX Ground		31,638
Developer's Escrow -Park Avenue Motors		32,622
COAH		129,583
Scholarships		<u>45,173</u>
		<u>\$ 489,466</u>

STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2008	\$ 541
Decreased by:	
Receipts from Current Fund	<u>541</u>
Balance, December 31, 2009	<u>\$ -</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2008	\$	29,001
Increased by:		
Employee Contributions		<u>3,597</u>
		32,598
Decreased by:		
Unemployment Insurance Claims		<u>1,387</u>
Balance, December 31, 2009	\$	<u><u>31,211</u></u>

EXHIBIT B-8

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

Increased by:		
Unemployment Insurance Claims	\$	1,387
Decreased by:		
Payments to State of New Jersey		<u>480</u>
Balance, December 31, 2009	\$	<u><u>907</u></u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2008 (Deficit)	\$ (122)
Increased by:	
Payroll Withholdings	<u>2,231,364</u>
	2,231,242
Decreased by:	
Payroll Deduction Disbursements	<u>2,223,690</u>
Balance, December 31, 2009	<u>\$ 7,552</u>

STATEMENT OF RESERVE FOR RECREATION EXPENDITURES

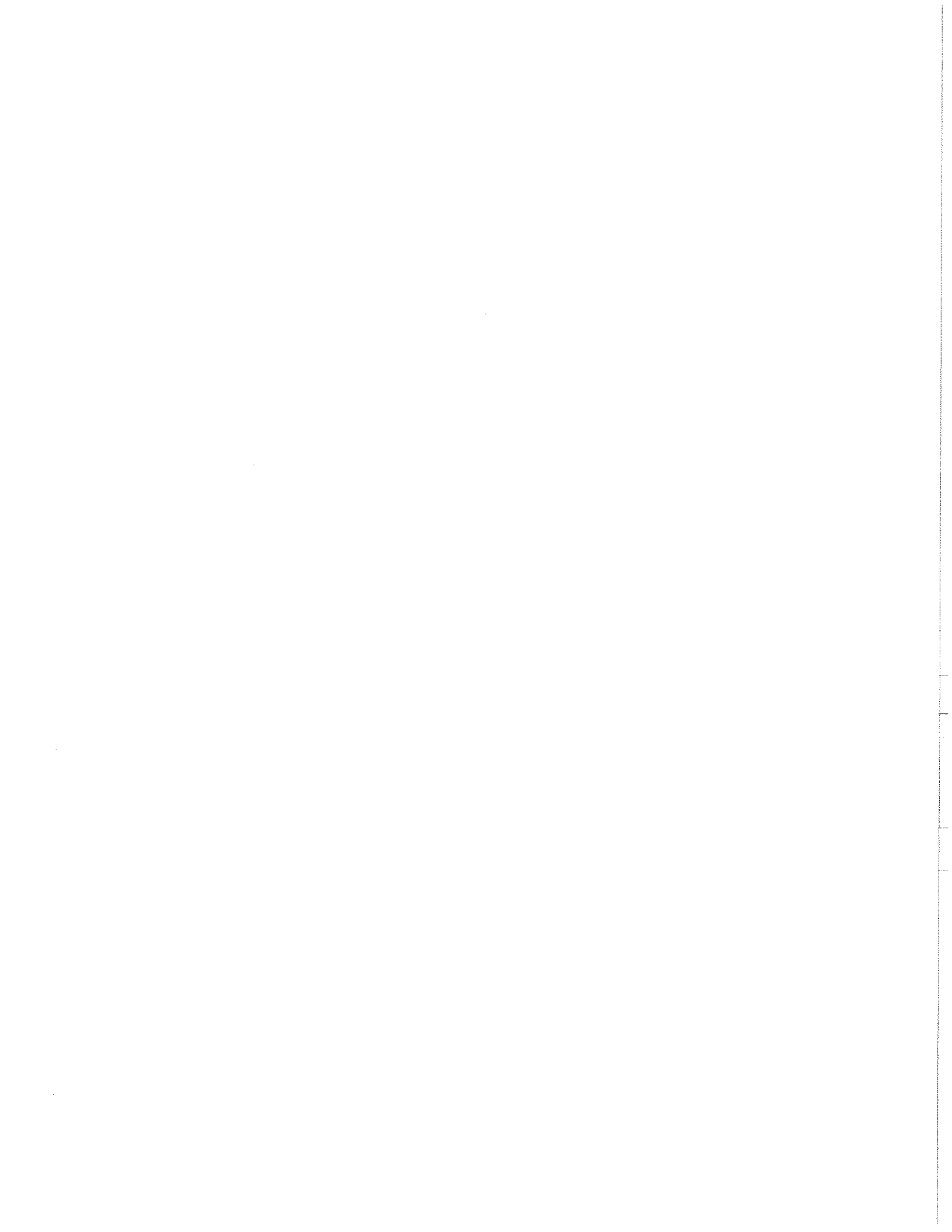
Balance, December 31, 2008	\$ 7,871
Increased by:	
Recreation Fees Collected	<u>3,182</u>
	11,053
Decreased by:	
Program Expenditures	<u>1,184</u>
Balance, December 31, 2009	<u>\$ 9,869</u>

STATEMENT OF ACCRUED SALARIES AND WAGES

Increased by:	
Transfer from Current Fund	\$ 2,314,226
Decreased by:	
Net Payroll Disbursements	<u>2,315,997</u>
Balance, December 31, 2009	<u>\$ (1,771)</u>

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GENERAL CAPITAL FUND



**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF GENERAL CAPITAL CASH - COLLECTOR - TREASURER**

Balance, December 31, 2008	\$ 465,415
Increased by Receipts:	
Grants/Other Receivable	<u>234,858</u>
	700,273
Decreased by Disbursements:	
Improvement Authorizations	<u>93,299</u>
Balance, December 31, 2009	<u>\$ 606,974</u>

**TOWNSHIP OF SOUTH HACKENSACK
ANALYSIS OF GENERAL CAPITAL CASH
DECEMBER 31, 2009**

Fund Balance	\$ 33,253
Capital Improvement Fund	112,900
Intergovernmental Receivable	(199,402)
Due from Current Fund	(122,621)
Contracts Payable	577,042
Ordinance	
<u>Number</u>	<u>Improvement Authorizations</u>
	(9,897)
	(6,265)
	(639)
	(9,029)
97-10	(6,282)
1-99/8-00/19-0	(1,131)
99-14	(2,539)
02-05	(62,721)
03-10	705
03-18	3,719
03-13	25,656
04-06	56,396
05-04	31,738
05-12	104,938
07-07	21,758
07-09	35,438
08-07	(6,745)
09-08	30,702
	<u>606,974</u>
	\$ 606,974

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF DUE FROM CURRENT FUND**

Balance, December 31, 2008	\$	42,421
Increased by:		
Budget Appropriation - Capital Improvement Fund		<u>80,200</u>
Balance, December 31, 2009	\$	<u>122,621</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2008	\$	932,068
Decreased by:		
2009 Budget Appropriation to Pay Loans		<u>73,079</u>
Balance, December 31, 2009	\$	<u>858,989</u>

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Analysis of Balance, December 31, 2009

Ordinance Number	Improvement Description	Balance, December 31, 2008	2009 Authorizations	Notes Paid by Budget Appropriation	Balance, December 31, 2009	Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
		\$	\$	\$	\$	\$	\$	\$
	Improvement of Calloneck Road	9,897			9,897		9,897	
	Resurface Green Street	6,265			6,265		6,265	
	Resurface Vreeland Avenue	639			639		639	
	Barrier Free Park Improvements	9,029			9,029		9,029	
	Barrier Free Curbs	6,282			6,282		6,282	
97-10								
11-99/8-00/19-01	Reconstruct. Huyler St. Pump Station PHIIA	151,131		3,000	148,131	147,000	1,131	
99-14	Resurface Phillips Ave Phase II	68,539		17,000	51,539	49,000	2,539	
01-14	Repaving of Leuning Street Between Green and Huyler	52,000		5,000	47,000	47,000		
02-05	Acquisition of Real Property/Additional Funds	62,721			62,721			
02-07	Improvement to Schriener Street	13,000		3,000	10,000	10,000		
02-20	Acquisition of Fire Ladder Engine	319,000		22,000	297,000	297,000		
02-25	Various Public Improvements	12,000		5,000	7,000	7,000		
03-10	Road Resurfacing Program	195,000			195,000	195,000		
03-13	Acquisition of Vehicles	128,580		17,000	111,580	99,000		12,580
03-18	Acquisition of Communications Equipment	38,000			38,000	38,000		
04-06	Improvement of E. Wesley and Wesley Streets	74,900			74,900	41,000		30,900
05-04	Improvement of Green Street	52,300		3,000	52,300	52,300		
05-12	Various Public Improvements	438,000			438,000	292,300		145,700
07-07	Improvements to Vreeland Ave	51,400			51,400	51,400		
07-09	Acquisition of New Pumper Fire Engine	438,000			438,000	438,000		
08-07	Various Public Improvements	47,100			47,100		6,745	40,355
09-08	Improvement to Calicooneck Road	-			228,500			228,500
		\$ 2,173,783	\$ 228,500	\$ 75,000	\$ 2,327,283	\$ 1,764,000	\$ 105,248	\$ 458,035

Improvement Authorizations - Unfunded		Anticipation Notes	Ordinance #	Amount
Less: Unexpended Proceeds of Bond				
		03-10	705	
		03-13	25,656	
		03-18	3,719	
		04-06	50,000	
		05-04	31,738	
		05-12	104,938	
		07-07	21,758	
		07-09	35,438	
				273,952
				\$ 731,987

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF GRANTS/OTHER RECEIVABLE**

	NJ Department of Transportation				City of Hackensack	
	Ord. No. 04-06	Ord. No. 05-04	Ord. No. 07-07	Ord. No. 08-07	Ord. No. 07-07	Ord. No. 08-07
Total						
Balance, December 31, 2008	\$ 234,260	\$ 46,287	\$ 2,370	\$ 54,699	\$ 50,000	\$ 18,000
Increased By:						
Grant Awards	200,000	-	-	-	-	-
Decreased By:						
Receipts	434,260	46,287	2,370	54,699	50,000	18,000
	234,858	-	-	42,833	37,500	-
Balance, December 31, 2009	\$ 199,402	\$ 46,287	\$ 2,370	\$ 11,866	\$ 12,500	\$ 18,000

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Note	Amount of Original Note	Issue	Date of Maturity	Interest Rate	Balance, December 31, 2008	Increased	Decreased	Balance, December 31, 2009	
11-99/08-00/ 09-01/19-01	Reconst. Huyler St., Pump Station - Phase IIa	12/14/2001	\$ 166,600	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	\$ 150,000	\$ 147,000	\$ 150,000	\$ 147,000	
99-14	Resurface Phillips Avenue - Phase II	3/7/2001	100,000	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	66,000	49,000	66,000	49,000	
01-14	Repaving of Leuning Street	7/15/2003	110,700	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	52,000	47,000	52,000	47,000	
02-07	Improvement to Schrieffer Street	7/15/2003	81,800	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	13,000	10,000	13,000	10,000	
02-20	Acquisition of Fire Ladder Engine	7/15/2003	30,400	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	319,000	297,000	319,000	297,000	
02-25	Various Public Improvements	7/15/2003	13,380	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	12,000	7,000	12,000	7,000	
03-10	Road Resurfacing Program	2/22/2007	195,000	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	195,000	195,000	195,000	195,000	
03-13	Acquisition of Vehicles	7/15/2004	150,000	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	116,000	99,000	116,000	99,000	
03-18	Acquisition of Communications Equip.	2/22/2007	38,000	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	38,000	38,000	38,000	38,000	
04-06	Impvt. OF E. Wesley and Wesley St.	7/15/2004	50,000	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	44,000	41,000	44,000	41,000	
05-04	Impvt. To Green Street	2/22/2007	52,300	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	52,300	52,300	52,300	52,300	
05-12	Various Public Improvements	2/22/2007	138,000	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	292,300	292,300	292,300	292,300	
07-07	Improvements to Vreeland Avenue	2/22/2008	51,400	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	51,400	51,400	51,400	51,400	
07-09	Acquisition of New Pumper Fire Truck	2/22/2008	438,000	2/22/2008 2/20/2009	2/20/2009 2/19/2010	2.50 2.49	438,000	438,000	438,000	438,000	
							\$ 1,839,000	\$ 1,764,000	\$ 1,839,000	\$ 1,764,000	
							Paid by Budget Appropriation		\$ 75,000		
							Renewals		\$ 1,764,000		
							\$ 1,764,000	\$ 1,839,000			

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2008	\$	431,086
Increased by:		
Charges to 2009 Improvement Authorizations		152,083
		583,169
Decreased by:		
Cancelled		6,127
Balance, December 31, 2009	\$	577,042

EXHIBIT C-11

STATEMENT OF LOANS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Balance, December 31, 2008</u>	<u>Decreased</u>	<u>Balance, December 31, 2009</u>
NJEIT Loan - A	10/15/2000	\$ 720,000	\$ 525,000	\$ 35,000	\$ 490,000
NJEIT Loan - B	10/15/2000	721,280	407,068	38,079	368,989
			\$ 932,068	\$ 73,079	\$ 858,989

EXHIBIT C-12

STATEMENT OF CAPITAL IMPROVEMENT FUND

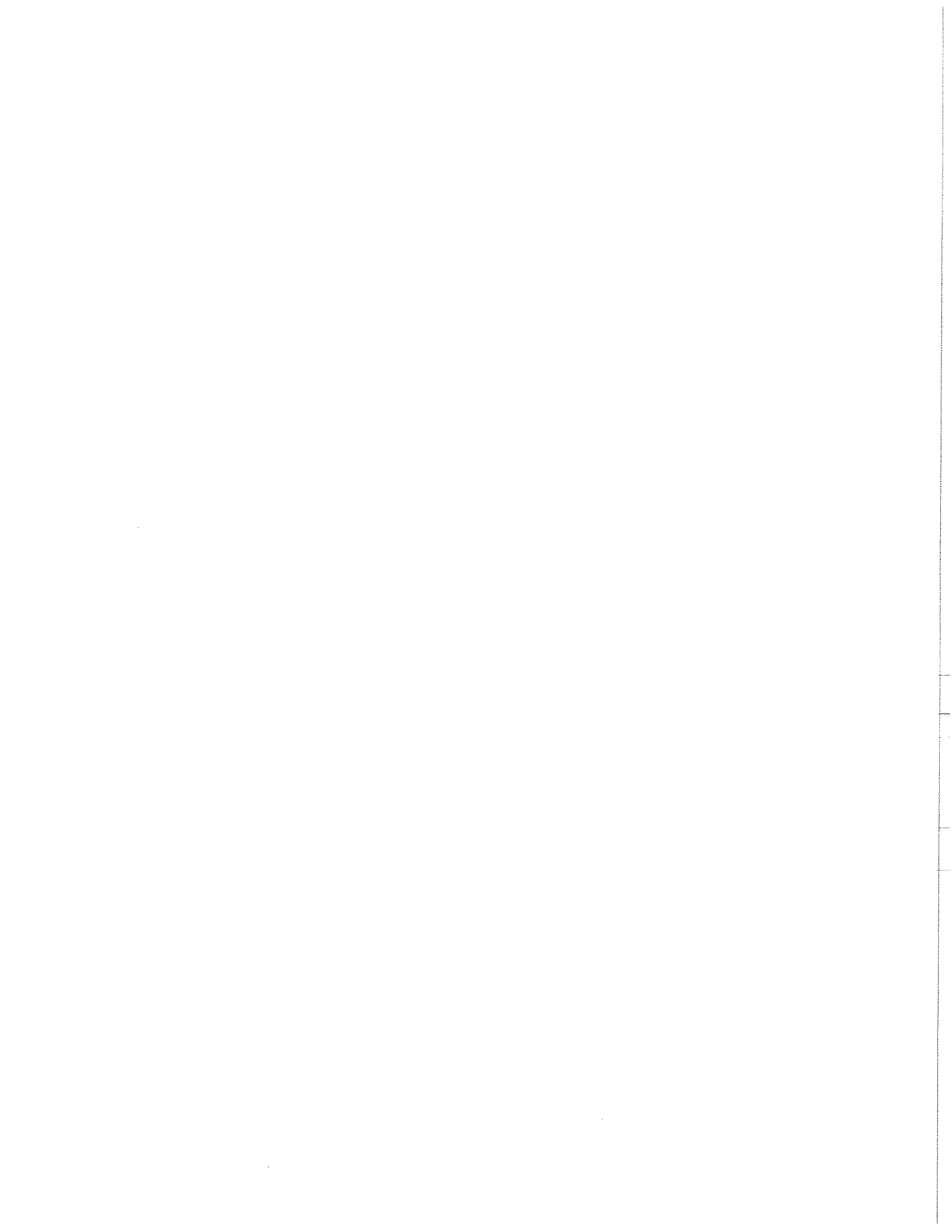
Balance, December 31, 2008	\$	44,200
Increased by:		
Current Fund Budget Appropriation		80,200
		124,400
Decreased by:		
Appropriated to Finance Improvement Authorizations		11,500
Balance, December 31, 2009	\$	112,900

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance, December 31, 2008	2009 Authorizations	Balance, December 31, 2009
	Improvement to Calicooneck Road	\$ 9,897		\$ 9,897
	Resurface Green Street	6,265		6,265
	Resurface Vreeland Avenue	639		639
	Barrier Free Park Improvements	9,029		9,029
97-10	Barrier Free Curbs	6,282		6,282
99-14	Resurface Philips Ave Phase II	2,539		2,539
1-99/08-00/				
09-01/19-0	Reconstruct Huyler Street Pump Station	1,131		1,131
02-05	Acquisition of Real Property/Additional Funds	62,721		62,721
03-13	Acquisition of Vehicles	12,580		12,580
04-06	Improvement of E. Wesley and Wesley Street	30,900		30,900
05-12	Various Public Improvements	145,700		145,700
08-07	Various Public Improvements	47,100		47,100
09-08	Improvement to Calicooneck Road	-	\$ 228,500	228,500
		<u>\$ 334,783</u>	<u>\$ 228,500</u>	<u>\$ 563,283</u>

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**TOWNSHIP OF SOUTH HACKENSACK
COUNTY OF BERGEN
PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2009**



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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

Honorable Mayor and Members
of the Township Committee
South Hackensack, New Jersey

We have audited the financial statements – regulatory basis of the Township of South Hackensack as of and for the year ended December 31, 2009, and have issued our report thereon dated July 15, 2010 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Trust Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of South Hackensack's internal control over financial reporting as a basis for designing our auditing procedures 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 Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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 Township's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and responses as item 2009-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

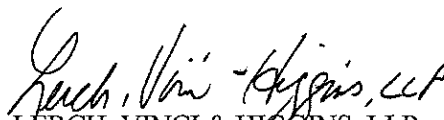
Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Township of South Hackensack's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as item 2009-1.

We also noted certain matters that we reported to management of the Township of South Hackensack in Part III of this report of audit entitled "Letter of Comments and Recommendations".

The Township of South Hackensack's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Township's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
July 15, 2010

**TOWNSHIP OF SOUTH HACKENSACK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2009**

State Grant Program	Grant Number	2009 Grant Receipts	Grant Amount	Grant Year	Balance, January 1, 2009	Revenue	Expended	Cancelled/ Adjustments	Balance, December 31, 2009	Cumulative Expended
State of NJ - Department of Community Affairs										
Smart Growth Grant	Not Available	\$ 14,430	2006	2006	\$ 362			\$ (362)		\$ 14,430
NJ Livable Communities	Not Available	39,690	2006	2006	3,177			(3,177)		39,690
State of NJ - Department of Environmental Protection										
Recycling Tonnage Grant	4900-752-042-4900	8,519	2006	2006	5,009		\$ 771	1	\$ 4,239	4,280
Recycling Tonnage Grant	4900-752-042-4900	9,455	2008	2008	9,455				9,455	
Recycling Tonnage Grant	4900-752-042-4900	17,954	2008	2008		\$ 17,954			17,954	
Clean Communities Program	4900-752-042-4900	4,000	2007	2007	4,000				4,000	
Clean Communities Program	4900-752-042-4900	4,000	2008	2008	4,000				4,000	
Green Communities Program	Not Available	3,000	2009	2009		3,000	2,250		750	2,250
State of NJ - Department of Law and Public Safety										
Body Armor Replacement Program	1020-718-066-1020	1,228	2006	2006	1,228			(1,228)		1,228
Body Armor Replacement Program	1020-718-066-1020	1,806	2008	2008	1,806			(1,806)		1,806
Body Armor Replacement Program	1020-718-066-1020	1,659	2008	2008		1,659	695	(658)	306	1,353
NJ State Police - SLAHEOP	Not Available	2,406	2006	2006	2,406			(2,406)		2,406
Domestic Violence Grant	Not Available	2,295	2006	2006	2,299			(2,299)		2,295
Drunk Driving Enforcement Fund	Not Available	2,777	2006	2006	1,494			(1,494)		2,777
Drunk Driving Enforcement Fund	Not Available	3,475	2008	2008		3,475	816	(2,659)		3,475
State of NJ - Department of Justice										
Alcohol Education Rehabilitation Fund	054-7555-100-003	2,203	2006	2006	2,009		582	-	1,427	776
					\$ 37,245	\$ 26,088	\$ 5,114	\$ (16,088)	\$ 42,131	

The above schedule is not subject to a State Single Audit as defined by OMB Circular-04-04.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2009**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 10,000	\$ 26,088	\$ 36,088
General Capital Fund	<u>200,000</u>	<u>-</u>	<u>200,000</u>
 Total Financial Awards	 <u>\$ 210,000</u>	 <u>\$ 26,088</u>	 <u>\$ 236,088</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2009**

NOTE 5 STATE LOANS OUTSTANDING

The Township's state loans outstanding at December 31, 2009, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
NJEIT – Loan A	\$490,000
NJEIT – Loan B	<u>368,989</u>
	<u>\$858,989</u>

**TOWNSHIP OF SOUTH HACKENSACK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements Unqualified

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)? X yes none

Noncompliance material to the financial statements noted? X yes no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**TOWNSHIP OF SOUTH HACKENSACK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

This section identifies 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*.

Current Year Findings

Finding 2009-1 - Our audit revealed that contracts awarded by the governing body were not always encumbered in a timely manner.

Criteria or specific requirement – N.J.A.C. 5:30-5.2, “Encumbrance Systems”.

Condition – There were contracts totalling \$194,861 in the Current and General Capital Funds which were not encumbered in the Township’s December 31, 2009 financial records.

Cause – A purchase order was not issued nor encumbered upon award of certain Current and General Capital Fund contracts.

Effect – The financial statements have been adjusted for liabilities determined to be unrecorded at December 31, 2009.

Recommendation – All contracts be encumbered when awarded by the governing body.

Response – Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

TOWNSHIP OF SOUTH HACKENSACK

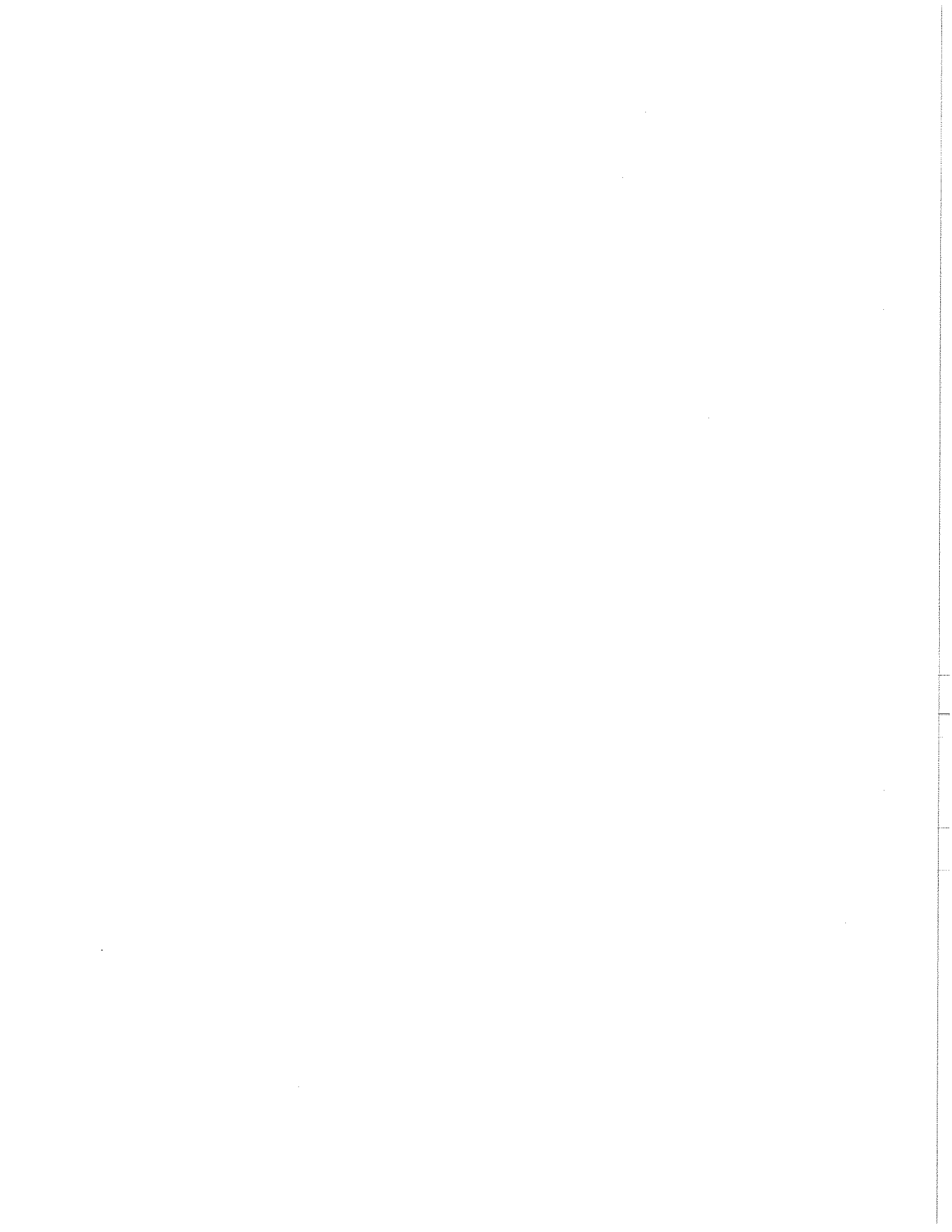
COUNTY OF BERGEN

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2009



**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

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

	<u>Year 2009</u>		<u>Year 2008</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 525,000	3.25 %	\$ 487,937	3.05 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,025,817	12.53	2,576,274	16.12
Collection of Delinquent Taxes and Tax Title Liens			365	0.01
Collection of Current Tax Levy	13,260,763	82.05	12,673,032	79.29
Other Credits	<u>350,863</u>	<u>2.17</u>	<u>245,774</u>	<u>1.53</u>
Total Income	<u>16,162,443</u>	<u>100.00</u> %	<u>15,983,382</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	7,986,562	50.87 %	8,240,623	53.35 %
County Taxes	1,443,362	9.19	1,254,513	8.12
Regional School Taxes	6,257,995	39.86	5,943,746	38.48
Other Expenditures	<u>12,660</u>	<u>0.08</u>	<u>7,004</u>	<u>0.05</u>
Total Expenditures	<u>15,700,579</u>	<u>100.00</u> %	<u>15,445,886</u>	<u>100.00</u> %
Excess in Revenue	461,864		537,496	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>75,000</u>		<u>-</u>	
Statutory Excess to Fund Balance	536,864		537,496	
Fund Balance, January 1	<u>1,311,749</u>		<u>1,262,190</u>	
Less Utilization as Anticipated Revenue	<u>525,000</u>		<u>487,937</u>	
Fund Balance, December 31	<u>\$ 1,323,613</u>		<u>\$ 1,311,749</u>	

**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Tax Rate</u>	<u>\$3.458</u>	<u>\$3.282</u>	<u>\$3.120</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.448	1.393	1.328
County	.357	.309	.260
County Open Space	.020	.018	.010
Local School District	1.633	1.562	1.522
<u>Assessed Valuation</u>			
2009	<u>\$383,218,118</u>		
2008		<u>\$380,512,120</u>	
2007			<u>\$382,057,348</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>
2009	\$ 13,283,076	\$ 13,260,763	99.83%
2008	12,621,725	12,599,233	99.82%
2007	11,932,039	11,861,596	99.41%

**TOWNSHIP OF SOUTH HACKENSACK
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 Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2009	\$ 1,769	0.01%
2008	1,059	0.01%
2007	556	0.01%

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2009	\$1,323,613	\$ 573,000 (1)
	2008	1,311,749	525,000
	2007	1,262,190	487,937
	2006	1,340,941	450,000
	2005	854,830	300,000

(1) The above fund balance amount appropriated represents the surplus anticipated in the 2010 introduced municipal budget as amended. The 2010 municipal budget has not been legally adopted as of the date of audit.

**TOWNSHIP OF SOUTH HACKENSACK
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>	<u>Corporate Surety</u>
Rosina Romano	Mayor		
Gene Borman	Deputy Mayor		
James Anzevino	Committee Member		
Gregorio Maceri	Committee Member		
Walter Eckel, Jr.	Committee Member		
Linda LoPiccolo	Township Clerk	\$1,000,000	A
Rosemarie Giotis	Chief Financial Officer	1,000,000	A
Loretta D'Ambrosio	Treasurer – 1/1/09-10/31/09	1,000,000	A
Durene Ayer	Treasurer – 11/1/09-12/31/09	1,000,000	A
Mary Terraccino	Tax Collector	1,000,000	A
Boswell McClave	Township Engineer	1,000,000	A
David V. Nasta	Township Attorney	1,000,000	A
George Reggo	Tax Assessor	1,000,000	A
Michael Frew	Police Chief	1,000,000	A
Vince A. Sicari, Esq.	Magistrate	1,000,000	A
Diane Brando	Court Administrator	1,000,000	A

	<u>Face Value</u>	<u>Bond Number</u>	<u>Issued by</u>	<u>Position Covered</u>	<u>Period Covered</u>
A	\$1,000,000	N/A	Bergen County Municipal Joint Insurance Fund	Township of South Hackensack Township of South Hackensack Volunteer Fire Department Township of South Hackensack Municipal Library	1/1/09 - 12/31/09

**TOWNSHIP OF SOUTH HACKENSACK
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

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

Prior Year Findings – Unresolved

Our audit of the municipal court revealed that at December 31, 2009 there were 36 tickets assigned but not issued which are more than six months old. It is recommended that tickets assigned and not issued which are greater than six months old be recalled.

At December 31, 2009, there are several capital ordinances with a deficit cash balance. These ordinances are over five years old, and where the projects have been completed. It is recommended that the Township appropriate sufficient funds to eliminate the cash deficits for capital ordinances over five years old.

Current Year

Our audit revealed that there remains outstanding certain General Capital Fund grant receivables. It is recommended that the various grant receivable balances be reviewed to determine their collectability, and if necessary written off.

Our audit revealed the beginning balances in the Current Fund, General Capital Fund and Other Trust Fund general ledgers did not agree to the prior year audit balances. It is recommended that Current Fund, General Capital Fund and Other Trust Fund general ledger beginning balances be recorded and in agreement with the audit balances.

Our audit of the expenditures noted that in certain instances, goods or services were ordered prior to the issuance of a purchase order. It is recommended that the encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.

Our audit revealed that the contract with the Township's outside payroll service provided is not in compliance with the Division of Local Government Services Finance Notice regarding electronic disbursements. It is recommended that the Township review the payroll service provider contract to ensure that it is in compliance with the Division of Local Government Local Finance Service.

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

NJS 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 whereof 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 \$29,000, except by contract or agreement."

The Purchasing Agent and the Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$29,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel'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.

**TOWNSHIP OF SOUTH HACKENSACK
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

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

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

- Improvements to Hoffman St and First St.
- Acquisition of DPW Vehicle
- Improvements to Calicooneck Road
- Acquisition of Police Vehicle

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. The Township does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal instances where expenditures were made in excess of \$25,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

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

The following resolution authorizes the rate of interest to be charged on municipal charges:

WHEREAS, the governing body may, pursuant to statute, fix the rate of interest to be charged for the non-payment of taxes, assessments and municipal charges, and to prescribe penalties for delinquencies;

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of South Hackensack as follows:

- 1) All prior resolutions concerning the rate of interest to be charged for the non-payment of taxes, assessments or municipal charges are hereby rescinded.
- 2) The rate of interest to be charged for the non-payment of taxes, assessments or municipal charges is hereby fixed, pursuant to statute, as follows: eight (8%) percent per annum on the first \$1,500 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax or assessment was payable until the date of actual payment.
- 3) With respect to tax certificates held by the municipality the following additional penalties shall be charged: two (2%) percent on the amount due over \$200 up to \$5,000; four (4%) percent of the amount due over \$5,000 up to \$10,000 and six (6%) percent on the amount in excess of \$10,000.

Delinquent Assessments and Tax Title Liens

There was no tax sale held in 2009 since all delinquent taxes were paid prior to year end.

There are three Township owned tax title lien receivables as of December 31, 2009.

**TOWNSHIP OF SOUTH HACKENSACK
LETTER OF COMMENTS AND RECOMMENDATIONS**

RECOMMENDATIONS

It is recommended that:


1. The encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.
- * 2. Tickets assigned and not issued which are greater than six months old be recalled.
3. The various grant receivable balances be reviewed to determine their collectability, and if necessary written off.
- * 4. The Township appropriate sufficient funds to eliminate the cash deficits for capital ordinances over five years old.
5. Current Fund, General Capital Fund and Other Trust Fund general ledger beginning balances be recorded and in agreement with the audit report.
6. All contracts be encumbered when awarded by the governing body.
7. The Township review the payroll service provider contract to ensure that it is in compliance with the Division of Local Government Finance Notice.


Status of Prior Year's Audit Findings/Recommendations

Corrective action was taken on all prior year's recommendations except those denoted with an asterisk (*).

The recommendations noted in our review were not 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 or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411