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**TOWNSHIP OF SOUTH HACKENSACK**

**BERGEN COUNTY, NEW JERSEY**

**REPORT OF AUDIT**

**YEAR ENDED DECEMBER 31, 2014**



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**TOWNSHIP OF SOUTH HACKENSACK**

**BERGEN COUNTY, NEW JERSEY**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**







# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA  
KEVIN LOMSKI, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of South Hackensack, as of December 31, 2014 and 2013, 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, 2014, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

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

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

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

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

In our opinion, because of the significance of the requirement that the Township of South Hackensack prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of South Hackensack as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

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

As discussed in Note 1 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 50 percent and 48 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2014 and 2013.

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

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of South Hackensack as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Current Fund for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.



*Other Matters*

*Other Information*


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, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of South Hackensack.


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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of South Hackensack's internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 19, 2015



**TOWNSHIP OF SOUTH HACKENSACK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
Cash	A-4	\$ 2,923,741	\$ 1,504,307
Cash - Change Funds	A	200	200
Grants Receivable	A-5	99,417	202,080
Due from State of New Jersey - Seniors Citizens & Veterans	A-6	-	250
		<u>3,023,358</u>	<u>1,706,837</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	92	85
Tax Title Liens Receivable	A-8	1,254	821
Due from General Capital Fund	C-4		58,316
Revenue Accounts Receivable	A-9	18,909	13,471
		<u>20,255</u>	<u>72,693</u>
Deferred Charges			
Special Emergency Authorizations	A-10	-	15,000
Emergency Authorizations	A-11		144,177
Overexpenditure of 2013 Appropriations	A-11		1,047
Overexpenditure of 2012 Appropriation Reserves	A-11		16,733
Overexpenditure of 2013 Appropriation Reserves	A-11	809	-
		<u>809</u>	<u>176,957</u>
Total Assets		<u>\$ 3,044,422</u>	<u>\$ 1,956,487</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-12	\$ 535,397	\$ 73,067
Accounts Payable	A-14	97,910	17,621
Due to Other Trust Fund	B-9	92,427	101,774
Due to General Capital Fund	C-4	50,000	
Prepaid Taxes	A-15	111,456	106,381
Prepaid Sewer Fees	A-23	36	1,839
Tax Overpayments	A-22	5,909	7,768
Miscellaneous Reserves and Deposits	A-13	383,119	33,400
County Taxes Payable	A-17		817
Health Fees Payable	A-20	112	87
DCA Training Fees Payable	A-21	4,294	2,792
Due to State of New Jersey - Seniors Citizens & Veterans	A-7	2,500	
Reserve for Grants - Appropriated	A-18	237,204	233,204
Reserve for Unappropriated Grants	A-19	68,230	54,156
		1,588,594	632,906
Reserve for Receivables and Other Assets	A	20,255	72,693
Fund Balance	A-1	<u>1,435,573</u>	<u>1,250,888</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,044,422</u>	<u>\$ 1,956,487</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, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Anticipated	A-2	\$ 600,137	\$ 200,000
Miscellaneous Revenue Anticipated	A-2	1,725,532	1,412,498
Receipts from Current Taxes	A-2	15,211,838	14,697,227
Receipts from Delinquent Taxes	A-2	85	153
Non-Budget Revenue	A-2	111,735	184,883
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	36,209	192,659
Prior Year Interfunds Returned	A-1	58,316	
Cancellation of Accounts Payable	A-14	558	19,307
		<u>17,744,410</u>	<u>16,706,727</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,091,400	3,300,600
Other Expenses	A-3	3,769,173	2,983,717
Municipal Debt Service	A-3	375,091	375,669
Deferred Charges and Statutory Expenditures	A-3	1,020,594	804,351
Capital Improvements	A-3	50,000	
County Taxes	A-17	1,338,513	1,538,381
Local District School Taxes	A-16	7,315,626	6,993,331
Interfund Advances	A	-	58,316
		<u>16,960,397</u>	<u>16,054,365</u>
Excess in Revenue Before Adjustments		784,013	652,362
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-1	809	145,224
Statutory Excess to Fund Balance		784,822	797,586
<b>FUND BALANCE, JANUARY 1</b>	A	<u>1,250,888</u>	<u>653,302</u>
		2,035,710	1,450,888
Decreased by:			
Utilization as Anticipated Revenue	A-2	600,137	200,000
<b>FUND BALANCE, DECEMBER 31</b>	A	<u>\$ 1,435,573</u>	<u>\$ 1,250,888</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**TOWNSHIP OF SOUTH HACKENSACK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Reference	Budget	Added by: NJS 40A:4-87	Realized	Excess or (Deficit)
<b>FUND BALANCE ANTICIPATED</b>	A-1	\$ 600,137	-	\$ 600,137	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-9	15,500		15,698	\$ 198
Other	A-9	43,000		46,860	3,860
Fees and Permits	A-9	7,600		6,971	(629)
Municipal Court	A-9	90,000		203,258	113,258
Interest and Cost on Taxes	A-9	30,000		37,372	7,372
Interest on Investments & Deposits	A-9	1,000		1,494	494
Sewer Charges	A-9	350,000		357,478	7,478
Well Charges	A-9	2,500		3,257	757
Biodegradable and Suspended Solids	A-9	60,000		59,788	(212)
Cable Television Franchise Fees	A-9	30,000		32,762	2,762
Cellular Tower Lease	A-9	26,000		40,581	14,581
Consolidated Municipal Property Tax Relief	A-9	32,189		8,047	(24,142)
Energy Receipts Tax	A-9	452,534		452,534	
Uniform Fire Safety Act	A-9	43,000		40,926	(2,074)
Uniform Construction Code Fees	A-9	90,000		142,129	52,129
DEA-Forefeiture Funds	A-5	24,224		24,224	
COPS Hiring Grant	A-5	92,037		92,037	
Drive Sober or Get Pulled Over	A-5		\$ 5,000	5,000	
Body Armor Grant	A-19	2,441		2,441	
Clean Communities Program	A-19	4,314		4,314	
Recycling Tonnage Grant	A-19	43,251		43,251	
Hotel Occupancy Tax	A-9	75,000		90,427	15,427
Sewer Connection - Little Ferry	A-9	11,000		14,683	3,683
Total Miscellaneous Revenues	A-1	1,525,590	5,000	1,725,532	194,942
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-1,A-7	-	-	85	85
<b>AMOUNT TO BE TAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>	A-2	6,758,969	-	6,757,699	(1,270)
Total Budget Revenues	A-3	\$ 8,884,696	\$ 5,000	9,083,453	\$ 193,757
Non-Budget Revenue	A-1, A-2			111,735	
				\$ 9,195,188	



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Reference

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections		
Revenue from Collections	A-7	\$ 15,461,838
Less: Transfer to Reserve for Tax Appeals	A-13	<u>250,000</u>
Current Taxes Realized in Cash	A-1	15,211,838
Allocated to		
School, County and Open Space Taxes	A-16, A-17	<u>8,654,139</u>
		6,557,699
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>200,000</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 6,757,699</u>
Non-Budget Revenue		
Recycling		\$ 2,020
Traffic Details - Vehicles and Admin		92,237
2% Administrative Fee - Senior Citizen and Veterans'		470
Plowing Revenue		3,420
Prior Year Federal Tax Overpayment		1,445
Prior Year Voided Check		1,800
Miscellaneous		<u>10,343</u>
	A-2, A-4	<u>\$ 111,735</u>



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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>	
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT FUNCTIONS</b>					
Mayor and Township Committee					
Salaries and Wages	\$ 12,000	\$ 12,000	\$ 12,000	-	
Other Expenses	1,100	1,100	994	\$ 106	
Municipal Clerk					
Salaries and Wages	124,000	126,000	125,423	577	
Other Expenses	45,000	45,000	39,654	5,346	
Financial Administration					
Salaries & Wages	65,000	65,000	62,457	2,543	
Other Expenses	22,000	25,000	24,496	504	
Audit Services					
Other Expenses	60,000	60,000	52,081	7,919	
Revenue Administration					
Salaries and Wages	25,000	31,000	30,178	822	
Other Expenses	9,000	9,000	6,987	2,013	
Tax Assessment Administration					
Other Expenses	22,000	22,000	19,344	2,656	
Legal Services and Costs					
Other Expenses	120,000	150,000	145,747	4,253	
Engineering Services & Costs					
Other Expenses	15,000	20,000	17,578	2,422	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	3,200	3,200	1,619	1,581	
Other Expenses	3,000	3,000	1,843	1,157	
Zoning Board of Adjustment					
Salaries & Wages	3,200	9,200	8,518	682	
Other Expenses	3,000	4,000	3,222	778	





TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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>	
<b>OPERATIONS - WITHIN "CAPS" (Continued)</b>					
<b>GENERAL GOVERNMENT FUNCTIONS</b>					
(Continued)					
Unemployment Insurance	\$ 10,000	\$ 1,000		\$ 1,000	
Liability Insurance (SBJIF)	150,900	150,900	\$ 144,424	6,476	
Workmen's Compensation Insurance (SBJIF)	167,000	167,000	141,484	25,516	
Employee Group Insurance	1,090,289	1,090,289	976,737	113,552	
Municipal Court					
Salaries and Wages	67,000	72,000	71,343	657	
Other Expenses	7,000	8,000	7,966	34	-
Subtotal General Government	<u>2,024,689</u>	<u>2,074,689</u>	<u>1,894,095</u>	<u>180,594</u>	<u>-</u>
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police Department					
Salaries and Wages	2,100,000	1,932,000	1,828,600	103,400	
Other Expenses	70,000	90,000	82,807	7,193	
Police Dispatch/911					
Salaries and Wages	145,000	175,000	167,232	7,768	
Other Expenses	2,000	2,000	-	2,000	
Office of Emergency Management					
Salaries and Wages	7,000	7,000	6,082	918	
Other Expenses	2,000	2,000	130	1,870	
Aid to Volunteer Fire Companies					
Other Expenses	73,000	73,000	66,596	6,404	
Aid to Volunteer Ambulance Companies					
Salaries and Wages	8,000	8,000	-	8,000	
Other Expenses	23,000	23,000	19,017	3,983	
Fire Department					
Salaries and Wages	44,000	44,000	39,399	4,601	
Other Expenses	48,000	48,000	42,906	5,094	
Municipal Prosecutor					
Salaries and Wages	8,000	10,000	9,500	500	
Public Defender					
Salaries and Wages	<u>5,000</u>	<u>7,000</u>	<u>6,000</u>	<u>1,000</u>	<u>-</u>
Subtotal Public Safety	<u>2,535,000</u>	<u>2,421,000</u>	<u>2,268,269</u>	<u>152,731</u>	<u>-</u>



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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>	
<b>OPERATIONS - WITHIN "CAPS" (Cont'd)</b>					
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries & Wages	\$ 445,000	\$ 460,000	\$ 439,717	\$ 20,283	
Other Expenses	60,000	77,000	68,408	8,592	
Solid Waste Collection					
Other Expenses	110,000	110,000	76,693	33,307	
Public Buildings and Grounds					
Other Expenses	40,000	45,000	44,382	618	
Vehicle Maintenance					
Other Expenses	50,000	65,000	56,660	8,340	
Dump Fees					
Other Expenses	80,000	80,000	78,140	1,860	-
Subtotal Streets and Roads	785,000	837,000	764,000	73,000	-
<b>HEALTH AND WELFARE</b>					
Public Health Services					
Salaries and Wages	8,000	8,000	3,550	4,450	
Other Expenses	20,000	20,000	18,022	1,978	
Animal Control					
Other Expenses	4,000	4,000	3,303	697	-
Subtotal Health and Welfare	32,000	32,000	24,875	7,125	-
<b>RECREATION AND EDUCATION</b>					
Recreation Services and Programs					
Salaries and Wages	18,000	18,000	14,584	3,416	
Other Expenses	14,000	16,000	14,892	1,108	-
Subtotal Recreation and Education	32,000	34,000	29,476	4,524	-
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	5,000	5,000	4,136	864	
Accumulated Leave Compensation	35,000	35,000	35,000	-	-
Subtotal Other Common Operating Functions	40,000	40,000	39,136	864	-



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<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>	
<b>OPERATIONS - WITHIN "CAPS" (Cont'd)</b>					
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Salaries and Wages	\$ 66,000	\$ 69,000	\$ 67,598	\$ 1,402	
Other Expenses	3,500	3,500	2,534	966	-
Subtotal Code Enforcement	69,500	72,500	70,132	2,368	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	60,000	60,000	49,094	10,906	
Street Lighting	37,500	37,500	35,695	1,805	
Telephone	22,000	24,000	21,812	2,188	
Water	2,750	2,750	2,235	515	
Gasoline	65,000	65,000	54,127	10,873	-
Subtotal Utility Expenses and Bulk Purchases	187,250	189,250	162,963	26,287	-
Total Operations Within "CAPS"	5,705,439	5,700,439	5,252,946	447,493	-
Detail:					
Salaries and Wages	3,188,400	3,091,400	2,928,800	162,600	-
Other Expenses	2,517,039	2,609,039	2,324,146	284,893	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
Deferred Charges					
Emergency Appropriations	23,280	23,280	23,280		
Overexpenditure 2013 Appropriations	1,047	1,047	1,047		
Overexpenditure 2012 Approp. Reserves	16,733	16,733	16,733		
Expenditure without Appropriation	2,000	2,000	2,000		
Statutory Charges					
Social Security System (O.A.S.I.)	230,000	230,000	199,841	30,159	
Public Employees Retirement System of NJ	96,519	96,519	96,518	1	
Police and Firemen's Retirement System of NJ	463,118	463,118	460,333	2,785	
Defined Contribution Retirement Plan	2,000	2,000	216	1,784	-
Subtotal Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	834,697	834,697	799,968	34,729	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,540,136	6,535,136	6,052,914	482,222	-



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
H.M.D.C. Tax Sharing					
Other Expenses	\$ 382,629	\$ 382,629			\$ 382,629
Reserve for Tax Appeals					
Other Expenses	300,000	300,000	\$ 300,000		
Length of Services Awards Program (LOSAP)	37,000	41,000	40,642	\$ 358	-
Employee Group Health	24,711	24,711	-	24,711	-
Sewerage Processing and Disposal					
Other Expenses - BCUA	395,288	395,288	395,287	1	
Other Expenses - Debt Service - BCUA	177,367	177,367	177,367		
Sewer System - PVSC	8,501	8,501	8,501	-	-
Sewer System - Moonachie	22,000	22,000	21,981	19	-
<b>Total Other Operations Excluded From "CAPS"</b>	<u>1,347,496</u>	<u>1,351,496</u>	<u>943,778</u>	<u>25,089</u>	<u>382,629</u>
Interlocal Municipal Service Agreements					
Bergen County - 911 Emergency Service	2,000	2,000	1,784	216	
Borough of Hasbrouck Heights - Tax Assessing Services	17,000	18,000	17,223	777	-
<b>Total Interlocal Municipal Services Agreements</b>	<u>19,000</u>	<u>20,000</u>	<u>19,007</u>	<u>993</u>	<u>-</u>
Public & Private Programs					
Clean Communities Program	4,314	4,314	4,314	-	
DEA - Forfeiture of Funds	24,224	24,224	18,114	6,110	
Cops Hiring Grant	92,037	92,037	92,037	-	
Recycling Tonage Grant	43,251	43,251	25,453	17,798	
Drive Sober or Get Pulled Over	-	5,000	4,256	744	
Body Armor Fund	2,441	2,441	-	2,441	-
<b>Total Public and Private Programs Offset by Revenues</b>	<u>166,267</u>	<u>171,267</u>	<u>144,174</u>	<u>27,093</u>	<u>-</u>
<b>Total Operations Excluded from "CAPS"</b>	<u>1,532,763</u>	<u>1,542,763</u>	<u>1,106,959</u>	<u>53,175</u>	<u>382,629</u>
<b>CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	50,000	50,000	50,000	-	-





TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bonds	\$ 125,000	\$ 125,000	\$ 125,000		
Payment of Bond Anticipation Notes and Capital Notes	95,000	95,000	95,000		
Loan Repayments for Principal and Interest - EIT	93,200	93,200	92,516		\$ 684
Interest on Notes	7,800	7,800	7,769		31
Interest on Bonds	54,900	54,900	54,806		94
Green Trust Loan Program	-	-	-	-	-
Total Municipal Debt Service	<u>375,900</u>	<u>375,900</u>	<u>375,091</u>	<u>-</u>	<u>809</u>
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>					
Emergency Authorizations	120,897	120,897	120,897		
Special Emergency Authorizations - 3 years	15,000	15,000	15,000		
Deferred Charges to Future Taxation Unfunded Refunding Tax Appeals Ord. No. 13-10	50,000	50,000	50,000	-	-
Total Deferred Charges - Municipal	<u>185,897</u>	<u>185,897</u>	<u>185,897</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,144,560</u>	<u>2,154,560</u>	<u>1,717,947</u>	<u>53,175</u>	<u>383,438</u>
Subtotal General Appropriations	8,684,696	8,689,696	7,770,861	535,397	383,438
Reserve for Uncollected Taxes	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 8,884,696</u>	<u>\$ 8,889,696</u>	<u>\$ 7,970,861</u>	<u>\$ 535,397</u>	<u>\$ 383,438</u>
	A-2			A	
Budget as Adopted	A-2	\$ 8,884,696			
Additional Appropriations NJSA 40A:4-87	A-2	<u>5,000</u>			
		<u>\$ 8,889,696</u>			
Cash Disbursed	A-4		\$ 7,143,994		
Accounts Payable	A-14		97,910		
Deferred Charges	A-10, A-11		176,957		
Due to General Capital Fund	C-4		50,000		
Due to Other Trust Fund	B-9		2,000		
Reserve for Tax Appeals	A-13		300,000		
Reserve for Uncollected Taxes	A-2		<u>200,000</u>		
			<u>\$ 7,970,861</u>		



**TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 310	\$ 11
		<u>310</u>	<u>11</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	416,689	395,984
Due from Current Fund	B-9	<u>92,427</u>	<u>101,774</u>
		<u>509,116</u>	<u>497,758</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	<u>36,033</u>	<u>32,148</u>
<b>RECREATION TRUST FUND</b>			
Cash	B-1	<u>3,312</u>	<u>4,668</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	515,177	439,750
Contribution Receivable	B	<u>27,720</u>	<u>51,544</u>
		<u>542,897</u>	<u>491,294</u>
Total Assets		<u>\$ 1,091,668</u>	<u>\$ 1,025,879</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-2	\$ 13	\$ 13
Reserve for Animal Control Expenditures (Deficit)	B-3	<u>297</u>	<u>(2)</u>
		<u>310</u>	<u>11</u>
<b>OTHER TRUST FUND</b>			
Miscellaneous Reserves and Deposits	B-5	445,091	438,949
Payroll Deductions Payable	B-6	58,282	54,279
Accrued Salaries and Wages	B-8	4,492	4,004
Reserve for Flexible Spending	B-10	<u>1,251</u>	<u>526</u>
		<u>509,116</u>	<u>497,758</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Reserve for Unemployment Insurance Claims	B-5	<u>36,033</u>	<u>32,148</u>
		<u>36,033</u>	<u>32,148</u>
<b>RECREATION TRUST FUND</b>			
Reserve for Recreation Expenditures	B-7	<u>3,312</u>	<u>4,668</u>
		<u>3,312</u>	<u>4,668</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP	B	<u>542,897</u>	<u>491,294</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,091,668</u>	<u>\$ 1,025,879</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 653,796	\$ 557,375
Intergovernmental Receivables	C-7	167,176	243,400
Due from Current Fund	C-4	50,000	
Deferred Charges to Future Taxation			
Funded	C-5	1,990,978	2,191,442
Unfunded	C-6	<u>3,715,058</u>	<u>2,446,882</u>
 Total Assets		 <u>\$ 6,577,008</u>	 <u>\$ 5,439,099</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes	C-9	\$ 2,185,000	\$ 1,195,250
Serial Bonds Payable	C-10	1,505,000	1,630,000
Accounts Payable	C-11	486,722	826,088
Improvement Authorization			
Funded	C-8	245,396	248,610
Unfunded	C-8	1,331,137	479,794
Loans Payable	C-13	485,978	561,442
Capital Improvement Fund	C-12	83,400	109,000
Due to Current Fund	C-4		58,316
Reserve for Grants Receivable	C-7	85,463	161,687
Fund Balance	C-1	<u>168,912</u>	<u>168,912</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 6,577,008</u>	 <u>\$ 5,439,099</u>

There were bonds and notes authorized but not issued of \$1,606,282 and \$1,251,632 on December 31, 2014 and 2013, respectively. (Exhibit C-14).





**TOWNSHIP OF SOUTH HACKENSACK**  
**COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 168,912	\$ 218,912
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-1	_____ -	_____ 50,000
Balance, December 31	C	<u>\$ 168,912</u>	<u>\$ 168,912</u>



**TOWNSHIP OF SOUTH HACKENSACK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Land	\$ 1,753,100	\$ 1,753,100
Buildings and Building Improvements	321,270	321,270
Machinery and Equipment	<u>3,853,331</u>	<u>3,853,331</u>
	<u>\$ 5,927,701</u>	<u>\$ 5,927,701</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 5,927,701</u>	<u>\$ 5,927,701</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**NOTES TO FINANCIAL STATEMENTS**



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of South Hackensack (the "Township") was incorporated in 1935 and operates under an elected Township 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.

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

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.





TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

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

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

Recreation Trust Fund - This fund is used to account for the receipts and disbursements relating to recreation activities.

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



TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

**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.

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

**Financial Statements – Regulatory Basis**

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

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

The 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. The more significant differences are as follows:

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

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



TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Contineud)

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of 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 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The 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/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the 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/Receivables** - 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.

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

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

**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.



TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

**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 payables 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 Township Committee. 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.

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

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

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the 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.

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





TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

No depreciation has been provided for in the financial statements.

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

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

Use of Estimates - The preparation of financial statements requires management of the 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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 2014 and 2013 the Township Committee increased the original budget by \$5,000 and \$144,177. The increase in 2014 was funded by state additional aid allotted to the Township. The increase in 2013 was attributable to emergency resolutions for liability insurance, employee group insurance and sewer charges. In addition, the Township Committee approved several budget transfers during 2014 and 2013.



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2014</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
2013 Appropriation Reserves –			
Aid to Volunteer Ambulance Companies	\$1,672	\$2,272	\$600
Vehicle Maintenance	2,213	2,422	209
 <u>2013</u>			
Current Fund			
2013 Appropriations			
Employee Group Insurance	910,453	910,581	128
Streets and Road Maintenance –			
Salaries and Wages	433,216	434,135	919
2012 Appropriation Reserves –			
Liability Insurance	713	17,446	16,733

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**NOTE 3 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.

**A. 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 the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.



TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

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, 2014 and 2013, the book value of the Township's deposits were \$4,034,081 and \$2,494,693 and bank and brokerage firm balances of the Township's deposits amounted to \$4,142,935 and \$3,552,659, 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>2014</u>	<u>2013</u>
Insured	\$ <u>4,142,935</u>	\$ <u>3,552,959</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. The Township's deposits were not exposed to custodial credit risk.

B. Investments

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

As of December 31, 2014 and 2013, the Township had the following investments:

Investment:	<u>Fair Value</u>	
	<u>2014</u>	<u>2013</u>
Length of Service Awards Program (Unaudited)	\$ <u>515,177</u>	\$ <u>439,750</u>



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

**B. Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the 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, 2014 and 2013, \$515,177 and \$439,750 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	<u>\$ 515,177</u>	<u>\$ 439,750</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2014 and 2013, the Township’s investment in Lincoln Financial Group was rated Baa1 and Baa1, respectively by Moody’s Investors Service.

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

The fair value of the above-listed investment was 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 4 TAXES RECEIVABLE**

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u>		
Property Taxes	\$ 92	\$ 85
Tax Title Liens	<u>1,254</u>	<u>821</u>
	<u>\$ 1,346</u>	<u>\$ 906</u>

In 2014 and 2013, the Township collected \$85 and \$153 from delinquent taxes, which represented 9% and 16%, respectively of the prior year delinquent taxes receivable balance.





**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund		\$ 142,427	\$ 58,316	\$ 101,774
Other Trust Fund	\$ 92,427		101,774	
General Capital Fund	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>58,316</u>
	<u>\$ 142,427</u>	<u>\$ 142,427</u>	<u>\$ 160,090</u>	<u>\$ 160,090</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 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Overexpenditure of 2013 Appropriation Reserves	\$ 809	\$ 809	\$ -
	<u>\$ 809</u>	<u>\$ 809</u>	<u>\$ -</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 15,000	\$ 15,000	
Emergency Authorization (40A:4-47)	144,177	144,177	
Overexpenditure of 2012 Appropriation Reserves	16,733	16,733	
Overexpenditure of 2013 Appropriations	<u>1,047</u>	<u>1,047</u>	<u>\$ -</u>
	<u>\$ 176,957</u>	<u>\$ 176,957</u>	<u>\$ -</u>



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	Fund Balance December 31, <u>2014</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,335,347	\$ 441,000	\$ 871,601	\$ 600,137
Non-Cash Surplus	<u>100,226</u>	<u>-</u>	<u>379,287</u>	<u>-</u>
	<u>\$ 1,435,573</u>	<u>\$ 441,000</u>	<u>\$ 1,250,888</u>	<u>\$ 600,137</u>

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	321,270			321,270
Machinery and Equipment	<u>3,853,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,853,331</u>
	<u>\$ 5,927,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,927,701</u>
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<b><u>2013</u></b>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	321,270			321,270
Machinery and Equipment	<u>3,643,803</u>	<u>\$ 209,528</u>	<u>\$ -</u>	<u>3,853,331</u>
	<u>\$ 5,718,173</u>	<u>\$ 209,528</u>	<u>\$ -</u>	<u>\$ 5,927,701</u>



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 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 both 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>2014</u>	<u>2013</u>
Issued		
General		
Bonds, Notes and Loans	\$ 4,175,978	\$ 3,386,692
Less Funds Temporarily Held to Pay Bonds and Notes	<u>76,224</u>	<u>-</u>
Net Debt Issued	4,099,754	3,386,692
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,606,282</u>	<u>1,251,632</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 5,706,036</u>	<u>\$ 4,638,324</u>



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .68% and .48% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2014</u></b>			
General Debt	\$ 5,782,260	\$ 1,331,224	\$ 4,451,036
School Debt	<u>5,300,000</u>	<u>5,300,000</u>	<u>-</u>
Total	<u>\$ 11,082,260</u>	<u>\$ 6,631,224</u>	<u>\$ 4,451,036</u>
<b><u>2013</u></b>			
General Debt	\$ 4,638,324	\$ 1,400,000	\$ 3,238,324
School Debt	<u>5,815,000</u>	<u>\$ 5,815,000</u>	<u>-</u>
Total	<u>\$ 10,453,324</u>	<u>\$ 7,215,000</u>	<u>\$ 3,238,324</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>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 22,896,106	\$ 23,542,645
Net Debt	<u>4,451,036</u>	<u>3,238,324</u>
Remaining Borrowing Power	<u>\$ 18,445,070</u>	<u>\$ 20,304,321</u>





**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2014</u>	<u>2013</u>
\$1,880,000, 2011 Bonds, due in annual installments of \$125,000 to \$245,000 through February 15, 2023, interest at 3.00% to 4.00%	\$ 1,505,000	\$ 1,630,000
	<u>\$ 1,505,000</u>	<u>\$ 1,630,000</u>

**General Intergovernmental Loans Payable**

The Township has entered into a loan agreements with the New Jersey Environmental Infrastructure Trust for the financing relating to the drainage improvements of the Township's 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>2014</u>	<u>2013</u>
\$720,000, 2000 Loans, due in annual installments of \$45,000 to \$55,000 through August 1, 2020, interest at 2.0%	\$ 300,000	\$ 340,000
\$721,280, 2000 Loans, due in annual installments of \$1,901 to \$35,891 through August 1, 2020, interest at 2.0%	<u>185,978</u>	<u>221,442</u>
	<u>\$ 485,978</u>	<u>\$ 561,442</u>



TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	<u>General Serial Bonds</u>		<u>Intergovernmental Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 125,000	\$ 51,056	\$ 82,310	\$ 15,638	\$ 274,004
2016	125,000	47,306	80,891	13,331	266,528
2017	125,000	43,556	87,548	11,025	267,129
2018	125,000	39,650	85,933	8,400	258,983
2019	130,000	35,506	92,394	5,775	263,675
2020-2023	<u>875,000</u>	<u>73,522</u>	<u>56,902</u>	<u>2,888</u>	<u>1,008,312</u>
Total	<u>\$ 1,505,000</u>	<u>\$ 290,596</u>	<u>\$ 485,978</u>	<u>\$ 57,057</u>	<u>\$ 2,338,631</u>

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>					
General Capital Fund					
General Serial Bonds Payable	\$ 1,630,000		\$ 125,000	\$ 1,505,000	\$ 125,000
Intergovernmental Loans Payable	<u>561,442</u>	<u>\$ -</u>	<u>75,464</u>	<u>485,978</u>	<u>82,310</u>
	<u>\$ 2,191,442</u>	<u>\$ -</u>	<u>\$ 200,464</u>	<u>\$ 1,990,978</u>	<u>\$ 207,310</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<b><u>2013</u></b>					
General Capital Fund					
General Serial Bonds Payable	\$ 1,755,000		\$ 125,000	\$ 1,630,000	\$ 125,000
Intergovernmental Loans Payable	<u>638,137</u>	<u>\$ -</u>	<u>76,695</u>	<u>561,442</u>	<u>75,464</u>
	<u>\$ 2,393,137</u>	<u>\$ -</u>	<u>\$ 201,695</u>	<u>\$ 2,191,442</u>	<u>\$ 200,464</u>



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Township's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

**Bond Anticipation Notes**

<u>2014</u>	Interest Rate (%)	Maturity Date	Balance, December 31, 2013	Issued	Redeemed	Balance, December 31, 2014
<u>General Capital Fund</u>						
Refunding Tax Appeals	0.65	2/28/2014	\$ 390,000		\$ 390,000	
	0.49	2/27/2015		\$ 1,223,750		\$ 1,223,750
Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	0.65	2/28/2014	38,000		38,000	
	0.49	2/27/2015		38,000		38,000
Various Road Improvements	0.65	2/28/2014	419,000		419,000	
	0.49	2/27/2015		419,000		419,000
Improvement to Baeli Playground and Veteran's Park Walkways	0.65	2/28/2014	34,250		34,250	
	0.49	2/27/2015		34,250		34,250
Various Public Acquisitions and Improvements	0.65	2/28/2014	314,000		314,000	
	0.49	2/27/2015	-	470,000	-	470,000
<b>Total Bond Anticipation Notes Payable</b>			<b>\$ 1,195,250</b>	<b>\$ 2,185,000</b>	<b>\$ 1,195,250</b>	<b>\$ 2,185,000</b>

<u>2013</u>	Interest Rate (%)	Maturity Date	Balance, December 31, 2012	Issued	Redeemed	Balance, December 31, 2013
<u>General Capital Fund</u>						
Refunding Tax Appeals	1.95	2/28/2013	\$ 485,000		\$ 485,000	
	0.65	2/28/2014		\$ 390,000		\$ 390,000
Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	0.65	2/28/2014		38,000		38,000
Various Road Improvements	0.65	2/28/2014		419,000		419,000
Improvement to Baeli Playground and Veteran's Park Walkways	0.65	2/28/2014		34,250		34,250
Various Public Acquisitions and Improvements	0.65	2/28/2014	-	314,000	-	314,000
<b>Total Bond Anticipation Notes Payable</b>			<b>\$ 485,000</b>	<b>\$ 1,195,250</b>	<b>\$ 485,000</b>	<b>\$ 1,195,250</b>

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



**TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

**NOTE 10 OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Township has other significant outstanding commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2014</u></b>	
Purchase of Three (3) Police Vehicles	\$117,792
Purchase of One (1) Street Sweeper and One (1) Sewer Jet Vac Vehicle (Shared Equipment-Borough of Moonachie)	308,333
<b><u>2013</u></b>	
Tax Appeals Payable	826,088

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$436,443 and \$555,377 at December 31, 2014 and 2013, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2014 and 2013, the Township has reserved in the Other Trust Fund \$89,877 and \$85,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39.





**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those 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. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**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 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

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. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

**Other Pension Funds**

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

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

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

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



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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 and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**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:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS 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), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: 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 for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. 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 was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**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. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 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.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for 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 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 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.



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2014, 2013 and 2012, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 460,333	\$ 96,518	\$ 216
2013	465,893	91,458	476
2012	467,488	114,639	847

**NOTE 13 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 benefit 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 2014 and 2013 the Township paid \$286,188 and \$199,080, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

**Annual OPEB Cost and Net OPEB Obligation**

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year 2014 and 2013, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the plan.

	<u>2014</u>	<u>2013</u>
Annual Required Contribution	\$ 1,081,457	\$ 1,081,457
Interest on Net OPEB Obligation	130,821	87,191
ARC Adjustment	-	-
Annual OPEB Cost (Expense)	<u>1,212,278</u>	<u>1,168,648</u>
Contributions Made	<u>286,188</u>	<u>199,080</u>
Increase in Net OPEB Obligation	926,090	969,568
Net OPEB Obligation - January 1	<u>2,907,141</u>	<u>1,937,573</u>
Net OPEB Obligation - December 31	<u>\$ 3,833,231</u>	<u>\$ 2,907,141</u>





**TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2014, 2013 and 2012 were as follows:

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligations</u>
2014	\$ 1,212,278	24%	\$ 3,833,231
2013	1,168,648	17%	2,907,141
2012	1,124,506	13%	1,937,573

**Funded Status and Funding Progress**

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$12,385,388, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,385,388. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.50 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 27 years.



**TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 14 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 SBJIF and MEL coverage amounts are on file with the Township.

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

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

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

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

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

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014		\$ 3,885		\$ 36,033
2013		3,558	\$ 5,956	32,148
2012	\$ 40,000	2,861	14,613	34,546



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 15 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. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not 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, 2014 and 2013. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2014 and 2013, the Township reserved \$364,787 and \$19,639, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Also, in 2013 and 2012, the Township Committee adopted Ordinance No.'s 13-10 and 12-12, which appropriated \$1,010,000 and \$485,000 to fund various tax appeal settlements. Funding of any ultimate liability would be provided for in succeeding years' budget, from fund balance or the Current Fund Reserve for Tax Appeals.

**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, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**NOTE 16 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, 2014 and 2013, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Township of South Hackensack Length of Service Award Program (the Plan) was created by a Township ordinance adopted on August 9, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of South Hackensack approved the adoption of the Plan at the general election held on November 6, 2001.

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.



**TOWNSHIP OF SOUTH HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

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

The Township of South Hackensack has contributed \$1,540 and \$1,516 for 2014 and 2013, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan.

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

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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





**CURRENT FUND**



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF CURRENT CASH**

Balance, December 31, 2013		\$ 1,504,307
Increased by Receipts:		
Taxes Receivable	\$ 15,334,792	
Non-Budget Revenue	111,735	
Due from State of New Jersey - Senior Citizens' and Veterans'	23,500	
Revenue Accounts Receivable	1,552,426	
Prepaid Taxes	103,688	
Prepaid Sewer Fees	36	
Tax Overpayments	5,909	
Health Fees	250	
DCA Training Fees	10,822	
Miscellaneous Reserves and Deposits	82,092	
Unappropriated Reserves - Grants	64,080	
Grants Receivable	199,700	
Receipts from General Capital Fund	58,316	
Receipts from Other Trust Fund	<u>8,000</u>	
		<u>17,555,346</u>
		19,059,653
Decreased by Disbursements:		
2014 Budget Appropriations	7,143,994	
2013 Appropriation Reserves	45,044	
County Taxes Payable	1,339,330	
Local District School Taxes Payable	7,315,626	
Health Fees Payable	225	
Miscellaneous Reserves and Deposits	282,373	
DCA Training Fees Payable	<u>9,320</u>	
		<u>16,135,912</u>
Balance, December 31, 2014		<u>\$ 2,923,741</u>



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

	Balance December 31, <u>2013</u>	Revenue <u>Realized</u>	<u>Received</u>	Balance December 31, <u>2014</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	7,200			7,200
Bergen County Open Space	34,000			34,000
Bergen County Prosecutor- Confiscated Funds	41,911			41,911
COPS Hiring Program	103,469		\$ 103,469	
DEA-Forefeiture Funds		\$ 24,224	24,224	-
COPS Hiring Grant		92,037	92,037	
Drive Sober or Get Pulled Over	-	5,000	4,194	806
	<u>\$ 202,080</u>	<u>\$ 121,261</u>	<u>\$ 223,924</u>	<u>\$ 99,417</u>
			Cash Receipts \$ 199,700	
			Due from Other Trust Fund 24,224	
			<u>\$ 223,924</u>	

EXHIBIT A-6

**STATEMENT OF DUE FROM / (TO) STATE OF NEW JERSEY  
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2013 (Due from)	\$ 250
Increased by:	
Senior Citizens' Deductions Per Tax Billings	\$ 7,500
Veterans' Deductions Per Tax Billings	17,000
Senior Citizens' /Veterans' Deductions Allowed by Tax Collector	<u>250</u>
	<u>24,750</u>
	25,000
Decreased by:	
Received in Cash from State	23,500
Senior Citizens' /Veterans' Deductions Disallowed by Tax Collector	<u>4,000</u>
	<u>27,500</u>
Balance, December 31, 2014 (Due to)	<u>\$ 2,500</u>



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

Year	Balance, December 31, 2013	2014 Levy	Senior Citizens' and Veterans' Deductions Disallowed	2013	Collected In 2014	Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Remitted or Cancelled	Balance, December 31, 2014
2013	\$ 85				\$ 85				
2014	-	\$ 15,485,321	\$ 4,000	\$ 106,381	\$ 15,334,707	\$ 24,750	\$ 433	\$ 22,958	\$ 92
	\$ 85	\$ 15,485,321	\$ 4,000	\$ 106,381	\$ 15,334,792	\$ 24,750	\$ 433	\$ 22,958	\$ 92

Analysis of 2014 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 15,416,029
Added Taxes (R.S. 54:4-36.1 et. seq.)	<u>69,292</u>
	<u>\$ 15,485,321</u>
Tax Levy	
Local District School Tax	\$ 7,315,626
County Tax	1,323,048
County Open Space Preservation	15,465
	\$ 8,654,139
Local Tax for Municipal Purposes	6,758,969
Add Additional Tax Levy	<u>72,213</u>
	<u>6,831,182</u>
	<u>\$ 15,485,321</u>





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

Balance, December 31, 2013	\$ 821
Increased by:	
Transferred from 2014 Taxes	433
Balance, December 31, 2014	\$ 1,254

**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	Accrued	Collected <u>2014</u>	Adjustment	Prepays Applied	Balance, December 31, <u>2014</u>
Licenses						
Alcoholic Beverage		\$ 15,698	\$ 15,698			
Other		46,860	46,860			
Fees and Permits		6,971	6,971			
Construction Code Official						
Fees and Permits		142,129	142,129			
Municipal Court						
Fines and Costs	\$ 12,510	209,657	203,258			\$ 18,909
Interest on Investments and Deposits		1,494	1,494			
Interest and Costs on Taxes		37,372	37,372			
Energy Receipts Tax		452,534	452,534			
Consolidated Municipal Property Tax Relief		8,047	8,047			
Uniform Fire Safety Act		40,926	40,926			
Well Charges		3,257	3,257			
Sewer Charges		357,478	355,639		\$ 1,839	
Biodegradable and Suspended Solids		59,788	59,788			
Hotel Occupancy Tax		90,427	90,427			
Sewer Connection - Little Ferry		14,683	14,683			
Cable Television Franchise Fees		32,762	32,762			
Cellular Tower Lease		40,581	40,581			
Traffic Detail	961	-	-	\$ 961	-	-
	\$ 13,471	\$ 1,560,664	\$ 1,552,426	\$ 961	\$ 1,839	\$ 18,909



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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, December 31, 2013</u>	<u>2014 Authorization</u>	<u>Reduced by 2014 Budget</u>	<u>Balance, December 31, 2014</u>
10/1/2009	Revaluation	75,000	15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
				<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ -</u>

EXHIBIT A-11

**STATEMENT OF DEFERRED CHARGES  
EMERGENCY AUTHORIZATIONS**

	<u>Balance, December 31, 2013</u>	<u>Added in 2014</u>	<u>Reduced by 2014 Budget</u>	<u>Balance, December 31, 2014</u>
Emergency Authorizations (40A:4-47)	\$ 144,177		\$ 144,177	
Overexpenditure of 2012 Appropriation Reserves	16,733		16,733	
Overexpenditure of 2013 Appropriations	1,047		1,047	
Overexpenditure of 2013 Appropriations Reserves	-	\$ 809	-	\$ 809
	<u>\$ 161,957</u>	<u>\$ 809</u>	<u>\$ 161,957</u>	<u>\$ 809</u>



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance December 31, 2013	Payables Restored	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed	Over- Expenditure
Salaries and Wages						
Financial Administration	\$ 2		\$ 2		\$ 2	
Revenue Administration	1		1		1	
Code Enforcement	1		1		1	
Police Department	3,289		8,840	\$ 2,300	6,540	
Police Dispatch 911	27		27		27	
Office of Emergency Management	1		1		1	
Public Defender	100		1		1	
Streets and Roads	-		6,920	-	6,920	-
	<u>3,421</u>	<u>-</u>	<u>15,793</u>	<u>2,300</u>	<u>13,493</u>	<u>-</u>
Other Expenses						
Municipal Clerk's Office	497	\$ 310	1,124	1,124	-	
Financial Administration			1,870	1,868	2	
Audit Services	1,501		7,178	7,176	2	
Revenue Administration	1	285	509	507	2	
Tax Assessment Administration	1		301	300	1	
Legal Services and Costs	547		547		547	
Engineering Services and Costs	2,479		-		-	
Planning Board	1		1		1	
Code Enforcement		110	110	110	-	
Unemployment Insurance	11,327		-		-	
Liability Insurance	3,996		4,125		4,125	
Workers Compensation Insurance	629		-		-	
Police Department		2,246	2,353	2,353	-	
Office of Emergency Management	1		1		1	
Aid to Volunteer Fire Companies	1	633	634	633	1	
Aid to Volunteer Ambulance Companies	1	1,671	1,672	2,272	(600)	\$ 600
Fire Department		6,861	6,861	6,861	-	
Streets and Roads Maintenance		2,728	3,394	3,338	56	
Solid Waste Collection	1		1		1	
Public Buildings and Grounds		7	7	7	-	
Vehicle Maintenance	1	2,212	2,213	2,422	(209)	209
Dump Fees	6,783		6,497	6,495	2	
Celebration of Public Events	1		1		1	
Accumulated Leave Compensation	4,877		4,877	4,877	-	
Utilities:						
Gasoline	5,230		2,645	\$ 2,645	-	
Electricity	3,598		932	932	-	
Telephone	462		274	274	-	
Water	214		105	105	-	
Street Lighting	4,706					
Social Security	10,761					
Defined Contribution Retirement Plan	1,524		1,524		1,524	
Municipal Court	1,697					
Length of Services Awards Program	3,322		3,322	3,322	-	
Sewerage Processing and Disposal	76		15,848		15,848	
Bergen County - 911 Emergency Service	1,411		1,411		1,411	
Clean Communities	4,000		4,000	4,000	-	
	<u>69,646</u>	<u>17,063</u>	<u>74,337</u>	<u>51,621</u>	<u>22,716</u>	<u>809</u>
	<u>\$ 73,067</u>	<u>\$ 17,063</u>	<u>\$ 90,130</u>	<u>\$ 53,921</u>	<u>\$ 36,209</u>	<u>\$ 809</u>
Cash Disbursements				\$ 45,044		
Due to Other Trust - Accumulated Absences				4,877		
Appropriated Grant Reserve				4,000		
				<u>\$ 53,921</u>		



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

	Balance, December 31, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	from 2014 <u>Appropriations</u>	Transfer from 2014 <u>Tax Collections</u>	Transfer Balance, December 31, <u>2014</u>
Revaluation	\$ 12,300					\$ 12,300
Tax Appeals	19,639		\$ 204,852	\$ 300,000	\$ 250,000	364,787
Tax Title Liens Redemptions	<u>1,461</u>	<u>\$ 82,092</u>	<u>77,521</u>	<u>-</u>	<u>-</u>	<u>6,032</u>
	<u>\$ 33,400</u>	<u>\$ 82,092</u>	<u>\$ 282,373</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 383,119</u>

EXHIBIT A-14

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2013	\$ 17,621
Increased by:	
Charges to 2014 Appropriations	<u>97,910</u>
	115,531
Decreased by:	
Payables Restored to 2013 Appropriation Reserves	\$ 17,063
Cancelled	<u>558</u>
	<u>17,621</u>
Balance, December 31, 2014	<u>\$ 97,910</u>

EXHIBIT A-15

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2013	\$ 106,381
Increased by:	
Collection of 2015 Taxes	\$ 103,688
Transfer from Tax Overpayments	<u>7,768</u>
	<u>111,456</u>
	217,837
Decreased by:	
Applied to 2014 Taxes Receivable	<u>106,381</u>
Balance, December 31, 2014	<u>\$ 111,456</u>





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

Increased by:		
Levy, Calendar Year 2014		\$ 7,315,626
Decreased by:		
Payments		<u>7,315,626</u>
Balance, December 31, 2014		<u>\$ -</u>

EXHIBIT A-17

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2013		\$ 817
Increased by:		
General Levy	\$ 1,323,048	
Open Space Tax	<u>15,465</u>	
		<u>\$ 1,338,513</u>
		1,339,330
Decreased by:		
Payments		<u>1,339,330</u>
Balance, December 31, 2014		<u>\$ -</u>

EXHIBIT A-18

**STATEMENT OF RESERVE FOR APPROPRIATED GRANTS**

	Balance, December 31, <u>2013</u>	Transferred from 2013 Appropriations	Balance, December 31, <u>2014</u>
Recycling Tonnage Grant	\$ 100,245		\$ 100,245
Alcohol Education Rehabilitation Fund	1,427		1,427
Private Donation - Grant Supplies	3,000		3,000
Private Donation - BCCT	4,000		4,000
Clean Communities	20,000	4,000	24,000
Drunk Driving Enforcement Fund	1,202		1,202
Over the Limit Under Arrest	6,000		6,000
Click It or Ticket It	7,200		7,200
Green Communities	3,000		3,000
BCUA Municipal Recycling Assistance	4,719		4,719
Bergen County Confiscated Funds	36,958		36,958
2010 Open Space Trust - Playground Renovation	34,000		34,000
BC Prosecutor-Forfeiture Funds	<u>11,453</u>	<u>-</u>	<u>11,453</u>
	<u>\$ 233,204</u>	<u>\$ 4,000</u>	<u>\$ 237,204</u>



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

	Balance, December 31, <u>2013</u>	Cash <u>Receipts</u>	Appropriated <u>in 2014</u>	Balance, December 31, <u>2014</u>
Donation - BCCT	\$ 150			\$ 150
Clean Communities Program	4,314	\$ 4,046	\$ 4,314	4,046
Body Armor	2,441	1,934	2,441	1,934
Recycling Tonnage	43,251	54,581	43,251	54,581
Click It or Ticket		3,519		3,519
Highway Safety	4,000	-	-	4,000
	<u>\$ 5,876</u>	<u>\$ 64,080</u>	<u>\$ 50,006</u>	<u>\$ 68,230</u>

EXHIBIT A-20

**STATEMENT OF MARRIAGE FEES PAYABLE**

Balance, December 31, 2013	\$ 87
Increased by:	
Cash Receipts	<u>250</u>
	337
Decreased by:	
Cash Disbursements	<u>225</u>
Balance, December 31, 2014	<u>\$ 112</u>

EXHIBIT A-21

**STATEMENT OF DCA TRAINING FEES PAYABLE**

Balance, December 31, 2013	\$ 2,792
Increased by:	
Cash Receipts	<u>10,822</u>
	13,614
Decreased by:	
Cash Disbursements	<u>9,320</u>
Balance, December 31, 2014	<u>\$ 4,294</u>



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

Balance, December 31, 2013	\$	7,768
Increased by:		
Cash Receipts		5,909
		13,677
Decreased by:		
Transfer to Prepaid Taxes		7,768
Balance, December 31, 2014	\$	5,909

**STATEMENT OF PREPAID SEWER FEES**

Balance, December 31, 2013	\$	1,839
Increased by:		
Cash Receipts		36
		1,875
Decreased by:		
Prepayments Applied		1,839
Balance, December 31, 2014	\$	36



**TRUST FUNDS**





TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF TRUST CASH

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Insurance Trust</u>	<u>Recreation Trust</u>
Balance, December 31, 2013	\$ 11	\$ 395,984	\$ 32,148	\$ 4,668
Increased by Receipts:				
Animal Control Fees	\$ 299			
Due to State of NJ - Animal Control Fees	74			
Escrow Deposits		\$ 107,588		
Employee Contributions			\$ 3,885	
Accrued Salaries and Wages		1,791,880		
Payroll Deductions		2,049,650		
Flexible Spending		725		
Recreation		-		\$ 1,235
	<u>373</u>	<u>3,949,843</u>	<u>3,885</u>	<u>1,235</u>
Decreased by Disbursements:				
Due to State of NJ	384		36,033	5,903
Recreation	74			2,591
Escrow Deposits		84,099		
Payroll Deductions		2,045,647		
Accrued Salaries and Wages		1,791,392		
Payments to Current Fund		8,000		
	<u>74</u>	<u>3,929,138</u>	<u>-</u>	<u>2,591</u>
Balance, December 31, 2014	<u>\$ 310</u>	<u>\$ 416,689</u>	<u>\$ 36,033</u>	<u>\$ 3,312</u>



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

Balance, December 31, 2013	\$	13
Increased by:		
State Fees Collected		74
		87
Decreased by:		
Payments to State of NJ		74
Balance, December 31, 2014	\$	13

EXHIBIT B-3

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2013 (Deficit)	\$	(2)
Increased by:		
Animal Control Fees Collected		299
Balance, December 31, 2014	\$	297

EXHIBIT B-4

**STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS  
OTHER TRUST FUND**

	Balance December 31, <u>2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2014</u>
Developer's Escrow	\$ 111,382	\$ 56,942	\$ 56,858	\$ 111,466
COAH	118,591	59	375	118,275
Scholarship	39,648	2,054	5,005	36,697
Police Outside Employment	12,965	4,338	4,338	12,965
DARE	4,631	3,186	3,497	4,320
POAA	375	509	526	358
Miscellaneous	2,639			2,639
Tax Sale Certificate Premiums	17,100	42,500	13,500	46,100
Fire Prevention Fees	21,844			21,844
Shade Tree	550			550
Accumulated Absences	85,000	4,877		89,877
Forfeited Property	24,224	-	24,224	-
	\$ 438,949	\$ 114,465	\$ 108,323	\$ 445,091
Cash Receipts		\$ 107,588		
Cash Disbursements			\$ 84,099	
Due from Current Fund		6,877		
Due to Current Fund - Anticipated Revenue		-	24,224	
		\$ 114,465	\$ 108,323	



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

Balance, December 31, 2013	\$ 32,148
Increased by:	
Employee Contributions	<u>3,885</u>
Balance, December 31, 2014	<u>\$ 36,033</u>

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2013	\$ 54,279
Increased by:	
Payroll Withholdings	<u>2,049,650</u>
	2,103,929
Decreased by:	
Payroll Deduction Disbursements	<u>2,045,647</u>
Balance, December 31, 2014	<u>\$ 58,282</u>

**STATEMENT OF RESERVE FOR RECREATION EXPENDITURES**

Balance, December 31, 2013	\$ 4,668
Increased by:	
Cash Receipts	<u>1,235</u>
	5,903
Decreased by:	
Cash Disbursements	<u>2,591</u>
Balance, December 31, 2014	<u>\$ 3,312</u>



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

Balance, December 31, 2013	\$ 4,004
Increased by:	
Net Payroll Receipts	<u>1,791,880</u>
	1,795,884
Decreased by:	
Net Payroll Disbursements	<u>1,791,392</u>
Balance, December 31, 2014	<u>\$ 4,492</u>

EXHIBIT B-9

**STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST**

Balance, December 31, 2013	\$ 101,774
Increased by:	
2013 Appropriation Reserve - Accumulated Absences	\$ 4,877
2014 Appropriation - Deferred Charge - Expenditure without Appropriation	2,000
Payments to Current Fund	<u>8,000</u>
	<u>14,877</u>
	116,651
Decreased by:	
2014 Current Fund Anticipated Revenue - Forfeited Properties	<u>24,224</u>
Balance, December 31, 2014	<u>\$ 92,427</u>

EXHIBIT B-10

**STATEMENT OF RESERVE FOR FLEXIBLE SPENDING**

Balance, December 31, 2013	\$ 526
Increased by:	
Cash Receipts	<u>725</u>
Balance, December 31, 2014	<u>\$ 1,251</u>





**GENERAL CAPITAL FUND**



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2013		\$ 557,375
Increased by Receipts:		
Notes Issued	\$ 1,084,750	
Receipt from Current Fund	50,000	
Grant Receipts	<u>76,224</u>	
		<u>1,210,974</u>
		1,768,349
Decreased by Disbursements:		
Improvement Authorizations	230,149	
Accounts Payable	826,088	
Payments to Current Fund	<u>58,316</u>	
		<u>1,114,553</u>
Balance, December 31, 2014		<u>\$ 653,796</u>



**TOWNSHIP OF SOUTH HACKENSACK  
ANALYSIS OF GENERAL CAPITAL CASH  
DECEMBER 31, 2014**

Fund Balance		\$ 168,912
Capital Improvement Fund		83,400
Intergovernmental Receivables		(81,713)
Due from Current Fund		(50,000)
Accounts Payables		486,722
Reserve for Payment of Notes		76,224
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	7
11-05	Improvements of Dryer Avenue, Lincoln Street, and Phillips Avenue	28,884
11-11	Various Road Improvements	98,568
12-02	Improvement to Baeli Playground and Veteran's Park Walkways	373
13-10	Refunding Tax Appeals	44,719
13-11	Various Public Improvements	29,298
14-07	Various Public Improvements and Acquisition of Equipment and Vehicles	(91,520)
14-08	Environmental Study and Remediation with Removal of Undergorund	
	Storage Tank at the Department of Public Works Yard	(11,119)
14-09	Sewer Jet Machine and Street Sweeper	(292,646)
		<u>\$ 653,796</u>



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

Balance, December 31, 2013 (Due to)		\$	58,316
Increased by:			
Receipts from Current Fund			<u>50,000</u>
			108,316
Decreased by:			
2014 Budget Appropriation			
Deferred Charges - Unfunded	\$	50,000	
Capital Improvement Fund Payments to Current Fund		50,000	
Payments to Current Fund		<u>58,316</u>	
			<u>158,316</u>
Balance, December 31, 2014 (Due from)		\$	<u>50,000</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2013		\$	2,191,442
Decreased by:			
2014 Budget Appropriation			
Bond Principal	\$	125,000	
Loan Principal		<u>75,464</u>	
			<u>200,464</u>
Balance, December 31, 2014		\$	<u>1,990,978</u>





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

Analysis of Balance, December 31, 2014

Ordinance Number	Improvement Description	Balance, December 31, 2013	2014 Authorizations	Funded by Budget Appropriation	Notes Paid by Budget Appropriation	Funded by Grant Receipts	Balance, December 31, 2014	Bond Anticipation Note	Expenditures	Improvement Authorizations Unfunded
97-10	Barrier Free Peak Improvements	\$ 9,029					9,029		9,029	
11-99/8-00/19-01	Barrier Free Curbs	6,282					6,282		6,282	
99-14	Reconstruct, Huyler St. Pump Station	1,131					1,131		1,131	
02-05	Resurface Phillips Ave Phase II	2,539					2,539		2,539	
10-04	Acquisition of Real Property/Additional Funds	62,721					62,721		62,721	
11-05	Garfield Park Sewer Pumping Flood Proof Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	3,930					3,930		3,930	3,930
11-11	Various Road Improvements	38,000					38,000	38,000		
12-02	Improvement to Basil Playground and Veterans Park Walkways	419,000					419,000	419,000		
12-12	Refunding Tax Appeals	34,250					34,250	34,250		
12-14	Various Public Acquisitions and Improvements	390,000		\$ 95,000			295,000	295,000		
13-10	Refunding Tax Appeals	314,000				\$ 32,994	281,006	281,006		
13-11	Various Public Improvements	1,010,000		\$ 50,000			960,000	928,750		31,250
14-07	Various Public Improvements and Acquisition of Equipment and Vehicles	156,000	\$ 1,109,000			43,230	112,770	112,770	91,520	1,017,480
14-08	Environmental Study and Remediation with Removal of Underground Storage Tank at the Department of Public Works Yard	-					71,400		11,119	60,281
14-09	Sewer Jet Machine and Street Sweeper	-					309,000		292,646	16,354
		\$ 2,446,882	\$ 1,489,400	\$ 50,000	\$ 95,000	\$ 76,224	\$ 3,715,058	\$ 2,108,776	\$ 476,987	\$ 1,129,295

Bond Anticipation Notes  
Excess Proceeds - Ord. No. 12-14 32,994  
Excess Proceeds - Ord. No. 13-11 43,230

\$ 2,108,776

Improvement Authorizations - Unfunded  
Less: Unexpended Proceeds of Notes Issued:  
Ord. No. 11-05 28,884  
Ord. No. 11-11 98,568  
Ord. No. 12-02 373  
Ord. No. 13-10 44,719  
Ord. No. 13-11 29,298

\$ 1,129,295



**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF INTERGOVERNMENTAL RECEIVABLES**

		NJ Department of Transportation	Community Development	Open Space	Bergen County Forfeiture Program	Bergen County - ADA Various Improvements
<u>Total</u>	<u>Ord. No. 09-08</u>	<u>Ord. No. 11-05</u>	<u>Ord. No. 10-04</u>	<u>Ord. No. 12-02</u>	<u>Ord. No. 12-14</u>	<u>Ord. No. 13-11</u>
Balance, December 31, 2013	\$ 243,400	\$ 59,560	\$ 20,560	\$ 43,230	\$ 1,593	\$ 32,994
Decreased by:						
Grant Receipts	76,224	-	-	43,230	-	32,994
Balance, December 31, 2014	\$ 167,176	\$ 59,560	\$ 20,560	\$ -	\$ 1,593	\$ -
Pledged to Ordinance	\$ 81,713					
Reserve for Grants Receivable:						
Ord. #10-04	3,463					
Ord. #13-11	82,000					
	<u>\$ 167,176</u>					



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2014 Authorizations									
		Ordinance		Balance, December 31, 2013		Capital Impvt Fund	Expended	Balance, December 31, 2014		Deferred Charges - Unfunded	Total
		Date	Amount	Funded	Unfunded			Funded	Unfunded		
07-09	Acquisition of New Pumper Fire Engine	6/16/2007	\$ 460,000	\$ 107				\$ 107			
09-08	Improvement to Calicooneck Road	7/9/2009	440,000	245,282				245,282			
10-04	Garfield Park Sewer Pumping Flood Proofing	6/10/2010	166,500	7	\$ 3,930			7	\$ 3,930		
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	4/14/2011	190,000			28,884					28,884
11-11	Various Road Improvements	12/8/2011	440,000			98,568					98,568
12-02	Improvement of the Joseph Baelli Playground and Walkways at Veterans Park	3/8/2012	70,000			373					373
12-12	Refunding Tax Appeals	11/20/2012	485,000								
12-14	Various Public Improvements and Acquisitions	12/13/2012	330,000			8,127		\$ 8,127			
13-10	Refunding Tax Appeals	12/12/2013	1,010,000			183,912		107,943		75,969	
13-11	Various Public Improvements	12/12/2013	164,000	3,214		156,000		129,916		29,298	
14-07	Various Public Improvements and Acquisition of Equipment and Vehicles							\$ 1,109,000	\$ 56,000		1,017,480
14-08	Environmental Study and Remediation with Removal of Undergorund Storage Tank at the Department of Public Works Yard							71,400	3,600		60,281
14-09	Sewer Jet Machine and Street Sweeper							309,000	16,000		16,354
								\$ 248,610	\$ 479,794	\$ 75,600	\$ 716,871
								\$ 1,489,400	\$ 245,396	\$ 1,331,137	
										\$ 486,722	
										230,149	
										\$ 716,871	

Accounts Payable  
Cash Disbursements



TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Note	Amount of Original Note	Issue Date	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
12-12	Refunding Tax Appeals	12/28/2012	\$ 485,000	2/28/2013 2/28/2014	2/28/2014 2/27/2015	0.65 % 0.49	\$ 390,000	\$ 295,000	\$ 390,000	\$ 295,000
11-05	Improvement of Dyer Avenue, Lincoln Street and Phillips Avenue	2/28/2013	38,000	2/28/2013 2/28/2014	2/28/2014 2/27/2015	0.65 0.49	38,000	38,000	38,000	38,000
11-11	Various Road Improvements	2/28/2013	419,000	2/28/2013 2/28/2014	2/28/2014 2/27/2015	0.65 0.49	419,000	419,000	419,000	419,000
12-02	Improvement to Baeji Playground and Veteran's Park Walkways	2/28/2013	34,250	2/28/2013 2/28/2014	2/28/2014 2/27/2015	0.65 0.49	34,250	34,250	34,250	34,250
12-14	Various Public Acquisitions and Improvements	2/28/2013	314,000	2/28/2013 2/28/2014	2/28/2014 2/27/2015	0.65 0.49	314,000	314,000	314,000	314,000
13-10	Refunding Tax Appeals	2/28/2014	928,750	2/28/2014	2/27/2015	0.49	-	928,750	-	928,750
13-11	Various Public Improvements	2/28/2014	156,000	2/28/2014	2/27/2015	0.49	-	156,000	-	156,000
							<u>\$ 1,195,250</u>	<u>\$ 2,185,000</u>	<u>\$ 1,195,250</u>	<u>\$ 2,185,000</u>
						Issued for Cash		\$ 1,084,750		
						Renewals		1,100,250	\$ 1,100,250	
						Paid by Budget Appropriation		-	95,000	
							<u>\$ 2,185,000</u>	<u>\$ 1,195,250</u>	<u>\$ 1,195,250</u>	<u>\$ 1,505,000</u>

STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding at December 31, 2014	Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
General Improvements	2/15/2011	\$ 1,880,000	2015-2017	3.00 %				
			2018	3.25				
			2019	3.25				
			2020	3.75				
			2021	3.75				
			2022	4.00				
			2023	4.00				
					<u>\$ 1,630,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 1,505,000</u>
					<u>\$ 1,630,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 1,505,000</u>





**TOWNSHIP OF SOUTH HACKENSACK  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2013	\$ 826,088
Increased by:	
Charges to 2014 Improvement Authorizations	<u>486,722</u>
	1,312,810
Decreased by:	
Cash Disbursements	<u>826,088</u>
Balance, December 31, 2014	<u>\$ 486,722</u>

EXHIBIT C-12

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2013	\$ 109,000
Increased by:	
2014 Budget Appropriation	<u>50,000</u>
	159,000
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>75,600</u>
Balance, December 31, 2014	<u>\$ 83,400</u>

EXHIBIT C-13

**STATEMENT OF LOANS PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Balance, December 31, 2013</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
NJEIT Loan - A	10/15/2000	\$ 720,000	\$ 340,000	\$ 40,000	\$ 300,000
NJEIT Loan - B	10/15/2000	721,280	<u>221,442</u>	<u>35,464</u>	<u>185,978</u>
			<u>\$ 561,442</u>	<u>\$ 75,464</u>	<u>\$ 485,978</u>



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

Ordinance Number	Improvement Description	Balance, December 31, 2013	2014 Authorizations	Notes Issued	Funded by Budget Appropriation	Balance, December 31, 2014
	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
11-99/08-00/09-01/19-01	Reconstruct Huyler Street Pump Station	1,131				1,131
02-05	Acquisition of Real Property/Additional Funds	62,721				62,721
10-04	Garfield Park Pumping Station Flood Proofing	3,930				3,930
13-10	Refunding Tax Appeals	1,010,000		\$ 928,750	\$ 50,000	31,250
13-11	Various Public Improvements	156,000		156,000		-
14-07	Various Public Improvements and Acquisition of Equipment and Vehicles		\$ 1,109,000			1,109,000
14-08	Environmental Study and Remediation with Removal of Undergorund Storage Tank at the Department of Public Works Yard					
14-09	Sewer Jet Machine and Street Sweeper					
			71,400			71,400
			309,000			309,000
		\$ 1,251,632	\$ 1,489,400	\$ 1,084,750	\$ 50,000	\$ 1,606,282



**TOWNSHIP OF SOUTH HACKENSACK**  
**COUNTY OF BERGEN**  
**PART II**  
**GOVERNMENT AUDITING STANDARDS**  
**YEAR ENDED DECEMBER 31, 2014**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA  
KEVIN LOMSKI, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of South Hackensack as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

#### Internal Control over Financial Reporting

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

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





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


### Compliance and Other Matters


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

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

### Purpose of this Report

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

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 19, 2015











**TOWNSHIP OF SOUTH HACKENSACK  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 2014**

**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 schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the 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	\$ 92,037	\$ 55,006	\$ 147,043

**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.

**NOTE 5 STATE LOANS OUTSTANDING**

The Township's state loans outstanding at December 31, 2014, which are not required to be reported on the schedules of expenditures state financial assistance, are as follows:

NJEIT - Loan A	\$ 300,000
NJEIT - Loan B	<u>185,978</u>
	<u>\$ 485,978</u>





**TOWNSHIP OF SOUTH HACKENSACK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*Part I – Summary of Auditor's Results*

**Financial Statements**

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

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE



**TOWNSHIP OF SOUTH HACKENSACK  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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*.

There are none.



**TOWNSHIP OF SOUTH HACKENSACK  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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*.

**STATUS OF PRIOR 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, 2014**





**TOWNSHIP OF SOUTH HACKENSACK  
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 600,137	3.38 %	\$ 200,000	1.20
Miscellaneous - From Other Than Local				
Property Tax Levies	1,837,267	10.35	1,597,381	9.56
Collection of Current Tax Levy	15,211,838	85.73	14,697,227	87.97
Collection of Delinquent Taxes and Tax Title Liens	85		153	
Other Credits	<u>95,083</u>	<u>0.54</u>	<u>211,966</u>	<u>1.27</u>
 Total Income	 <u>17,744,410</u>	 <u>100.00</u> %	 <u>16,706,727</u>	 <u>100.00</u> %
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	8,306,258	48.97 %	7,464,337	46.49 %
County Taxes	1,338,513	7.89	1,538,381	9.58
Local School Taxes	7,315,626	43.13	6,993,331	43.56
Other Expenditures	<u>-</u>	<u>-</u>	<u>58,316</u>	<u>0.36</u>
 Total Expenditures	 <u>16,960,397</u>	 <u>100.00</u> %	 <u>16,054,365</u>	 <u>100.00</u> %
 Excess in Revenue Before Adjustments	 784,013		 652,362	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>809</u>		<u>145,224</u>	
 Statutory Excess to Fund Balance	 784,822		 797,586	
 Fund Balance, January 1	 <u>1,250,888</u>		 <u>653,302</u>	
	2,035,710		1,450,888	
 Less Utilization as Anticipated Revenue	 <u>600,137</u>		 <u>200,000</u>	
 Fund Balance, December 31	 <u>\$ 1,435,573</u>		 <u>\$ 1,250,888</u>	



**TOWNSHIP OF SOUTH HACKENSACK  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2014 *</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.708</u>	<u>\$2.360</u>	<u>\$2.281</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.187	.994	.916
County	.233	.244	.231
County Open Space	.003	.003	.003
Local School District	1.285	1.119	1.131
<u>Assessed Valuation</u>			
2014	<u>\$618,590,728</u>		
2013		<u>\$624,676,322</u>	
2012			<u>\$633,726,288</u>

\* The Township completed a reassessment of Real Property effective January 1, 2014.

**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>
2014	\$ 15,485,321	\$ 15,461,838	99.85%
2013	14,750,164	14,697,227	99.64%
2012	14,480,324	14,304,893	98.79%



**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>Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2014	\$ 1,254	\$ 92	0.00%
2013	821	85	0.01%
2012	783	153	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	2014	\$1,435,573	\$441,000
	2013	1,250,888	600,137
	2012	653,302	200,000



**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>
Bill Regan	Mayor		
Walter Eckel, Jr.	Committee Member		
Gary C. Brugger	Committee Member		
Francis X. Cajas	Committee Member		
Vincent Stefano	Committee Member		
Donna L. Gambutti	Township Clerk	\$1,000,000	A
Chris Eilert	Chief Financial Officer	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 (1/1/14-4/1/14)	1,000,000	A
Joseph Terraccino	Police Chief (4/1/14-Present)	1,000,000	A
Luiseppe Randazzo	Magistrate (9/20/13-Present)	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	1/1/14 - 12/31/14





**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.

**Current Year Findings**

At December 31, 2014, 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. The Township has appropriated sufficient funds to eliminate the cash deficits for the general capital ordinances older than five years in the 2015 municipal budget. Therefore, an audit recommendation is not warranted.

**Prior Year Findings – Unresolved**

Our audit noted that the fixed asset ledger was not updated for the prior year additions and deletions, nor in agreement with the annual audit. It is recommended that the fixed asset ledger be currently maintained and in agreement with the annual audit.

Our audit revealed that the 2013 appropriation reserves incurred overexpenditures in the amount of \$809. This immaterial amount was raised in the 2015 budget, therefore an audit recommendation is not warranted.

Our audit revealed that a detailed ledger by payroll agency deduction was not currently maintained. It is recommended that a detail payroll agency deduction ledger be currently maintained and be in agreement with the monthly bank reconciliations.

Our audit revealed that an accounts receivable ledger for the outside police duty services was not currently maintained by the Township. It is recommended that an accounts receivable ledger be currently maintained for all outside police duty services rendered by the Township.

Our audit revealed that the Township does not independently verify that the payroll service provider has made payments to the respective federal/state agencies by the required due dates, and in the exact amounts of the payroll liability. It is recommended that the Township implement procedures to verify the accuracy and timeliness of the payroll tax payments remitted by its third party payroll provider.

**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 \$17,500, except by contract or agreement."



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

**GENERAL COMMENTS**

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

The Purchasing Agent and the Township Committee of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500 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.

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. The Township does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal instances where expenditures were made in excess of \$17,500 "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.



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

**GENERAL COMMENTS**

**Delinquent Assessments and Tax Title Liens**

A tax sale was held on December 16, 2014.

There are five Township owned tax title lien receivables as of December 31, 2014.

**Suggestions to Management**

The various Current Fund and General Capital Fund grant receivable and reserve balances be reviewed to determine their collectability and proper disposition.



TOWNSHIP OF SOUTH HACKENSACK  
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

It is recommended that:



- \* 1. The fixed asset ledger be currently maintained and in agreement with the annual audit.
- \* 2. A detail payroll agency deduction ledger be currently maintained and be in agreement with the monthly bank reconciliations.
- \* 3. An accounts receivable ledger be currently maintained for all outside police duty services rendered by the Township.
- \* 4. The Township implement procedures to verify the accuracy and timeliness of payroll tax payments remitted by its third party payroll provider.

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