

TOWNSHIP OF SOUTH HACKENSACK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011



**TOWNSHIP OF SOUTH HACKENSACK
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
	<u>PART I</u>	
	Independent Auditor's Report	1-2
A	Comparative Balance Sheets -- Regulatory Basis - Current Fund	3
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	4
A-2	Statement of Revenues -- Regulatory Basis -- Current Fund	5-6
A-3	Statement of Expenditures -- Regulatory Basis -- Current Fund	7-13
B	Comparative Balance Sheets -- Regulatory Basis - Trust Funds	14-15
C	Comparative Balance Sheets -- Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Fund Balance -- Regulatory Basis - General Capital Fund	17
D	Comparative Balance Sheets -- Regulatory Basis -- General Fixed Assets Account Group	18
	Notes to Financial Statements	19-40
	<u>Current Fund</u>	
A-4	Statement of Current Cash -- Collector - Treasurer	41
A-5	Statement of Change Fund	42
A-6	Statement of Petty Cash	42
A-7	Statement of Grants Receivable	43
A-8	Statement of Due to State of New Jersey for Senior Citizens' and Veterans' Deductions	43
A-9	Statement of Taxes Receivable and Analysis of Property Tax Levy	44
A-10	Statement of Tax Title Liens Receivable	45
A-11	Statement of Revenue Accounts Receivable	45
A-12	Statement of Deferred Charges -- N.J.S. 40A:4-55.3 Special Emergency Authorizations	46
A-13	Statement of Deferred Charges -- Emergency Authorizations	46
A-14	Statement of 2010 Appropriation Reserves	47-48
A-15	Statement of Miscellaneous Reserves and Deposits	49
A-16	Statement of Encumbrances Payable	50
A-17	Statement of Prepaid Taxes	50
A-18	Statement of Accounts Payable	50
A-19	Statement of Local School Taxes Payable	51
A-20	Statement of County Taxes Payable	51
A-21	Statement of Reserve for Appropriated Grants	52
A-22	Statement of Reserve for Unappropriated Grants	53
A-23	Statement of Health Fees Payable	53
A-24	Statement of DCA Training Fees Payable	53
A-25	Statement of Tax Overpayments	54
A-26	Statement of Prepaid Sewer Fees	54
	<u>Trust Funds</u>	
B-1	Statement of Trust Cash and Investments - Treasurer	55
B-2	Statement of Due to State of New Jersey - Animal Control Fees	56
B-3	Statement of Reserve for Animal Control Expenditures	56
B-4	Statement of Prepaid Licenses -- Animal Control Trust Fund	56
B-5	Statement of Miscellaneous Reserves and Deposits	57
B-6	Statement of Reserve for Unemployment Insurance Claims	57

**TOWNSHIP OF SOUTH HACKENSACK
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
	<u>PART I</u>	
	<u>Trust Fund (Continued)</u>	
B-7	Statement of Due to State of New Jersey – Unemployment Insurance Trust Fund	58
B-8	Statement of Payroll Deductions Payable	58
B-9	Statement of Reserve for Recreation Expenditures	58
B-10	Statement of Accrued Salaries and Wages	59
B-11	Statement of Due from Current Fund	59
	<u>General Capital Fund</u>	
C-2	Statement of General Capital Cash – Collector-Treasurer	60
C-3	Analysis of General Capital Cash	61
C-4	Statement of Due From/To Current Fund	62
C-5	Statement of Deferred Charges to Future Taxation – Funded	62
C-6	Statement of Deferred Charges to Future Taxation – Unfunded	63
C-7	Statement of Grants/Other Receivable	64
C-8	Statement of Improvement Authorizations	65
C-9	Statement of Bond Anticipation Notes	66
C-10	Statement of General Serial Bonds	67
C-11	Statement of Contracts Payable	68
C-12	Statement of Loans Payable	68
C-13	Statement of Capital Improvement Fund	68
C-14	Statement of Bonds and Notes Authorized But Not Issued	69
	<u>Part II</u>	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	70-71
	Schedule of Expenditures of Federal Awards	72
	Schedule of Expenditures of State Financial Assistance	73
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	74-75
	Schedule of Findings and Responses	76-77
	<u>Part III</u>	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund	78
	Comparative Schedule of Tax Rate Information	79
	Comparison of Tax Levies and Collection Currently	79
	Delinquent Taxes and Tax Title Liens	80
	Comparative Schedule of Fund Balances	80
	Officials in Office and Surety Bonds	81
	General Comments	82-83
	Recommendations	84

TOWNSHIP OF SOUTH HACKENSACK

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERB, CPA

INDEPENDENT AUDITOR'S 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 and account group of the Township of South Hackensack as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2011. 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 audits.

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 audits provide 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.

In addition, the financial statements of the Length of Service Awards Program (LOSAP) 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 Fund financial statements as part of our audit of the Township's financial statements. The LOSAP Fund financial activities are included in the Township's Trust Fund, and represent 40 percent and 39 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2011 and 2010.

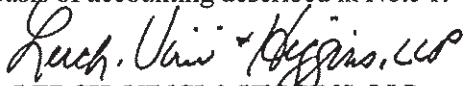
INDEPENDENT AUDITOR'S REPORT (Continued)


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 of South Hackensack as of December 31, 2011 and 2010, the changes in its financial position for the years 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.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Township of South Hackensack as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and the expenditures - regulatory basis of the Current Fund for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 10, 2012 on our consideration of the Township of 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 as a whole. 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. The supplementary schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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

Fair Lawn, New Jersey
July 10, 2012

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	A-4	\$ 1,603,346	\$ 1,864,916
Cash - Change Funds	A-5	200	200
Petty Cash	A-6	300	300
Grants Receivable	A-7	<u>84,358</u>	<u>45,255</u>
		<u>1,688,204</u>	<u>1,910,671</u>
Receivables and Other Assets With Full Reserves			
Tax Title Liens Receivable	A-10	730	2,077
Due from General Capital Fund	C-4	548	
Revenue Accounts Receivable	A-11	4,809	5,645
Other Accounts Receivable	A	<u>961</u>	<u>961</u>
		<u>7,048</u>	<u>8,683</u>
Deferred Charges			
Emergency Authorizations	A-13	62,518	
Special Emergency	A-12	<u>48,000</u>	<u>66,000</u>
Total Assets		<u>\$ 1,805,770</u>	<u>\$ 1,985,354</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-14	\$ 346,480	\$ 579,131
Encumbrances Payable	A-16	153,309	31,931
Accounts Payable	A-18	2,220	
Due to Other Trust Fund	B-11	550	
Due to General Capital Fund	C-4		110,401
Prepaid Taxes	A-17	99,481	99,221
Prepaid Sewer Fees	A-26	181	107
Tax Overpayments	A-25	943	6,939
Miscellaneous Reserves and Deposits	A-15	84,279	15,011
Local School Taxes Payable	A-19		10,760
County Taxes Payable	A-20		203
Health Fees Payable	A-23	375	
DCA Training Fees Payable	A-24	586	479
Due to State of New Jersey - Seniors Citizens & Veterans	A-8	500	500
Reserve for Grants - Appropriated	A-21	83,941	78,472
Reserve for Unappropriated Grants	A-22	<u>5,843</u>	<u>4,150</u>
		<u>778,688</u>	<u>937,305</u>
Reserve for Receivables and Other Assets	A	7,048	8,683
Fund Balance	A-1	<u>1,020,034</u>	<u>1,039,366</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,805,770</u>	<u>\$ 1,985,354</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Anticipated	A-2	\$ 576,000	\$ 573,000
Miscellaneous Revenue Anticipated	A-2	1,455,711	1,384,071
Receipts from Current Taxes	A-2	14,207,174	14,006,954
Receipts from Delinquent Taxes	A-2	1,660	
Non-Budget Revenue	A-2	80,796	92,607
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	362,123	335,429
Prior Year Interfunds Returned	A		643
Cancellation of Appropriated Grant Reserves	A-1	737	-
		<u>16,684,201</u>	<u>16,392,704</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,244,367	3,412,567
Other Expenses	A-3	3,288,503	3,063,346
Municipal Debt Service	A-3	233,305	232,119
Deferred Charges and Statutory Expenditures	A-3	938,000	922,577
Capital Improvements	A-3	25,000	12,850
County Taxes	A-17	1,427,867	1,442,300
Local District School Taxes	A-19	7,032,461	6,835,105
Reserve for Other Accounts Receivable	A		961
Refund of Prior Year Revenue	A-1		182,126
Interfund Advances	A	548	-
		<u>16,190,051</u>	<u>16,103,951</u>
Excess in Revenue Before Adjustments		494,150	288,753
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-13	62,518	-
Statutory Excess to Fund Balance		556,668	288,753
FUND BALANCE, JANUARY 1	A	<u>1,039,366</u>	<u>1,323,613</u>
		1,596,034	1,612,366
Decreased by:			
Utilization as Anticipated Revenue	A-2	576,000	573,000
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,020,034</u>	<u>\$ 1,039,366</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, 2011

	Reference	Budget	Added by: NJS 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 576,000	-	\$ 576,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	17,440		15,549	\$ (1,891)
Other	A-11	62,233		55,688	(6,545)
Fees and Permits	A-11	7,972		11,269	3,297
Municipal Court	A-11	94,183		95,003	820
Interest and Cost on Taxes	A-11	26,979		30,417	3,438
Interest on Investments & Deposits	A-11	5,999		1,662	(4,337)
Sewer Charges	A-11	303,204		303,173	(31)
Well Charges	A-11	4,048		2,105	(1,943)
Biodegradable and Suspended Solids	A-11	99,109		99,109	
Cellular Tower Lease	A-11	23,400		26,130	2,730
Consolidated Municipal Property Tax Relief	A-11	61,452		61,452	
Energy Receipts Tax	A-11	423,271		423,271	
Uniform Fire Safety Act	A-11	43,695		38,683	(5,012)
Uniform Construction Code Fees	A-11	66,200		87,897	21,697
Recycling Tonnage Grant	A-7	26,934	\$ 22,715	49,649	
Bergen County Open Space	A-7		34,000	34,000	
Click It or Ticket	A-7	4,000		4,000	
Bergen County Prosecutor - Confiscated Funds	A-7	30,458		30,458	
Clean Communities Program	A-22		4,000	4,000	
Hotel Occupancy Tax	A-11	67,506		66,102	(1,404)
Sewer Connection - Little Ferry	A-11	16,094		16,094	
Total Miscellaneous Revenues	A-1	1,384,177	60,715	1,455,711	10,819
Receipts from Delinquent Taxes	A-1, A-10	-	-	1,660	1,660
AMOUNT TO BE TAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET	A-2	5,758,660	-	5,856,846	98,186
Total Budget Revenues	A-3	\$ 7,718,837	\$ 60,715	7,890,217	\$ 110,665
Non-Budget Revenue	A-1, A-2			80,796	
				\$ 7,971,013	

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

Reference

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-9	\$ 14,207,174
Allocated to		
School, County and Open Space Taxes	A-19, A-20	<u>8,460,328</u>
		5,746,846
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>110,000</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 5,856,846</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable		\$ 822
Due from General Capital		<u>840</u>
		<u>\$ 1,662</u>
Non-Budget Revenue		
Recycling Revenue		8,054
Cable Franchise Fees		28,290
South Bergen JIF Reimbursement		1,072
Recreation		995
County Snow Removal Reimbursements		6,320
Traffic Details - Vehicles and Admin		3,654
Teterboro - Traffic Light Sharing		314
Auction		5,663
Tax Sharing Overcharge		18
Miscellaneous		25,888
Accrued Interest on Serial Bonds		<u>528</u>
		<u>\$ 80,796</u>
	Cash Receipts	80,005
	Due from Other Trust Fund	<u>791</u>
		<u>\$ 80,796</u>

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
Mayor and Township Committee					
Salaries and Wages	\$ 12,000	\$ 13,110	\$ 13,110		
Other Expenses	1,100	1,100	1,012	\$ 88	
Municipal Clerk					
Salaries and Wages	144,000	144,000	141,242	2,758	
Other Expenses	41,000	39,300	37,000	2,300	
Financial Administration					
Salaries & Wages	63,000	62,700	62,400	300	
Other Expenses	20,500	20,425	12,956	7,469	
Audit Services					
Other Expenses	40,000	42,700	42,502	198	
Revenue Administration					
Salaries and Wages	20,500	20,500	20,497	3	
Other Expenses	8,400	8,400	7,695	705	
Tax Assessment Administration					
Other Expenses	3,000	3,000	2,163	837	
Legal Services and Costs					
Other Expenses	100,000	117,000	113,958	3,042	
Engineering Services & Costs					
Other Expenses	20,000	10,300	8,426	1,874	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	3,000	3,300	3,135	165	
Other Expenses	5,000	4,700	3,048	1,652	
Zoning Board of Adjustment					
Salaries & Wages	3,000	3,300	3,135	165	
Other Expenses	4,000	3,700	3,679	21	

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<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)					
Unemployment Insurance	\$ 40,000	\$ 40,000	\$ 40,000		
Liability Insurance (SBJIF)	124,000	115,950	109,508	\$ 6,442	
Workmen's Compensation Insurance (SBJIF)	154,600	147,100	147,100		
Employee Group Insurance	750,000	653,350	629,421	23,929	
Municipal Court					
Salaries and Wages	67,000	67,000	65,238	1,762	
Other Expenses	7,400	8,500	8,496	4	-
Subtotal General Government	<u>1,631,500</u>	<u>1,529,435</u>	<u>1,475,721</u>	<u>53,714</u>	<u>-</u>
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,077,382	2,169,382	2,120,644	48,738	
Other Expenses	77,000	69,700	67,661	2,039	
Police Dispatch/911					
Salaries and Wages	116,000	134,000	126,408	7,592	
Other Expenses	700	700	401	299	
Office of Emergency Management					
Salaries and Wages	4,750	5,300	5,252	48	
Other Expenses	1,000	1,000	561	439	
Aid to Volunteer Fire Companies					
Other Expenses	68,220	68,520	66,514	2,006	
Aid to Volunteer Ambulance Companies					
Salaries and Wages	7,150	8,850	8,813	37	
Other Expenses	21,600	21,000	20,476	524	
Fire Department					
Salaries and Wages	40,500	40,500	38,072	2,428	
Other Expenses	44,000	44,000	41,411	2,589	
Municipal Prosecutor					
Salaries and Wages	7,500	7,500	7,500	-	
Public Defender					
Salaries and Wages	5,000	5,000	4,750	250	-
Subtotal Public Safety	<u>2,470,802</u>	<u>2,575,452</u>	<u>2,508,463</u>	<u>66,989</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	\$ 446,500	\$ 466,500	\$ 457,314	\$ 9,186	
Other Expenses	45,000	42,000	34,363	7,637	
Solid Waste Collection					
Other Expenses	124,000	125,200	125,194	6	
Public Buildings and Grounds					
Other Expenses	50,000	63,000	57,896	5,104	
Vehicle Maintenance					
Other Expenses	40,000	47,000	46,988	12	
Dump Fees					
Other Expenses	88,100	104,100	87,849	16,251	
Other Expenses - Tax	2,500	2,500	1,299	1,201	-
Subtotal Streets and Roads	<u>796,100</u>	<u>850,300</u>	<u>810,903</u>	<u>39,397</u>	<u>-</u>
HEALTH AND WELFARE					
Public Health Services					
Salaries and Wages	7,600	7,600	6,308	1,292	
Other Expenses	18,900	18,900	18,880	20	
Animal Control					
Other Expenses	4,000	4,000	3,576	424	-
Subtotal Health and Welfare	<u>30,500</u>	<u>30,500</u>	<u>28,764</u>	<u>1,736</u>	<u>-</u>
RECREATION AND EDUCATION					
Recreation Services and Programs					
Salaries and Wages	19,000	19,050	19,044	6	
Other Expenses	13,200	13,200	12,765	435	-
Subtotal Recreation and Education	<u>32,200</u>	<u>32,250</u>	<u>31,809</u>	<u>441</u>	<u>-</u>
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	9,200	9,200	3,038	6,162	-
Accumulated Leave Compensation	10,000	10,000	9,505	495	-
Subtotal Other Common Operating Functions	<u>19,200</u>	<u>19,200</u>	<u>12,543</u>	<u>6,657</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
CODE ENFORCEMENT AND ADMINISTRATION					
Salaries and Wages	\$ 62,900	\$ 56,775	\$ 55,263	\$ 1,512	
Other Expenses	2,400	3,490	3,488	2	-
Subtotal Code Enforcement	65,300	60,265	58,751	1,514	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	54,000	54,000	46,162	7,838	
Street Lighting	37,500	37,500	30,693	6,807	
Telephone	20,000	15,000	8,717	6,283	
Water	2,750	1,750	1,444	306	
Gasoline	68,000	67,750	64,882	2,868	-
Subtotal Utility Expenses and Bulk Purchases	182,250	176,000	151,898	24,102	-
Total Operations Within "CAPS"	5,227,852	5,273,402	5,078,852	194,550	-
Detail:					
Salaries and Wages	3,116,782	3,244,367	3,167,630	76,737	-
Other Expenses	2,111,070	2,029,035	1,911,222	117,813	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	270,000	224,000	203,441	20,559	
Public Employees Retirement System of NJ	110,300	110,300	110,299	1	
Police and Firemen's Retirement System of NJ	584,500	584,500	584,434	66	
Defined Contribution Retirement Plan	1,000	1,200	1,160	40	-
Subtotal Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	965,800	920,000	899,334	20,666	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,193,652	6,193,402	5,978,186	215,216	-

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
OTHER COMMON OPERATING FUNCTIONS					
H.M.D.C. Tax Sharing					
Other Expenses	\$ 320,720	\$ 320,720	\$ 320,720		
Reserve for Tax Appeals					
Other Expenses	124,700	187,218	187,218		
Length of Services Awards Program (LOSAP)	<u>42,000</u>	<u>42,000</u>	<u>37,517</u>	\$ 4,483	-
Subtotal Other Common Operating Functions	<u>487,420</u>	<u>549,938</u>	<u>545,455</u>	4,483	-
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal					
Other Expenses	<u>570,973</u>	<u>570,973</u>	<u>552,446</u>	18,527	-
Subtotal Utility Expenses and Bulk Purchases	<u>570,973</u>	<u>570,973</u>	<u>552,446</u>	18,527	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Bergen County - 911 Emergency Service	2,000	2,000	1,687	313	
Borough of Hasbrouck Heights - Tax Assessing Services	<u>14,200</u>	<u>14,450</u>	<u>14,441</u>	9	-
Total Interlocal Municipal Services Agreements	<u>16,200</u>	<u>16,450</u>	<u>16,128</u>	322	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant	26,934	49,649	10,575	39,074	
Clean Communities Program		4,000		4,000	
BC Prosecutor-Forfeiture Funds	30,458	30,458		30,458	
Click-It or Ticket	4,000	4,000	3,600	400	
2010 Open Space Trust-Playground Renovation	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>34,000</u>	-
Total Public and Private Programs Offset by Revenues	<u>61,392</u>	<u>122,107</u>	<u>14,175</u>	<u>107,932</u>	-
Total Operations Excluded from "CAPS"	<u>1,135,985</u>	<u>1,259,468</u>	<u>1,128,204</u>	<u>131,264</u>	-

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<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>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 25,000	\$ 25,000	\$ 25,000	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Anticipation Notes and Capital Notes	92,500	92,500	92,500		-
Interest on Notes	16,700	16,700	16,689		\$ 11
Interest on Bonds	32,000	32,000	31,778		222
Green Trust Loan Program Loan Repayments for Principal and Interest	<u>95,000</u>	<u>95,000</u>	<u>92,338</u>	-	<u>2,662</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>236,200</u>	<u>236,200</u>	<u>233,305</u>	-	<u>2,895</u>
DEFERRED CHARGES - Municipal Excluded from "CAPS"					
Special Emergency Authorizations - 5 years (N.J.S. 40A4-55)	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,415,185</u>	<u>1,538,668</u>	<u>1,404,509</u>	\$ 131,264	<u>2,895</u>
Subtotal General Appropriations	7,608,837	7,732,070	7,382,695	346,480	2,895
Reserve for Uncollected Taxes	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	-	-
Total General Appropriations	<u>\$ 7,718,837</u>	<u>\$ 7,842,070</u>	<u>\$ 7,492,695</u>	<u>\$ 346,480</u>	<u>\$ 2,895</u>

A-2

A

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Reference</u>	<u>Appropriated Budget</u>	<u>Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Budget as Adopted	A-2		\$ 7,718,837			
Added by NJSA 40A:4-87	A-2		60,715			
Emergency Authorizations	A-13		<u>62,518</u>			
			<u>\$ 7,842,070</u>			
Cash Disbursed	A-4			\$ 6,999,168		
Encumbrances Payable	A-16			153,309		
Due to General Capital Fund	C-13			25,000		
Reserve for Tax Appeals	A-15			187,218		
Deferred Charges	A-12			18,000		
Reserve for Uncollected Taxes	A-2			<u>110,000</u>		
				<u>\$ 7,492,695</u>		

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 447	\$ 605
		<u>447</u>	<u>605</u>
OTHER TRUST FUND			
Cash	B-1	465,668	456,785
Due from Current Fund	B-11	550	-
		<u>466,218</u>	<u>456,785</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	14,484	4,845
RECREATION TRUST FUND			
Cash	B-1	6,803	6,803
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	285,328	260,885
Contribution Receivable	B	35,496	40,208
		<u>320,824</u>	<u>301,093</u>
Total Assets		<u>\$ 808,776</u>	<u>\$ 770,131</u>

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Prepaid Licenses	B-4	\$ 11	
Due to State of New Jersey	B-2	58	\$ 48
Reserve for Animal Control Expenditures	B-3	<u>378</u>	<u>557</u>
		447	605
OTHER TRUST FUND			
Miscellaneous Reserves and Deposits	B-5	456,001	464,951
Payroll Deductions Payable	B-8	9,398	7,647
Accrued Salaries and Wages	B-10	<u>819</u>	<u>(15,813)</u>
		466,218	456,785
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-7	8,186	11,495
Reserve for Unemployment Compensation Claims	B-6	<u>6,298</u>	<u>(6,650)</u>
		14,484	4,845
RECREATION TRUST FUND			
Reserve for Recreation Expenditures	B-9	<u>6,803</u>	<u>6,803</u>
		6,803	6,803
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>320,824</u>	<u>301,093</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 808,776</u>	<u>\$ 770,131</u>

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	C-2,C-3	\$ 441,876	\$ 336,288
Intergovernmental Receivables	C-7	148,166	309,454
Due from Current Fund	C-4		110,401
Deferred Charges to Future Taxation			
Funded	C-5	2,596,062	786,987
Unfunded	C-6	<u>576,867</u>	<u>2,375,382</u>
 Total Assets		 <u>\$ 3,762,971</u>	 <u>\$ 3,918,512</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-10	\$ 1,880,000	
Contracts Payable	C-11	90,997	\$ 143,219
Improvement Authorization			
Funded	C-8	245,389	26,955
Unfunded	C-8	428,615	732,815
Loans Payable	C-12	716,062	786,987
Bond Anticipation Notes	C-9		1,946,000
Capital Improvement Fund	C-13	119,750	117,750
Due to Current Fund	C-4	548	
Reserve for Grants Receivable	C-7	37,698	131,533
Fund Balance	C-1	<u>243,912</u>	<u>33,253</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 3,762,971</u>	 <u>\$ 3,918,512</u>

There were bonds and notes authorized but not issued of \$576,867 and \$429,382 on December 31, 2011 and 2010, respectively. (Exhibit C-14).

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 33,253	\$ 33,253
Increased by:			
Funded Improvement Authorizations Cancelled	C-8	<u>210,659</u>	<u>-</u>
Balance, December 31	C	<u>\$ 243,912</u>	<u>\$ 33,253</u>

TOWNSHIP OF SOUTH HACKENSACK
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
 GENERAL FIXED ASSETS ACCOUNT GROUP
 AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Land	\$ 1,753,100	\$ 1,753,100
Buildings and Building Improvements	193,200	193,200
Machinery and Equipment	<u>3,616,565</u>	<u>3,579,065</u>
	<u>\$ 5,562,865</u>	<u>\$ 5,525,365</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 5,562,865</u>	<u>\$ 5,525,365</u>

NOTES TO FINANCIAL STATEMENTS



**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement 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 Trust Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Recreation Trust 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, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement 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, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement 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 2011 and 2010 the Township Committee increased the original budget by \$123,233 and \$3,785, respectively. The increase was attributable to an emergency resolution for the reserve for tax appeals and additional aid allotted to the Township. In addition, the Township Committee approved several budget transfers during 2011 and 2010.

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, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement 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.

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 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.

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.

TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fixed Assets (Continued)

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

GAAP requires that capital assets be recorded in 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 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, 2010 balances to conform to the December 31, 2011 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.

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.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million 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 \$250,000 for each failed brokerage firm. At December 31, 2011 and 2010, the book value of the Township's deposits were \$2,533,124 and \$2,670,742 and bank and brokerage firm balances of the Township's deposits amounted to \$2,573,739 and \$2,961,785, 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>2011</u>	<u>2010</u>
Insured	\$ 2,573,739	\$ 2,961,785

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.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2011 and 2010, the Township had the following investments:

	<u>Fair Value</u>	
	<u>2011</u>	<u>2010</u>
Investment:		
Length of Service Award Program (Unaudited)	<u>\$ 285,328</u>	<u>\$ 260,885</u>

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, 2011 and 2010, \$285,328 and \$260,885 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	<u>\$ 285,328</u>	<u>\$ 260,885</u>

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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices.

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.

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
<u>Current</u>		
Tax Title Liens	<u>\$730</u>	<u>\$2,077</u>

In 2011, the Township collected \$1,660 from outstanding tax title liens. The Township did not collect any outstanding prior year taxes receivable in 2010.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. 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>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ 2,596,062	\$ 2,732,987
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>-</u>
Net Debt Issued	2,596,062	2,732,987
Authorized But Not Issued		
General		
Bonds and Notes	<u>576,867</u>	<u>429,382</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,172,929</u>	<u>\$ 3,162,369</u>

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .46% and .44% at December 31, 2011 and 2010, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 3,172,929		\$ 3,172,929
School Debt	<u>6,765,000</u>	<u>\$ 6,765,000</u>	<u>-</u>
Total	<u>\$ 9,937,929</u>	<u>\$ 6,765,000</u>	<u>\$ 3,172,929</u>

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 3,162,369		\$ 3,162,369
School Debt	<u>7,200,000</u>	<u>\$ 7,200,000</u>	<u>-</u>
Total	<u>\$ 10,362,369</u>	<u>\$ 7,200,000</u>	<u>\$ 3,162,369</u>

Statutory Borrowing Power

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

	<u>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 24,541,922	\$ 25,095,505
Net Debt	<u>3,172,929</u>	<u>3,162,369</u>
Remaining Borrowing Power	<u>\$ 21,368,993</u>	<u>\$ 21,933,136</u>

Long-Term Debt

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

General Obligation Bonds

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

	<u>2011</u>
\$1,880,000, 2011 Bonds, due in annual Installments of \$125,000 to \$245,000 through February 15, 2023, interest at 2.50% to 4.00%	<u>\$1,880,000</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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>2011</u>	<u>2010</u>
\$720,000, 2000 Loans, due in annual installments of \$35,000 to \$55,000 through August 1, 2020, interest at 2.0%	\$ 420,000	\$ 455,000
\$721,280, 2000 Loans, due in annual installments of \$1,901 to \$37,925 through August 1, 2020, interest at 2.0%	<u>296,062</u>	<u>331,987</u>
	<u>\$ 716,062</u>	<u>\$ 786,987</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2011 is as follows:

Calendar Year	<u>General Serial Bonds</u>		<u>General Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 125,000	\$ 61,994	\$ 77,926	\$ 21,637	\$ 286,557
2013	125,000	58,556	76,695	19,638	279,889
2014	125,000	54,806	75,464	17,637	272,907
2015	125,000	51,056	82,310	15,638	274,004
2016	125,000	47,306	80,891	13,331	266,528
2017-2021	775,000	172,834	322,776	28,088	1,298,698
2022-2023	<u>480,000</u>	<u>19,400</u>	<u>-</u>	<u>-</u>	<u>499,400</u>
Total	<u>\$ 1,880,000</u>	<u>\$ 465,952</u>	<u>\$ 716,062</u>	<u>\$ 115,969</u>	<u>\$ 3,177,983</u>

TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2011 and 2010 were as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011</u>					
General Capital Fund					
General Serial Bonds Payable		\$ 1,880,000		\$ 1,880,000	\$ 125,000
Intergovernmental Loans Payable	\$ 786,987	-	\$ 70,925	716,062	77,926
	<u>\$ 786,987</u>	<u>\$ 1,880,000</u>	<u>\$ 70,925</u>	<u>\$ 2,596,062</u>	<u>\$ 202,926</u>
	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Intergovernmental Loans Payable	\$ 858,989	-	\$ 72,002	\$ 786,987	\$ 70,925

Short-Term Debt

The Township's short-term capital debt activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 1,946,000	-	\$ 1,946,000	-
	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 1,764,000	\$ 1,946,000	\$ 1,764,000	\$ 1,946,000

TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2011 and 2010.

	Balance December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	193,200			193,200
Machinery and Equipment	<u>3,579,065</u>	\$ 37,500	<u>-</u>	<u>3,616,565</u>
	<u>\$ 5,525,365</u>	<u>\$ 37,500</u>	<u>\$ -</u>	<u>\$ 5,562,865</u>
	Balance December 31, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	193,200			193,200
Machinery and Equipment	<u>3,140,319</u>	\$ 438,746	<u>-</u>	<u>3,579,065</u>
	<u>\$ 5,086,619</u>	<u>\$ 438,746</u>	<u>\$ -</u>	<u>\$ 5,525,365</u>

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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>2011</u>		<u>2010</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 548	\$ 550		\$ 110,401
Trust Funds				
Other Trust Fund	550			
General Capital Fund	<u>-</u>	<u>548</u>	<u>\$ 110,401</u>	<u>-</u>
	<u>\$ 1,098</u>	<u>\$ 1,098</u>	<u>\$ 110,401</u>	<u>\$ 110,401</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.

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus and non-cash surplus. 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>2011</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 825,158	\$ 576,000	\$ 928,111	\$ 576,000
Non-Cash Surplus	<u>194,876</u>	<u>-</u>	<u>111,255</u>	<u>-</u>
	<u>\$ 1,020,034</u>	<u>\$ 576,000</u>	<u>\$ 1,039,366</u>	<u>\$ 576,000</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2011</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$48,000	\$18,000	\$30,000
Emergency Authorization (40A:4-47)	<u>62,518</u>	<u>62,518</u>	<u> </u>
	<u>\$110,518</u>	<u>\$80,518</u>	<u>\$30,000</u>
<u>2010</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$66,000</u>	<u>\$18,000</u>	<u>\$48,000</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.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$485,596 and \$491,000 at December 31, 2011 and 2010, 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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those 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.

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

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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion, respectively.

The funded status and funding progress of the retirement systems includes 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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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 July 1, 2010 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 5.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2011, 2010 and 2009, 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>	<u>DCRP</u>
2011	\$ 584,434	\$ 110,299	\$ 1,100
2010	519,314	97,462	
2009	482,661	98,162	

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 years 2011 and 2010 the Township paid \$124,806 and \$137,460, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

NOTE 12 RISK MANAGEMENT

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

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 BJIF 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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 12 RISK MANAGEMENT (Continued)

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>
2011	\$ 40,000	\$ 2,811	\$ 29,863	\$ 6,298
2010	100	3,407	41,365	(6,650)
2009	-	3,597	1,387	31,211

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 plaintiffs 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, 2011 and 2010. 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. At December 31, 2011 the Township has reserved \$6,809 in the reserve for tax appeals. As of December 31, 2010, the Township has no funds reserved 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, from fund balance or the issuance of debt.

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, 2011 and 2010, 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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010, the Township had no estimated arbitrage earnings due to the IRS.

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

The Township of South Hackensack Length of Service Awards 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 Awards 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.

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 \$1,479 and \$1,436 for 2011 and 2010 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.

TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

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

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.

NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2011</u>		
Garfield Park Pumping Station Flood Proofing	\$37,235	2012
<u>2010</u>		
Garfield Park Pumping Station Flood Proofing	\$131,070	2011

CURRENT FUND



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

Balance, December 31, 2010		\$ 1,864,916
Increased by Receipts:		
Taxes Receivable	\$ 14,070,379	
Non-Budget Revenue	80,005	
Due from State of New Jersey - Senior Citizens' and Veterans'	30,686	
Revenue Accounts Receivable	1,332,764	
Prepaid Taxes	99,481	
Prepaid Sewer Fees	74	
Tax Title Lien Redeemed	1,660	
Tax Overpayments	892	
Health Fees	700	
DCA Training Fees	4,801	
Unappropriated Reserves - Grants	5,693	
Miscellaneous Reserves and Deposits	120,690	
Grants Receivable	53,249	
Receipts from General Capital Fund	292	
Other Trust Fund Receipt Deposited into Current Fund	550	
Receipts from Other Trust Fund	791	
Animal Control Fund Receipt Deposited into Current Fund	<u>8</u>	
		<u>15,802,715</u>
		17,667,631
Decreased by Disbursements:		
2011 Budget Appropriations	6,999,168	
2010 Appropriation Reserves	211,024	
Encumbrances Payable	3,734	
County Taxes Payable	1,428,070	
Local District School Taxes Payable	7,043,221	
DCA Training Fees Payable	4,694	
Health Fees Payable	325	
Payments to General Capital Fund	135,401	
Miscellaneous Reserves and Deposits	238,640	
Payments to Animal Control Fund	<u>8</u>	
		<u>16,064,285</u>
Balance, December 31, 2011		<u>\$ 1,603,346</u>

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF CHANGE FUND

	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2011</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>2010</u>	Balance, December 31, <u>2011</u>
Finance Office	<u>\$ 300</u>	<u>\$ 300</u>
	<u>\$ 300</u>	<u>\$ 300</u>

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

	Balance December 31, <u>2010</u>	Revenue <u>Realized</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2011</u>
Bergen County Prosecutor- Forfeiture Funds	\$ 6,500				\$ 6,500
Green Communities Grant	3,000				3,000
Over the Limit Under Arrest	6,000				6,000
Click-It-or Ticket	4,000	\$ 4,000	\$ 3,600		4,400
Recycling Tonnage		49,649	49,649		-
Bergen County Open Space		34,000			34,000
Bergen County Prosecutor- Confiscated Funds	-	30,458			30,458
NJMC - Fair Share Housing Assistance	<u>25,755</u>	<u>-</u>	<u>-</u>	<u>\$ 25,755</u>	<u>-</u>
	<u>\$ 45,255</u>	<u>\$ 118,107</u>	<u>\$ 53,249</u>	<u>\$ 25,755</u>	<u>\$ 84,358</u>

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

Balance, December 31, 2010	\$	500
Increased by:		
Received in Cash from State	\$	30,686
Senior Citizens Disallowed by Tax Collector		1,314
Veteran's Disallowed by Tax Collector		<u>250</u>
		<u>32,250</u>
		32,750
Decreased by:		
Senior Citizens' Deductions Per Tax Billings		12,250
Veterans' Deductions Per Tax Billings		19,500
Senior Citizens' /Veterans' Deductions Allowed by Tax Collector		<u>500</u>
		<u>32,250</u>
Balance, December 31, 2011	\$	<u>500</u>

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

Year	Balance, December 31, 2010	2011 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Overpayments Applied	Remitted or Cancelled	Balance, December 31, 2011
2011	\$ -	\$ 14,220,748	\$ 1,564	\$ 14,070,379	\$ 313	\$ 6,888	\$ 13,261	\$ -

Analysis of 2011 Property Tax Levy

Tax Yield
General Purpose Tax \$ 14,219,648
Added Taxes (R.S. 54:4-36.1 et. seq.) 1,100
\$ 14,220,748

Tax Levy
Local District School Tax \$ 7,032,461
County Tax 1,409,878
County Open Space Preservation 17,878
County Tax for Added Taxes 111
8,460,328

Local Tax for Municipal Purposes 5,758,660
Add Additional Tax Levy 1,760
5,760,420

\$ 14,220,748

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

Balance, December 31, 2010	\$ 2,077
Increased by:	
Transferred from 2011 Taxes	313
	2,390
Decreased by:	
Liens Redeemed	1,660
Balance, December 31, 2011	\$ 730

EXHIBIT A-11

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2010</u>	<u>Accrued</u>	Collected <u>2011</u>	Balance, December 31, <u>2011</u>
Licenses				
Alcoholic Beverage		\$ 15,549	\$ 15,549	
Other		55,688	55,688	
Fees and Permits		11,269	11,269	
Construction Code Official				
Fees and Permits		87,897	87,897	
Municipal Court				
Fines and Costs	\$ 5,645	94,167	95,003	\$ 4,809
Interest on Investments and Deposits		822	822	
Interest and Costs on Taxes		30,417	30,417	
Energy Receipts Tax		423,271	423,271	
Consolidated Municipal Property Tax Relief		61,452	61,452	
Uniform Fire Safety Act		38,683	38,683	
Well Charges		2,105	2,105	
Sewer Charges		303,173	303,173	
Biodegradable and Suspended Solids		99,109	99,109	
Hotel Occupancy Tax		66,102	66,102	
Sewer Connection - Little Ferry Borough		16,094	16,094	
Cellular Tower Lease	-	26,130	26,130	-
	<u>\$ 5,645</u>	<u>\$ 1,331,928</u>	<u>\$ 1,332,764</u>	<u>\$ 4,809</u>

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

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>December 31,</u> <u>2010</u>	<u>Reduced by</u> <u>2011 Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2011</u>
5/10/2007	Master Plan	\$ 15,000	\$ 3,000	\$ 6,000	\$ 3,000	\$ 3,000
10/1/2009	Revaluation	75,000	15,000	<u>60,000</u>	<u>15,000</u>	<u>45,000</u>
				<u>\$ 66,000</u>	<u>\$ 18,000</u>	<u>\$ 48,000</u>

**STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS**

<u>Emergency Authorization (40A:4-47)</u>	<u>Added in</u> <u>2011</u>	<u>Balance,</u> <u>December 31,</u> <u>2011</u>
	<u>\$ 62,518</u>	<u>\$ 62,518</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance December 31, <u>2010</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	\$ 5,698			\$ 5,698	\$ 4,931	\$ 767
Financial Administration	5,183			5,183		5,183
Revenue Administration	799		\$ 500	1,299	764	535
Legal Services and Costs	1		1	2	1	1
Planning Board	114			114		114
Zoning Board of Adjustment	227			227		227
Code Enforcement	4,846			4,846		4,846
Municipal Court	9,331			9,331	1,652	7,679
Police Department	67,084		10,000	77,084	50,278	26,806
Police Dispatch 911	11,502		(4,000)	7,502	2,256	5,246
Office of Emergency Management	484			484	197	287
Aid to Volunteer Ambulance Companies	2,662			2,662		2,662
Fire Department	8,434			8,434		8,434
Municipal Prosecutor	312			312		312
Streets and Roads	90,309			90,309	8,475	81,834
Public Health Services	3,347			3,347	111	3,236
Recreation Services and Programs	22	-	100	122	100	22
	<u>210,355</u>	<u>-</u>	<u>6,601</u>	<u>216,956</u>	<u>68,765</u>	<u>148,191</u>
Other Expenses						
Mayor and Township Committee	25		400	425	129	296
Municipal Clerk's Office	9,982		(601)	9,381	3,445	5,936
Financial Administration	268		400	668	400	268
Audit Services	17,955			17,955	17,955	
Revenue Administration	400			400	223	177
Tax Assessment Administration	857		(500)	357		357
Legal Services and Costs	21,076			21,076	2,535	18,541
Engineering Services and Costs	6,167			6,167	4,379	1,788
Planning Board	806			806		806
Zoning Board of Adjustment	892	\$ 50		942		942
Unemployment Insurance						
Liability Insurance	8,203		16,000	24,203	23,933	270
Workers Compensation		23,933		23,933		23,933
Employee Group Insurance	70,806			70,806	62,811	7,995
Police Department	7,321	179	(7,500)			
Police Dispatch/911	700			700		700
Office of Emergency Management	52			52		52
Aid to Volunteer Fire Companies	1,739			1,739		1,739
Aid to Volunteer Ambulance Companies	417	371		788		788
Fire Department	4,966			4,966		4,966
Streets and Roads Maintenance	9,989	627		10,616		10,616
Solid Waste Collection						
Public Buildings and Grounds	5,797	2,817	(1,500)	7,114		7,114
Vehicle Maintenance			10,000	10,000	9,807	193
Dump Fees	23,222			23,222	47	23,175
Dump Fees-Tax	3,858			3,858		3,858
Animal Control	492			492		492

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance December 31, 2010	Encumbrances Cancelled	Transfers	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed
Other Expenses (Continued)						
Recreation Services and Programs	\$ 1,328	\$ 100	\$ (100)	\$ 1,328		\$ 1,328
Celebration of Public Events	7,394			7,394		7,394
Accumulated Leave Compensation	951			951		951
Code Enforcement and Administration	111			111	\$ 88	23
Utilities:						
Gasoline	15,280		(7,000)	8,280	4,819	3,461
Electricity	33,405		(16,200)	17,205	663	16,542
Street Lighting	4,397			4,397	3,641	756
Telephone	13,104			13,104		13,104
Water	1,603			1,603	66	1,537
Social Security	54,121			54,121	2,787	51,334
Defined Contribution Retirement Plan	1,000			1,000	766	234
Municipal Court	619			619	165	454
Sewerage Processing and Disposal	1,499			1,499		1,499
Boro of Hasbrouck Heights - Assessor	283			283	283	
Boro of Ridgefield-911						
Emergency Service	313			313		313
Recycling Tonnage Grant	6,193			6,193	6,193	
Body Armor Fund	2,676			2,676	2,676	
Drunk Driving Enforcement Fund	1,082	120		1,202	1,202	
Over the Limit Under Arrest	6,000			6,000	6,000	
Clean Communities	4,000			4,000	4,000	
BC Prosecutor-Forfeiture Funds	6,500			6,500	6,500	
Click It or Ticket It	4,000			4,000	4,000	
Green Communities-State Share	3,000			3,000	3,000	
Green Communities-Local Share	1,500			1,500	1,500	
Private Donation-BCCT Adult School	1,000			1,000	1,000	
JIF Safety Award	1,000			1,000	1,000	
State Library	427	-	-	427	427	-
	<u>368,776</u>	<u>28,197</u>	<u>(6,601)</u>	<u>390,372</u>	<u>176,440</u>	<u>213,932</u>
	<u>\$ 579,131</u>	<u>\$ 28,197</u>	<u>\$ -</u>	<u>\$ 607,328</u>	<u>\$ 245,205</u>	<u>\$ 362,123</u>
					\$ 211,024	
					2,220	
					31,961	
					<u>\$ 245,205</u>	

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS**

	Balance, December 31, <u>2010</u>	Budget <u>Appropriation</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2011</u>
Library State Aid	\$ 2,711				\$ 2,711
Revaluation	12,300				12,300
Miscellaneous			\$ 62,039		62,039
Tax Appeals		\$ 187,218		\$ 180,409	6,809
Tax Title Liens Redemptions	-	-	58,651	58,231	420
	<u>\$ 15,011</u>	<u>\$ 187,218</u>	<u>\$ 120,690</u>	<u>\$ 238,640</u>	<u>\$ 84,279</u>

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

Balance, December 31, 2010		\$ 31,931
Increased by:		
Charges to 2011 Appropriations		<u>153,309</u>
		185,240
Decreased by:		
Payables Restored to 2010 Appropriation Reserves	\$ 28,197	
Cash Disbursements	<u>3,734</u>	
		<u>31,931</u>
Balance, December 31, 2011		<u>\$ 153,309</u>

EXHIBIT A-17

STATEMENT OF PREPAID TAXES

Balance, December 31, 2010		\$ 99,221
Increased by:		
Collection of 2012 Taxes		<u>99,481</u>
		198,702
Decreased by:		
Applied to 2011 Taxes Receivable		<u>99,221</u>
Balance, December 31, 2011		<u>\$ 99,481</u>

EXHIBIT A-18

STATEMENT OF ACCOUNTS PAYABLE

Increased by:		
Charges to 2010 Appropriation Reserves		<u>\$ 2,220</u>
Balance, December 31, 2011		<u>\$ 2,220</u>

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

Balance, December 31, 2010		\$ 10,760
Increased by:		
Levy, Calendar Year 2011		<u>7,032,461</u>
		7,043,221
Decreased by:		
Payments		<u>7,043,221</u>
Balance, December 31, 2011		<u>\$ -</u>

EXHIBIT A-20

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2010		\$ 203
Increased by:		
General Levy	\$ 1,409,878	
Open Space Tax	17,878	
Added and Omitted Taxes	<u>111</u>	
		<u>1,427,867</u>
		1,428,070
Decreased by:		
Payments		<u>1,428,070</u>
Balance, December 31, 2011		<u>\$ -</u>

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

	Balance, December 31, <u>2010</u>	Transferred from 2010 <u>Appropriations</u>	<u>Cancelled</u>	Balance, December 31, <u>2011</u>
Recycling Tonnage Grant	\$ 31,528	\$ 6,193		\$ 37,721
Body Armor Fund	306	66		372
Alcohol Education Rehabilitation Fund	1,427			1,427
Private Donation - Grant Supplies	3,000			3,000
Private Donation - BCCT	3,000	1,000		4,000
Clean Communities	8,000	4,000		12,000
DDEF		1,202		1,202
Over the Limit Under Arrest		6,000		6,000
Click It or Ticket It		4,000		4,000
Green Communities		3,000		3,000
BCUA Municipal Recycling Assistance	4,719			4,719
Bergen County Confiscated Funds		6,500		6,500
NJMC Fair Share Housing Assistance	<u>26,492</u>	<u>-</u>	<u>\$ 26,492</u>	<u>-</u>
	<u>\$ 78,472</u>	<u>\$ 31,961</u>	<u>\$ 26,492</u>	<u>\$ 83,941</u>

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

	Balance, December 31, <u>2010</u>	Cash <u>Receipts</u>	Appropriated <u>in 2011</u>	Balance, December 31, <u>2011</u>
Donation - BCCT	\$ 150			\$ 150
Clean Communities Program	4,000	\$ 4,000	\$ 4,000	4,000
Body Armor	<u>-</u>	<u>1,693</u>	<u>-</u>	<u>1,693</u>
	<u>\$ 4,150</u>	<u>\$ 5,693</u>	<u>\$ 4,000</u>	<u>\$ 5,843</u>

EXHIBIT A-23

STATEMENT OF HEALTH FEES PAYABLE

Balance, December 31, 2010	\$ -
Increased by: Cash Receipts	<u>700</u>
	700
Decreased by: Cash Disbursements	<u>325</u>
Balance, December 31, 2011	<u>\$ 375</u>

EXHIBIT A-24

STATEMENT OF DCA TRAINING FEES PAYABLE

Balance, December 31, 2010	\$ 479
Increased by: Cash Receipts	<u>4,801</u>
	5,280
Decreased by: Cash Disbursements	<u>4,694</u>
Balance, December 31, 2011	<u>\$ 586</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2010	\$ 6,939
Increased by:	
Cash Receipts	<u>892</u>
	7,831
Decreased by:	
Overpayments Applied	<u>6,888</u>
Balance, December 31, 2011	<u>\$ 943</u>

STATEMENT OF PREPAID SEWER FEES

Balance, December 31, 2010	\$ 107
Increased by:	
Cash Receipts	<u>74</u>
Balance, December 31, 2011	<u>\$ 181</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, 2010	\$ 605	\$ 456,785	\$ 4,845	\$ 6,803
Increased by Receipts:				
Animal Control Fees	\$ 213			
Due to State of NJ - Animal Control Fees	58			
Prepaid Animal Licenses	11			
Budget Appropriation		\$ 265,138	\$ 40,000	
Escrow Deposits Received				
Employee Contributions		2,031,435	2,811	
Accrued Salaries and Wages		2,305,245		
Payroll Deductions	8			
Receipt from Current Fund	<u>290</u>	<u>4,601,818</u>	<u>42,811</u>	<u>-</u>
	895	5,058,603	47,656	6,803
Decreased by Disbursements:				
Due to State of NJ	48			
Expenditures Under R.S. 4:19-15.11	400		33,172	
Escrow Deposits Disbursed		273,847		
Payroll Deductions		2,303,494		
Accrued Salaries and Wages		2,014,803		
Payments to Current Fund	<u>-</u>	<u>791</u>	<u>-</u>	<u>-</u>
	448	4,592,935	33,172	-
Balance, December 31, 2011	<u>\$ 447</u>	<u>\$ 465,668</u>	<u>\$ 14,484</u>	<u>\$ 6,803</u>

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

Balance, December 31, 2010	\$	48
Increased by:		
State Fees Collected		58
		106
Decreased by:		
State Fees Disbursed		48
Balance, December 31, 2011	\$	58

EXHIBIT B-3

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2010	\$	557
Increased by:		
Animal Control Fees Collected	\$	213
Receipts from Current Fund		8
		221
		778
Decreased by:		
Animal Control Expenditures		400
Balance, December 31, 2011	\$	378

EXHIBIT B-4

**STATEMENT OF PREPAID LICENSES
ANIMAL CONTROL TRUST FUND**

Increased by:		
2012 Licenses Received in 2011	\$	11
Balance, December 31, 2011	\$	11

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND**

	Balance December 31, <u>2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2010</u>
Developer's Escrow	\$ 210,534	\$ 235,343	\$ 244,437	\$ 201,440
COAH	129,843	111		129,954
Scholarship	45,275		1,752	43,523
Police Outside Employment	11,365	24,952	24,164	12,153
Dare	2,147	1,400	1,156	2,391
Accidents	2,057			2,057
POAA	1,728	332	2,038	22
Payables	582			582
Tax Sale Certificate Premiums	25,100		300	24,800
Fire Prevention Fees	21,844			21,844
Street Openings	7,385	3,000		10,385
Shade Tree		550		550
Outside Liens	6,300			6,300
Clock	678		678	
Other	113	-	113	-
	<u>\$ 464,951</u>	<u>\$ 265,688</u>	<u>\$ 274,638</u>	<u>\$ 456,001</u>
Cash Receipts		\$ 265,138		
Due from Current Fund		550		
Cash Disbursements			\$ 273,847	
Transfer to Current Fund - Non Budget Revenue		-	791	
		<u>\$ 265,688</u>	<u>\$ 274,638</u>	

EXHIBIT B-6

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

Balance, December 31, 2010	\$ (6,650)
Increased by:	
Employee Contributions	\$ 2,811
Budget Appropriation	<u>40,000</u>
	<u>42,811</u>
	36,161
Decreased by:	
Unemployment Insurance Claims	<u>29,863</u>
Balance, December 31, 2011	<u>\$ 6,298</u>

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

Balance, December 31, 2010	\$ 11,495
Increased by:	
Unemployment Insurance Claims	<u>29,863</u>
	41,358
Decreased by:	
Payments to State of New Jersey	<u>33,172</u>
Balance, December 31, 2011	<u>\$ 8,186</u>

EXHIBIT B-8

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2010	\$ 7,647
Increased by:	
Payroll Withholdings	<u>2,305,245</u>
	2,312,892
Decreased by:	
Payroll Deduction Disbursements	<u>2,303,494</u>
Balance, December 31, 2011	<u>\$ 9,398</u>

EXHIBIT B-9

STATEMENT OF RESERVE FOR RECREATION EXPENDITURES

Balance, December 31, 2010	<u>\$ 6,803</u>
Balance, December 31, 2011	<u>\$ 6,803</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF ACCRUED SALARIES AND WAGES**

Balance, December 31, 2010	\$ (15,813)
Increased by:	
Transfer from Current Fund	<u>2,031,435</u>
	2,015,622
Decreased by:	
Net Payroll Disbursements	<u>2,014,803</u>
Balance, December 31, 2011	<u><u>\$ 819</u></u>

STATEMENT OF DUE FROM CURRENT FUND

Increased by:	
Other Trust Receipts Deposited into Current Fund	<u>\$ 550</u>
Balance, December 31, 2011	<u><u>\$ 550</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL CAPITAL FUND



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

Balance, December 31, 2010		\$ 336,288
Increased by Receipts:		
Proceeds from Serial Bonds Issued	\$ 1,880,000	
Accrued Interest on Serial Bond Sale	529	
Interest Earned	311	
Grants/Other Receivable	241,746	
Receipts from Current Fund	<u>135,401</u>	
		<u>2,257,987</u>
		2,594,275
Decreased by Disbursements:		
Improvement Authorizations	156,325	
Encumbrances/Contracts Payable	142,282	
Payments to Current Fund	292	
Payment of Bond Anticipation Notes	<u>1,853,500</u>	
		<u>2,152,399</u>
Balance, December 31, 2011		<u>\$ 441,876</u>

**TOWNSHIP OF SOUTH HACKENSACK
ANALYSIS OF GENERAL CAPITAL CASH
DECEMBER 31, 2011**

Fund Balance		\$ 243,912
Capital Improvement Fund		119,750
Intergovernmental Receivable		(110,468)
Due to Current Fund		548
Contracts Payable		90,997
Ordinance		
<u>Number</u>	<u>Improvement Authorizations</u>	
	Barrier Free Park Improvements	(9,029)
97-10	Barrier Free Curbs	(6,282)
1-99/8-00/19-0	Reconstrct. Huyler St. Pump Station Phase II A	(1,131)
99-14	Resurface Phillips Avenue - Phase II	(2,539)
02-05	Acquisition of Real Property	(62,721)
07-09	Acquisition of New Pumper Fire Engine	107
09-08	Improvement to Calicooneck Road	245,282
10-04	Garfield Park Sewer Pumping Flood Proof	(37,228)
11-05	Improvements of Dryer Avenue, Lincoln Street, and Phillips Avenue	(6,822)
11-11	Various Road Improvements	(22,500)
		<u>\$ 441,876</u>

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

Balance, December 31, 2010 (Due from)		\$ 110,401
Increased by:		
Payments to Current Fund	\$ 292	
Budget Appropriation Capital Improvement Fund	<u>25,000</u>	
		<u>25,292</u>
		135,693
Decreased by:		
Interest Earned	311	
Accrued Interest on Serial Bonds Issued	529	
Receipts from Current Fund	<u>135,401</u>	
		<u>136,241</u>
Balance, December 31, 2011 (Due to)		<u>\$ 548</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2010		\$ 786,987
Increased by:		
Serial Bonds Issued		<u>1,880,000</u>
		2,666,987
Decreased by:		
2011 Budget Appropriation to Pay Loans		<u>70,925</u>
Balance, December 31, 2011		<u>\$ 2,596,062</u>

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

Ordinance Number	Improvement Description	Balance, December 31, 2010	2011 Authorizations	Funded by Issuance of Bonds	Funded by Grants Receivable	Improvement Authorization Canceled	Notes Paid by Budget Appropriation	Balance, December 31, 2011	Analysis of Balance, December 31, 2011	
									Expenditures	Improvement Authorizations Unfunded
97-10	Barrier Free Park Improvements	\$ 9,029						\$ 9,029	\$ 9,029	
	Barrier Free Curbs	6,282						6,282	6,282	
11-99/8-00/19-01	Reconstruct. Huyler St. Pump Station PHILA	145,931		\$ 144,800				1,131	1,131	
99-14	Resurface Phillips Ave Phase II	34,839					\$ 32,300	2,539	2,539	
01-14	Repairing of Leuning Street Between Green and Huyler	42,000		10,200			31,800	62,721	62,721	
02-05	Acquisition of Real Property/Additional Funds	62,721					7,700			
02-07	Improvement to Schriefer Street	7,700								
02-20	Acquisition of Fire Ladder Engine	275,900		275,900						
02-25	Various Public Improvements	2,200					2,200			
03-10	Road Resurfacing Program	184,700		184,700						
03-13	Acquisition of Vehicles	94,880		64,300		\$ 12,580				
03-18	Acquisition of Communications Equipment	36,000		36,000						
04-06	Improvement of E.Wesley and Wesley Streets	69,200		38,300		30,900				
05-04	Improvement of Green Street	49,500		49,500						
05-12	Various Public Improvements	431,000		285,300		145,700				
07-07	Improvements to Vreeland Ave	51,400		51,400						
07-09	Acquisition of New Pumper Fire Engine	438,000		438,000						
08-07	Various Public Improvements	47,100		47,100						
09-08	Improvement to Calicooneck Road	228,500		228,500						
10-04	Garfield Park Sewer Pumping Flood Proof	158,500		26,000	\$ 93,835		500	38,165	37,228	937
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue		\$ 38,000					38,000	6,822	31,178
11-11	Various Road Improvements		419,000					419,000	22,500	396,500
		\$ 2,375,382	\$ 457,000	\$ 1,880,000	\$ 93,835	\$ 189,180	\$ 92,500	\$ 576,867	\$ 148,252	\$ 428,615

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF INTERGOVERNMENTAL RECEIVABLE

	Ord. No. 04-06	Ord. No. 05-04	Ord. No. 07-07	Ord. No. 08-07	Ord. No. 09-08	Ord. No. 11-05	Community Development Ord. No. 10-04	City of Hackensack Ord. No. 08-07
Balance, December 31, 2010	\$ 46,287	\$ 2,370	\$ 11,866	\$ 1,940	\$ 108,379	\$ -	\$ 131,533	\$ 7,079
Increased By:								
Grant Awards	-	-	-	-	-	150,000	-	-
Decreased By:								
Improvement Authorization Canceled Receipts	46,287	2,370	11,866	1,940	108,379	150,000	131,533	7,079
	-	-	-	-	48,819	99,092	93,835	7,079
	46,287	2,370	11,866	1,940	48,819	99,092	93,835	7,079
Balance, December 31, 2011	\$ -	\$ -	\$ -	\$ -	\$ 59,560	\$ 50,908	\$ 37,698	\$ -
Pledged to Ordinance Reserve for Grants Receivable								
	\$ 110,468							
	37,698							
	\$ 148,166							

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2010		Deferred Charges - Unfunded	Capital Impvt. Fund	Grant Receivable	Expended	Improvement Authorization Cancelled	Cancelled Payables	Balance, December 31, 2011	
				Funded	Unfunded							Funded	Unfunded
03-10	Road Resurfacing Program	6/12/2003	\$ 205,000	\$ 607								\$ 607	
03-13	Acquisition of Vehicles	8/14/2003	210,000	38,138								38,138	
03-18	Acquisition of Communications Equipment	9/14/2003	40,000	3,621								3,621	
04-06	Impvt. E. Wesley & Wesley Streets	4/8/2004	225,000	6,298	\$							87,198	
05-04	Improvement of Green Street	6/9/2005	145,000	31,544				\$ 5,001				26,543	
05-12	Various Public Improvements	9/1/2005	600,000	250,540				15,757				234,783	
07-07	Improvements of Vreeland Avenue	5/10/2007	329,000	21,660				9,139				12,521	
07-09	Acquisition of New Pumpier Fire Engine	6/16/2007	460,000	35,340				8,228				27,005	\$ 107
08-07	Various Public Improvements	8/14/2008	117,500	41,965				3,000				38,965	
09-08	Improvement to Calicooneck Road	7/9/2009	440,000	20,657				3,875				245,282	
10-04	Garfield Park Sewer Pumping Flood Proofing	6/10/2010	166,500	-								-	\$ 937
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	4/14/2011	190,000			\$ 38,000	\$ 2,000	\$ 150,000	158,822			-	31,178
11-11	Various Road Improvements	12/8/2011	440,000			419,000	21,000		43,500			-	396,500
				\$ 26,955	\$ 732,815	\$ 457,000	\$ 23,000	\$ 150,000	\$ 247,322	\$ 469,381	\$ 937	\$ 245,389	\$ 428,615

Encumbrances Payable		Cash Disbursements	
	\$ 90,997		\$ 156,325
	\$ 247,322		\$ 247,322
Deferred Charges - Unfunded	\$ 189,180		
Fund Balance	210,659		
Grants Receivable	69,542		
	\$ 469,381		

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, 2010	Increased	Decreased	Balance, December 31, 2011	
11-99/08-00/09-01/19-01	Reconst. Huyler St., Pump Station - Phase IIa	12/14/2001	\$ 166,600	2/19/2010	2/18/2011	0.86	\$ 144,800	\$	144,800	\$ -	
99-14	Resurface Phillips Avenue - Phase II	3/7/2001	100,000	2/19/2010	2/18/2011	0.86	32,300		32,300	-	
01-14	Repaving of Leuning Street	7/15/2003	110,700	2/19/2010	2/18/2011	0.86	42,000		42,000	-	
02-07	Improvement to Schriefer Street	7/15/2003	81,800	2/19/2010	2/18/2011	0.86	7,700		7,700	-	
02-20	Acquisition of Fire Ladder Engine	7/15/2003	30,400	2/19/2010	2/18/2011	0.86	275,900		275,900	-	
02-25	Various Public Improvements	7/15/2003	13,380	2/19/2010	2/18/2011	0.86	2,200		2,200	-	
03-10	Road Resurfacing Program	2/22/2007	195,000	2/19/2010	2/18/2011	0.86	184,700		184,700	-	
03-13	Acquisition of Vehicles	7/15/2004	150,000	2/19/2010	2/18/2011	0.86	82,300		82,300	-	
03-18	Acquisition of Communications Equip.	2/22/2007	38,000	2/19/2010	2/18/2011	0.86	36,000		36,000	-	
04-06	Impvt. Of E. Wesley and Wesley St.	7/15/2004	50,000	2/19/2010	2/18/2011	0.86	38,300		38,300	-	
05-04	Impvt. To Green Street	2/22/2007	52,300	2/19/2010	2/18/2011	0.86	49,500		49,500	-	
05-12	Various Public Improvements	2/22/2007	138,000	2/19/2010	2/18/2011	0.86	285,300		285,300	-	
07-07	Improvements to Vreeland Avenue	2/22/2008	51,400	2/19/2010	2/18/2011	0.86	51,400		51,400	-	
07-09	Acquisition of New Pumper Fire Truck	2/22/2008	438,000	2/19/2010	2/18/2011	0.86	438,000		438,000	-	
08-07	Various Improvements	2/19/2010	47,100	2/19/2010	2/18/2011	0.86	47,100		47,100	-	
09-08	Improvements to Calicooneck Road	2/19/2010	228,500	2/19/2010	2/18/2011	0.86	228,500		228,500	-	
							\$ 1,946,000	\$ -	\$ 1,946,000	\$ -	
							Notes Paid by Budget Appropriation		\$ 92,500		
							Serial Bond Issued		1,853,500		
							\$ -	\$ -	\$ 1,946,000		

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding at December 31, 2011		Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
			Date	Amount					
General Improvements	2/15/2011	\$ 1,880,000	2012	\$ 125,000	2.50 %				
			2013-2017						
			2018	125,000	3.00				
			2019	125,000	3.25				
			2020	130,000	3.25				
			2021	165,000	3.375				
			2022	230,000	3.75				
			2022	235,000	4.00				
			2023	245,000	4.00				
						\$ -	\$ 1,880,000	\$ -	\$ 1,880,000
						\$ -	\$ 1,880,000	\$ -	\$ 1,880,000

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2010		\$ 143,219
Increased by:		
Charges to 2011 Improvement Authorizations		<u>90,997</u>
		234,216
Decreased by:		
Cash Disbursements	\$ 142,282	
Cancelled Payables	<u>937</u>	
		<u>143,219</u>
Balance, December 31, 2011		<u>\$ 90,997</u>

EXHIBIT C-12

STATEMENT OF LOANS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Balance, December 31, 2010</u>	<u>Decreased</u>	<u>Balance, December 31, 2011</u>
NJEIT Loan - A	10/15/2000	\$ 720,000	\$ 455,000	\$ 35,000	\$ 420,000
NJEIT Loan - B	10/15/2000	721,280	<u>331,987</u>	<u>35,925</u>	<u>296,062</u>
			<u>\$ 786,987</u>	<u>\$ 70,925</u>	<u>\$ 716,062</u>

EXHIBIT C-13

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2010		\$ 117,750
Increased by:		
Current Fund Budget Appropriation		<u>25,000</u>
		142,750
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>23,000</u>
Balance, December 31, 2011		<u>\$ 119,750</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2010</u>	2011 <u>Authorizations</u>	Bonds <u>Issued</u>	Funded By Grant <u>Receivable</u>	Improvement Authorization <u>Canceled</u>	Balance, December 31, <u>2011</u>
	Barrier Free Park Improvements	\$ 9,029					\$ 9,029
97-10	Barrier Free Curbs	6,282					6,282
99-14	Resurface Phillips 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		
10-04	Garfield Park Pumping Station Flood Proofing	158,500		\$ 26,500	\$ 93,835		38,165
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	-	\$ 38,000	-	-		38,000
11-11	Various Road Improvements	-	419,000	-	-		419,000
		<u>\$ 429,382</u>	<u>\$ 457,000</u>	<u>\$ 26,500</u>	<u>\$ 93,835</u>	<u>\$ 189,180</u>	<u>\$ 576,867</u>

**TOWNSHIP OF SOUTH HACKENSACK
COUNTY OF BERGEN
PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2011**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

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, 2011, and have issued our report thereon dated July 10, 2012 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 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

Management of the Township of South Hackensack is responsible for maintaining effective 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.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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".

This report is intended solely for the information and use of management, the Township Committee, others within the Township and New Jersey Department of Community Affairs 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 10, 2012

TOWNSHIP OF SOUTH HACKENSACK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grant Program	CFDA Number	Grant Year	Grant Award Amount	Grant Receipts	Balance, January 1, 2011	Revenue Realized	Expended	Adjustment	Balance, December 31, 2011	Cumulative Expended
U.S. Department of Law and Public Safety (Passed through Division of Highway Traffic Safety) Click It or Ticket Program	20.600	2011	\$ 4,000	\$ 3,600		\$ 4,000	\$ 3,600		\$ 400	\$ 3,600
Click It or Ticket Program	20.600	2010	4,000		\$ 4,000				4,000	
Over the Limit Under Arrest	20.601	2010	6,000	-		6,000			6,000	
U.S. Department of Transportation (Passed through State Aid Highway Projects) NJ Department of Transportation Improvements to Calicooneck Road - Ord 09-08	20.205	2009	200,000	48,819	30,702		3,875		26,827	173,173
Improvements to Dryver Avenue, Lincoln Street and Phillips Avenue-Ord. 11-05	20.205	2011	150,000	99,092		150,000	150,000			150,000
U.S. Department of Homeland Security FEMA-Severe Weather		2011	15,932	15,932	-	15,932	15,932		-	15,932
					\$ 34,702	\$ 175,932	\$ 173,407	\$ -	\$ 37,227	

The above schedule is not subject to a Federal Single Audit as defined by U.S. OMB A-133.

TOWNSHIP OF SOUTH HACKENSACK
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2011

State Grant Program	Grant Number	2011 Grant Receipts	Grant Amount	Grant Year	Balance, January 1, 2011	Revenue	Expended	Cancelled/ Adjustments	Balance, December 31, 2011	Cumulative Expended
State of NJ - Department of Environmental Protection										
Recycling Tonnage Grant	4900-752-042-4900	\$	8,519	2006	\$ 4,119				\$ 4,119	\$ 4,400
Recycling Tonnage Grant	4900-752-042-4900		9,455	2008	9,455				9,455	
Recycling Tonnage Grant	4900-752-042-4900		17,954	2008	17,954				17,954	
Recycling Tonnage Grant	4900-752-042-4900		11,418	2009	6,193				6,193	5,225
Recycling Tonnage Grant	4900-752-042-4900	\$ 49,649	49,649	2011		\$ 49,649	\$ 10,575		39,074	10,575
Clean Communities Program	4900-752-042-4900		4,000	2007	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2008	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2009	4,000				4,000	
Clean Communities Program	4900-752-042-4900		4,000	2010					4,000	
Clean Communities Program	4900-752-042-4900		4,000	2011		4,000			4,000	
Green Communities Program	Not Available		3,000	2009						3,000
Green Communities Program	Not Available		3,000	2010	3,000					
State of NJ - Department of Law and Public Safety										
Body Armor Replacement Program	1020-718-066-1020		1,659	2008	306				306	1,353
Body Armor Replacement Program	1020-718-066-1020		2,667	2010	2,676		2,610		66	2,610
Drunk Driving Enforcement Fund	Not Available		605	2009	1,082				1,082	120
Drunk Driving Enforcement Fund	Not Available		597	2010						
State of NJ - Department of Justice										
Alcohol Education Rehabilitation Fund	054-7555-100-003		2,203	2006	1,427				1,427	776
					<u>\$ 58,212</u>	<u>\$ 53,649</u>	<u>\$ 13,185</u>	<u>\$ -</u>	<u>\$ 98,676</u>	

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, 2011**

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	\$ 25,932	\$ 53,649	\$ 79,581
General Capital Fund	<u>150,000</u>	<u>-</u>	<u>150,000</u>
	<u>\$ 175,932</u>	<u>\$ 53,649</u>	<u>\$ 229,581</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, 2011

NOTE 5 STATE LOANS OUTSTANDING

The Township's state loans outstanding at December 31, 2011, 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	\$420,000
NJEIT – Loan B	<u>296,062</u>
	<u>\$716,062</u>

**TOWNSHIP OF SOUTH HACKENSACK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

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

Noncompliance material to the financial statements noted? yes X 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, 2011**

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

There are none.

TOWNSHIP OF SOUTH HACKENSACK

COUNTY OF BERGEN

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011



**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 576,000	3.50 %	\$ 573,000	3.50 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,538,167	8.99	1,477,678	8.99
Collection of Current Tax Levy	14,207,174	85.46	14,006,954	85.46
Other Credits	<u>362,860</u>	<u>2.05</u>	<u>335,072</u>	<u>2.05</u>
 Total Income	 <u>16,684,201</u>	 <u>100.00</u> %	 <u>16,392,704</u>	 <u>100.00</u> %
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	7,729,175	47.45 %	7,643,459	47.45 %
County Taxes	1,427,867	8.96	1,442,300	8.96
Local School Taxes	7,032,461	42.45	6,835,105	42.45
Other Expenditures	<u>548</u>	<u>1.14</u>	<u>183,087</u>	<u>1.14</u>
 Total Expenditures	 <u>16,190,051</u>	 <u>100.00</u> %	 <u>16,103,951</u>	 <u>100.00</u> %
 Excess in Revenue Before Adjustments	 494,150		 288,753	
 Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>62,518</u>		<u>-</u>	
 Statutory Excess to Fund Balance	 556,668		 288,753	
 Fund Balance, January 1	 <u>1,039,366</u>		 <u>1,323,613</u>	
	1,596,034		1,612,366	
 Less Utilization as Anticipated Revenue	 <u>576,000</u>		 <u>573,000</u>	
 Fund Balance, December 31	 <u>\$ 1,020,034</u>		 <u>\$ 1,039,366</u>	

**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$2.188</u>	<u>\$2.157</u>	<u>\$3.458</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.886	.886	1.448
County	.217	.219	.357
County Open Space	.003	.003	.020
Local School District	1.082	1.049	1.633
<u>Assessed Valuation</u>			
2011	<u>\$649,892,528</u>		
2010		<u>\$652,107,802 (A)</u>	
2009			<u>\$383,218,118</u>

(A) Revaluation effective January 1, 2010.

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>
2011	\$ 14,220,748	\$ 14,207,174	99.90%
2010	14,067,939	14,006,954	99.57%
2009	13,283,076	13,260,763	99.83%

**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>
2011	\$ 730	0.01%
2010	2,007	0.01%
2009	1,769	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	2011	\$1,020,034	\$576,000
	2010	1,039,366	576,000
	2009	1,323,613	573,000
	2008	1,311,749	525,000
	2007	1,262,190	487,937

**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>
Walter Eckel, Jr.	Mayor		
James Anzevino	Deputy Mayor		
Francis X. Cagas	Committee Member		
Gary C. Brugger	Committee Member		
Vincent Stefano	Committee Member		
Linda LoPiccolo	Township Clerk	\$1,000,000	A
Durene M. Ayer	Chief Financial Officer and Treasurer	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	1/1/11 - 12/31/11

**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

At December 31, 2011, there are several old general 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 general capital ordinances older than five years.

Our audit revealed certain year end general ledger balances were not in agreement with various subsidiary ledgers or records. It is recommended that the monthly general ledger balances be reconciled to the subsidiary ledgers or records.

Current Year

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

Our audit revealed that the address on the Township's payroll tax returns is the address of the outside payroll service provider. It is recommended that the Township's official address be referenced on all payroll tax returns.

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.

The minutes indicate that bids were requested by public advertising for the roadway improvements to various streets.

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.

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

GENERAL COMMENTS

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

Our examination of expenditures did not reveal instances where expenditures were made in excess of \$29,000 "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

A tax sale was held on December 14, 2011.

There are three Township owned tax title lien receivables as of December 31, 2011.

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

RECOMMENDATIONS

It is recommended that:


- * 1. The Township appropriate sufficient funds to eliminate the cash deficits for general capital ordinances older than five years.
- 2. The various Current Fund grant receivable balances be reviewed to determine their collectability, and if necessary written off.
- * 3. The monthly general ledger balances be reconciled to the subsidiary ledgers or records.
- 4. The Township's official address be referenced on all payroll tax returns.


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

