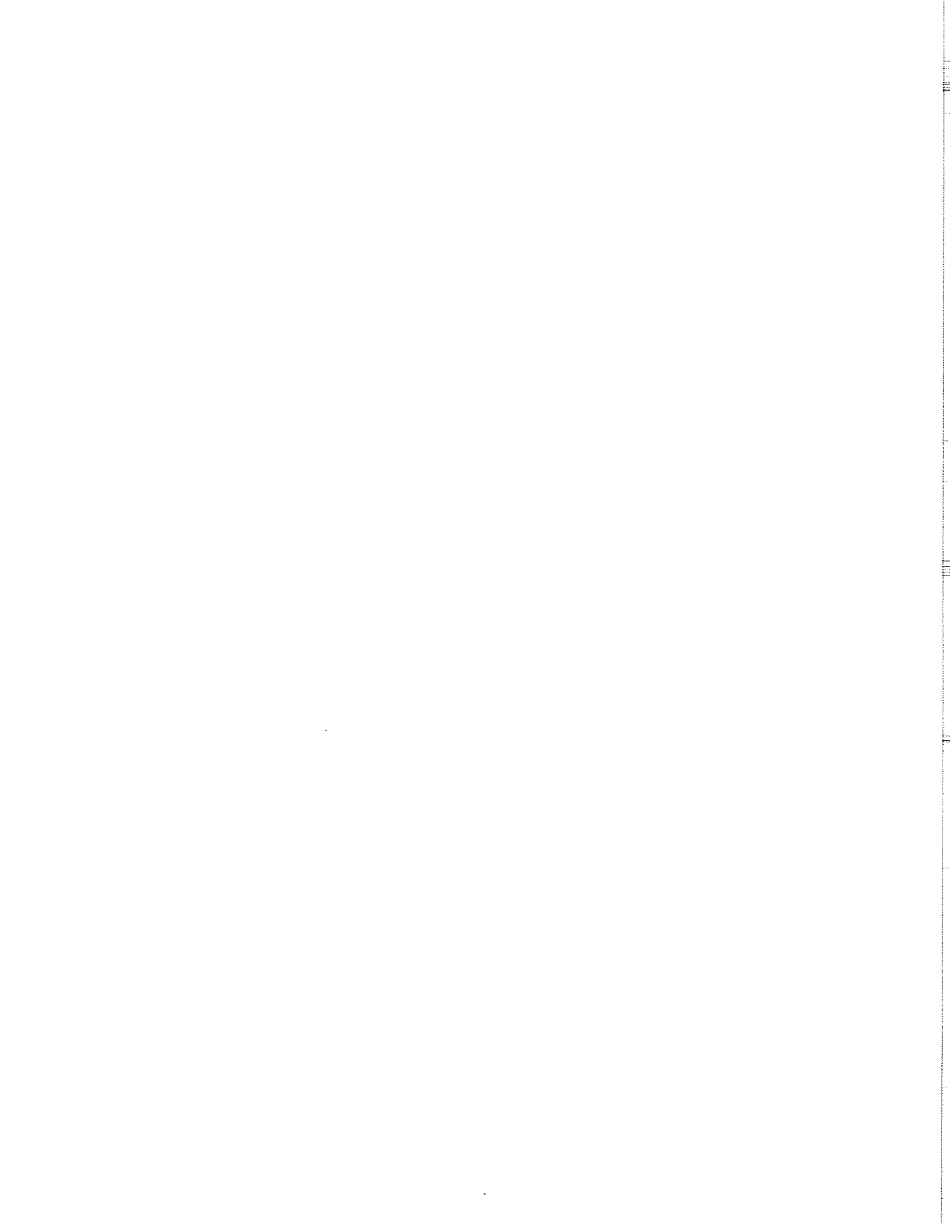


TOWNSHIP OF SOUTH HACKENSACK
BERGEN COUNTY, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007



TOWNSHIP OF SOUTH HACKENSACK

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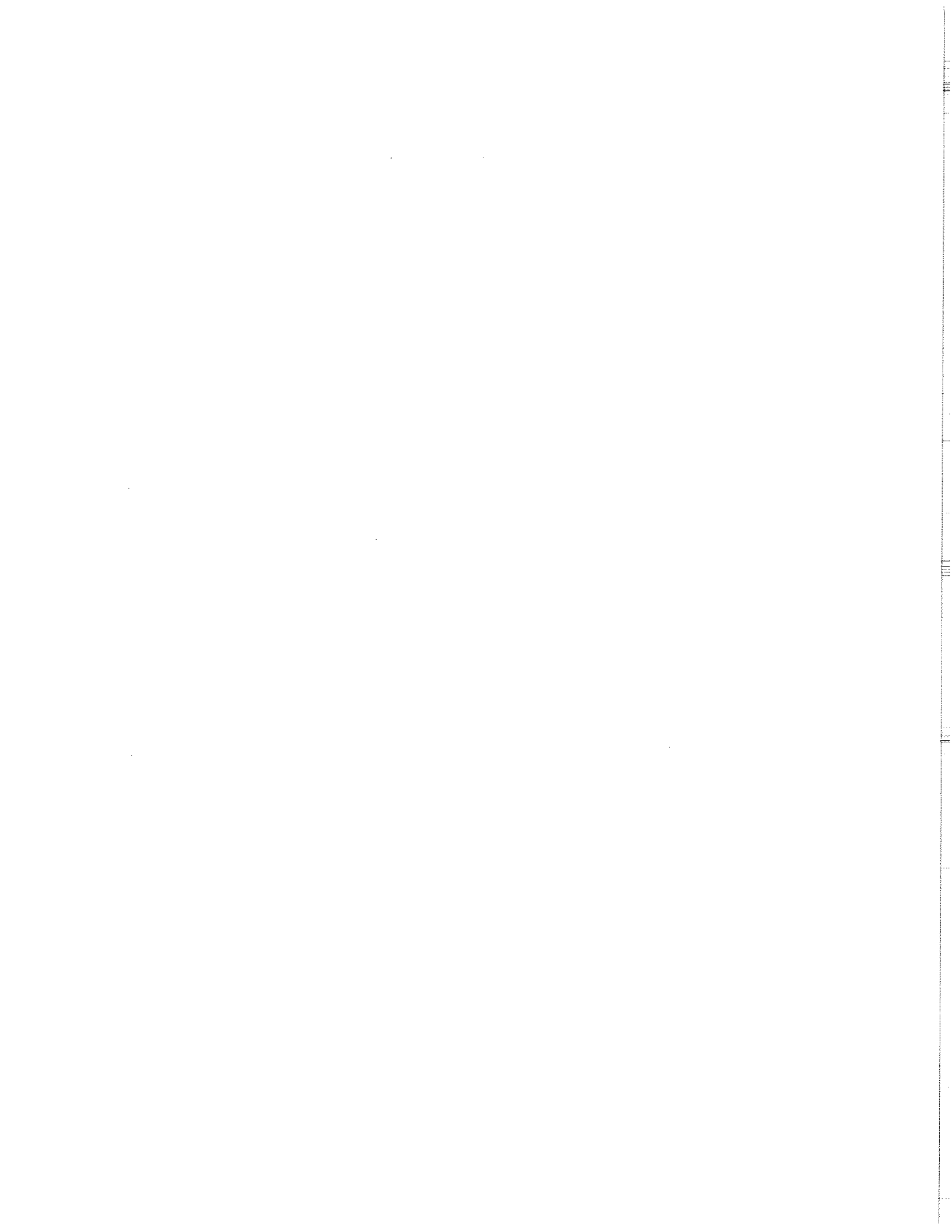
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INTRODUCTORY SECTION





TOWNSHIP OF SOUTH HACKENSACK

TOWNSHIP COMMITTEE

GARY C. BRUGGER, MAYOR
WALTER ECKEL, JR.
JAMES ANZEVINO
GENE ROMAN
ROSINA ROMANO

227 PHILLIPS AVENUE
SOUTH HACKENSACK, NEW JERSEY 07606
BERGEN COUNTY

Clerk - LINDA LOPICCOLO
Deputy Clerk - MARY TERRACCINO
Tax Assessor - GEORGE REGGO
CFO/Tax Collector - R. T. GIOTIS
Treasurer - LORETTA D'AMBROSIO

Phone (201) 440-1815
Fax (201) 440-0719

March 3, 2008

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

The comprehensive annual financial report of the Township of South Hackensack as of and for the year ended December 31, 2007, is hereby submitted. New Jersey statute requires that the Township of South Hackensack issue annually a report on its financial position and activity, and that this report be audited by an independent Registered Municipal Accountant. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Township. To the best of our knowledge and belief, the enclosed data are accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Township of South Hackensack's activities have been included.

The comprehensive annual financial report is presented in the following sections: introductory, financial, statistical, single audit and general comments/recommendations. The introductory section includes this letter of transmittal, an organizational chart and a list of the Township of South Hackensack's advisors and consultants. The financial section includes the comparative financial statements, the individual fund and account group financial statements as well as the independent auditor's report on these financial statements. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis. The single audit section includes information required by the Division of Local Government Services of the State of New Jersey for regulatory purposes as well as the schedule of expenditures of federal awards and state financial assistance. The general comments and recommendations include findings as reported by our independent auditor where corrective action is required by the Township.

The financial reporting entity (the government) includes all the funds and the account group of the Township of South Hackensack. The government provides a full range of services including police and fire protection; sanitation services, the maintenance and construction of roads and related infrastructure; and recreation.

REPORTING ENTITY

The Township of South Hackensack was incorporated in 1826 under the Township form of government. There is a five member Township Committee.

The Mayor is selected by the Township Committee each year. The mayor is empowered, amongst legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Township Committee measures deemed in the best interest of the Township; (iii) nominate and, with the advice and consent of the Township Committee, appoint most subordinate officers of the Township; and (iv) maintain peace and order.

The five Township Committee members are elected at-large, two each year, for terms of three years. The Township Committee exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Township. Among these are the rights to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the tax levy. The Township, acting in committees, oversees the various departments and functions of the Township government.

The Township of South Hackensack comprises an area of approximately .78 square miles, located in the southern section of Bergen County, New Jersey. Surrounding municipalities include the Boroughs of Little Ferry, Moonachie, Teterboro, Wood-Ridge, Wallington, Carlstadt, Lodi, the Cities of Hackensack and Garfield.

FINANCIAL INFORMATION

Management of the government is responsible for establishing and maintaining internal controls designed to insure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles prescribed by the Division of Local Government Services, State of New Jersey. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of state and local financial assistance, the Township is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

In addition the Township maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Township Committee. The Current Fund has a legally adopted budget in accordance with state statute. Project length budgets are established via ordinance in the General Capital Fund. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are considered a liability at the end of the year and are expended in the subsequent year.

FINANCIAL INFORMATION (Continued)

The following is a summary of the Current Fund revenues for the year ended December 31, 2007

<u>Revenues</u>	<u>Amount</u>	Percent of <u>Total</u>
Fund Balance Anticipated	\$ 450,000	5.51 %
Miscellaneous Revenues	1,966,822	24.10
State and Federal Grants	846,209	10.37
Local Municipal Taxes	<u>4,896,649</u>	<u>60.02</u>
 Municipal Budget Totals	 8,159,680	 <u>100.00</u> %
 Other Credits to Income	 187,983	
Taxes Allocated to Schools, County and Open Space	<u>6,864,722</u>	
 Total	 <u>\$ 15,212,385</u>	

The following is a summary of the Current Fund expenditures for the year ended December 31, 2007:

<u>Expenditures</u>	<u>Amount</u>	Percent of <u>Total</u>
General Government	\$ 3,478,625	42.44 %
Public Safety	2,522,290	30.77
Streets and Roads	982,078	11.98
Health and Welfare	27,286	0.33
Recreation and Education	47,157	0.58
Deferred Charges and Statutory Expenditures	260,584	3.18
State and Federal Grants	125,515	1.53
Capital Improvements	20,000	0.24
Debt Service	235,542	2.87
Other	447,562	5.46
Reserve for Uncollected Taxes	<u>49,775</u>	<u>0.62</u>
 Municipal Budget Totals	 8,196,414	 <u>100.00</u> %
 Non Budget Expenditures		
Taxes Allocated to Schools, County and Open Space	<u>6,864,722</u>	
 Total	 <u>\$ 15,061,136</u>	

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Township has actively pursued methods of reducing the tax burden on its residents. The Township currently participates in several Interlocal and shared service agreements in an effort to reduce municipal costs. These shared services include "9-1-1" dispatch services, a joint tax assessor agreement, various sewer agreements, nursing and animal control services with the Bergen County Health Department, and health inspection services. The Township is continually exploring other potential Interlocal or shared services. The Township has also been cross-training their employees in efforts to reduce staffing levels. Also, the 2007 Budget includes an appropriation for part-time police/dispatch /911 in efforts to reduce police overtime.

The Township aggressively pursues various methods of financing its capital improvements. The Township utilized New Jersey Department of Transportation Grants for the reconstruction and resurfacing of roads and Community Development Grants for construction and renovations of municipal facilities (i.e. barrier free restrooms), the New Jersey Meadowlands Commission for the purchase of vehicles, equipment and flood control measures. In addition, the Township recently received a grant from the Office of Smart Growth to provide funding for a mixed use redevelopment plan for the business district.

During 2002, the Township was mandated by the State of New Jersey to conduct a revaluation of Township properties. The annual cost of the revaluation is approximately 1 tax point. Currently, commercial properties totaling in excess of \$50 million or over 10% of the Township's ratables are under appeal in the State Tax Court. The Township's budget includes a 2007 appropriation of \$75,000 to fund the anticipated tax appeal settlements, with any excess being paid out of available surplus funds. Several years ago, the Township issued debt to pay back tax appeals; however, the current philosophy of the Township Committee is to, if financially feasible, repay all settlements without the issuance of debt.

PROSPECTS FOR THE FUTURE

The Township is planning a road improvement program involving the rehabilitation of several streets and renovations to the DPW garage.

The Township's officials are actively pursuing state and federal grants that are available to the Township to offset the costs of future capital improvements.

ACCOUNTING AND BUDGET INFORMATION

Accounting

In developing and evaluating the Township's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the most of controls should not exceed the benefits expected to be derived; and (2) the evaluation of costs and benefits require estimates and judgement by management.

During the year, financial reports, accompanied by supporting schedules, are prepared monthly and are distributed to the Mayor and the Township Committee. The reports detail the monthly revenue transactions and summarize the balance in the appropriations allocated for goods and services.

Management of the Township is responsible for establishing and maintaining an adequate internal control structure.

ACCOUNTING AND BUDGET INFORMATION (Continued)

Budget

The local budget law for the State of New Jersey requires every local unit to adopt an Operating Budget in the form required by the Division of Local Government Services (the "Division"), Department of Community Affairs of the State of New Jersey. Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division prior to final adoption. The Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director is required to review the adequacy of such appropriations, unless a specific amount is required by law. The review function, focusing on anticipated revenues, serves to protect the solvency of all local units.

Section 5:30-4 of the New Jersey Administrative Code provides that every local unit that proposed to spend \$25,000 or more on capital equipment, construction, or improvements must prepare a Capital Budget. Since the Township's population is less than 10,000, the Capital Program shall include by title all projects anticipated for the budget year and the two succeeding years, with the estimated costs and the anticipated financing by sources and amounts.

A Capital Budget Section included with the Annual Budget does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in the Capital Budget must be granted separately, through the adoption of a bond ordinance, by appropriating funds from the Capital Improvement Fund, or other lawful means.

The budget of the Township is categorized into appropriations by function. Each appropriation represents a service program or division with the Township. Funds are appropriated to each of the budget lines by the Mayor and Township Committee in accordance with procedures prescribed by the State of New Jersey Local Budget Law.

District appropriations are required for "salaries and wages" and for "other expenses". The Township's internal accounting records delineate each appropriation into subaccounts by budget codes.

The Township Committee monitors expenditures throughout the fiscal year to ensure that spending remains within the amounts of funds authorized. Budget modifications are processed in the last two months of the year to transfer funds from one area to another as needed.

DEBT ADMINISTRATION

The authorized bonded indebtedness of municipalities in the State of New Jersey is limited by statute to an amount equal to 3-1/2% of their equalized value. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain railroad property within its boundaries as annually determined by the State Board of Taxation.

The Township has managed its debt well and has outstanding debt equal to less than one percent of its equalized value.

CASH MANAGEMENT

Bank balances are insured up to \$100,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories. At December 31, 2007, \$2,539,749 were in registered depositories and were covered by these insurers.

RISK MANAGEMENT

The Township, like many other municipalities in the early 1980's, was faced with an insurance crisis. It was unable to obtain coverage at any price. The Township banded together with other municipalities to form the South Bergen Municipal Joint Insurance and the New Jersey Municipal Excess Liability Funds. These funds procure insurance on a pooled basis, generally self-insuring the initial level of loss for worker's compensation, property, general liability and automobile. The Funds provide their members with risk management services, including the defense of and settlement of claims and establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Since the inception of the Funds, the Township has realized a substantial budget savings with regard to insurance costs.

The Township's medical insurance is provided by the Bergen Municipal Employee Benefits Fund.

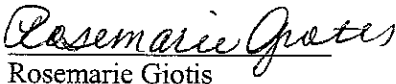
Other Information

Independent Audit – State statute requires an annual audit by an independent Registered Municipal Accountant. The accounting firm of Lerch, Vinci & Higgins, LLP, Certified Public Accountant's was selected by the Township Committee. The auditors' unqualified report on the financial statements and individual fund and account group statements is included in the financial section of this report.

Acknowledgments

We wish to thank the employees of the Township for their faithful service to the members of the community and to the Mayor and Township Committee for their continual support.

Respectfully submitted,


Rosemarie Giotis
Chief Financial Officer

TOWNSHIP OF SOUTH HACKENSACK
ROSTER OF OFFICIALS AND PROFESSIONALS
FOR THE YEAR ENDED DECEMBER 31, 2007

MAYOR AND COMMITTEE CHAIRMAN

Gary Brugger

TOWNSHIP COMMITTEE

Walter Eckel, Jr.	Deputy Mayor and Committee Co-Chairman
James Anzevino	Committeeman
Rosino Romano	Committeeman
Gene Roman	Committeeman

TOWNSHIP CLERK

Linda LoPiccolo

CHIEF FINANCIAL OFFICER

Rosemarie Giotis

TOWNSHIP ATTORNEY

David V. Nasta
Maywood, New Jersey

TOWNSHIP AUDITOR

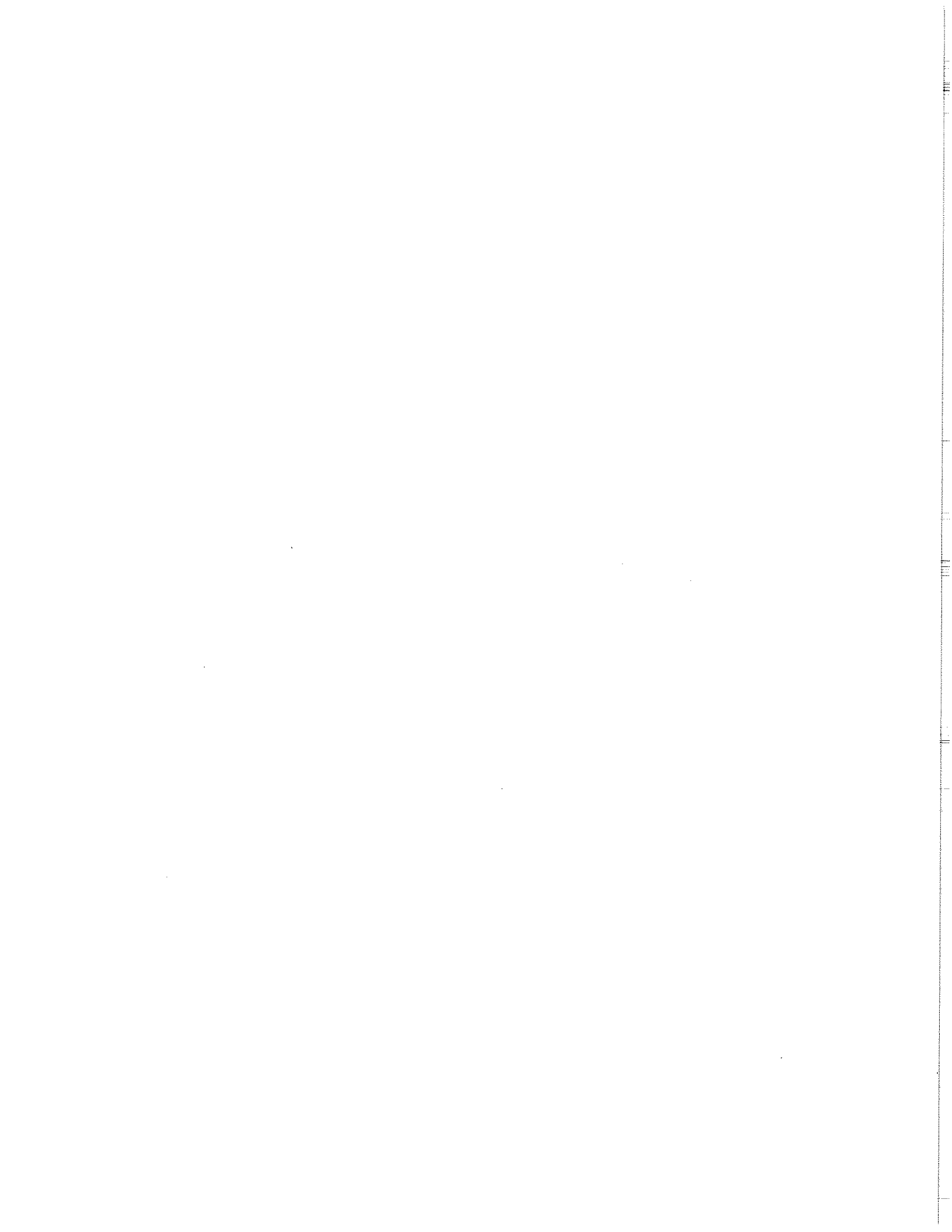
Lerch, Vinci & Higgins, LLP
Fair Lawn, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

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FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

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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
JOSEPH F. KELLY, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets - statutory basis of the various funds and account group of the Township of South Hackensack as of December 31, 2007 and 2006 and the related statements of operations and changes in fund balance - statutory basis for the years then ended and the related statement of revenues - statutory basis and statement of expenditures - statutory basis of the Current Fund for the year ended December 31, 2007. These financial statements are the responsibility of the Township of South Hackensack's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices that demonstrate compliance with the statutory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the Length of Service Awards Program Fund (LOSAP) have not been audited, and we were not required by the Division of Local Government Services to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Township's financial statements. The LOSAP Fund financial activities are included in the Township's Trust Fund, and represent 49 percent and 35 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2007 and 2006.


INDEPENDENT AUDITORS' REPORT (Continued)


In our opinion, because of the effects of the Township preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of South Hackensack as of December 31, 2007 and 2006 or the changes in its financial position for the years then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - statutory basis referred to above present fairly, in all material respects, the financial position - statutory basis of the various funds and account group of the Township of South Hackensack as of December 31, 2007 and 2006 and the results of operations and changes in fund balance - statutory basis of such funds for the years then ended and the statement of revenues - statutory basis and the statement of expenditures - statutory basis of the Current Fund for the year ended December 31, 2007 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 19, 2008 on our consideration of the Township of South Hackensack's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
May 19, 2008

**TOWNSHIP OF SOUTH HACKENSACK
COMBINED BALANCE SHEET - STATUTORY BASIS
AS OF DECEMBER 31, 2007
(With Comparative Totals for December 31, 2006)**

	<u>Current</u>	<u>Trust Funds</u>	<u>General Capital</u>	<u>Fixed Assets Account Group</u>	<u>Totals (Memorandum Only) 2007</u>	<u>2006</u>
ASSETS						
Cash and Cash Equivalents	\$ 2,107,518	\$ 241,011	\$ 86,550		\$ 2,435,079	\$ 2,586,386
Investments		193,293			193,293	155,042
Intergovernmental Receivable		35,724	228,356		429,397	230,440
Other Receivables	165,317				165,317	37,850
Interfund Receivable	31,234		40,000		71,234	20,333
Deferred Charges	333		3,307,420		3,307,753	2,968,991
Fixed Assets	70,000			4,987,906	4,987,906	5,000,141
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 2,374,402	\$ 470,028	\$ 3,662,326	\$ 4,987,906	\$ 11,494,662	\$ 10,999,183
LIABILITIES, RESERVES AND FUND BALANCE						
Appropriation Reserves	\$ 189,046				\$ 189,046	\$ 200,548
Other Liabilities and Reserves	849,711	\$ 469,582	\$ 613,491		1,932,784	1,343,148
Interfund Payable	40,000	333			40,333	20,333
Improvement Authorizations			637,535		637,535	505,876
Intergovernmental Payable	1,888	113			2,001	2,060
Serial Bonds Payable						
Loans Payable			997,994		997,994	1,064,842
Bond Anticipation Notes Payable			1,380,053		1,380,053	1,479,970
Reserve for Receivables and Other Assets	31,567				31,567	11,623
Investment in Fixed Assets				4,987,906	4,987,906	5,000,141
Fund Balance	<u>1,262,190</u>	<u> </u>	<u>33,253</u>	<u> </u>	<u>1,295,443</u>	<u>1,370,642</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Reserves and Fund Balances	\$ 2,374,402	\$ 470,028	\$ 3,662,326	\$ 4,987,906	\$ 11,494,662	\$ 10,999,183

**TOWNSHIP OF SOUTH HACKENSACK
COMBINED BALANCE SHEET - STATUTORY BASIS
AS OF DECEMBER 31, 2006**

ASSETS	<u>Current</u>	<u>Trust Funds</u>	<u>General Capital</u>	<u>Fixed Assets Account Group</u>	<u>2006</u>
Cash and Cash Equivalents	\$ 2,196,306	\$ 336,269	\$ 53,811		\$ 2,586,386
Investments		155,042			155,042
Intergovernmental Receivable	161,653		68,787		230,440
Other Receivables	11,290	26,560			37,850
Interfund Receivable	333		20,000		20,333
Deferred Charges			2,968,991		2,968,991
Fixed Assets	-	-	-	\$ 5,000,141	5,000,141
Total Assets	<u>\$ 2,369,582</u>	<u>\$ 517,871</u>	<u>\$ 3,111,589</u>	<u>\$ 5,000,141</u>	<u>\$ 10,999,183</u>

LIABILITIES, RESERVES AND FUND BALANCE

Appropriation Reserves	\$ 200,548				\$ 200,548
Other Liabilities and Reserves	794,418	\$ 517,530	\$ 31,200		1,343,148
Interfund Payable	20,000	333			20,333
Improvement Authorizations			505,876		505,876
Intergovernmental Payable	2,052				2,060
Serial Bonds Payable					
Loans Payable					
Bond Anticipation Notes Payable			1,064,842		1,064,842
Reserve for Receivables and Other Assets	11,623		1,479,970		1,479,970
Investment in Fixed Assets				\$ 5,000,141	5,000,141
Fund Balance	<u>1,340,941</u>	<u>-</u>	<u>29,701</u>	<u>-</u>	<u>1,370,642</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 2,369,582</u>	<u>\$ 517,871</u>	<u>\$ 3,111,589</u>	<u>\$ 5,000,141</u>	<u>\$ 10,999,183</u>

TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCE - STATUTORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
REVENUES		
Fund Balance Anticipated	\$ 450,000	\$ 300,000
Miscellaneous Revenues	2,813,031	2,334,804
Amount to be Raised by Taxation	<u>4,896,649</u>	<u>5,237,612</u>
 Total Budget Revenues	 8,159,680	 7,872,416
 Other Credits to Income	 <u>7,052,705</u>	 <u>6,262,677</u>
 Total Revenues and Other Credits to Income	 <u>15,212,385</u>	 <u>14,135,093</u>
 EXPENDITURES		
General Government	3,478,625	2,559,709
Public Safety	2,522,290	2,437,700
Streets and Roads	982,078	913,050
Health and Welfare	27,286	25,186
Recreation and Education	47,157	49,100
Deferred Charges and Statutory Expenditures	260,584	382,696
State and Federal Grants	125,515	199,949
Capital Improvements	20,000	20,000
Debt Service	235,542	370,284
Other	297,562	263,032
Reserve For Uncollected Taxes	<u>49,775</u>	<u>50,000</u>
 Total Budget Expenditures	 8,046,414	 7,270,706
 Other Debits to Income	 <u>6,864,722</u>	 <u>6,078,276</u>
 Total Expenditures and Other Debits to Income	 <u>14,911,136</u>	 <u>13,348,982</u>
 Excess of Revenues Over Expenditures (Carried forward)	 301,249	 786,111

TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - STATUTORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Excess of Revenues Over Expenditures (Brought forward)	\$ 301,249	\$ 786,111
Adjustment To Income Before Fund Balance:		
Expenditures Above Which Are By Statute		
Deferred Charges To Succeeding Years Budget	<u>70,000</u>	<u>-</u>
Statutory Excess to Fund Balance	371,249	786,111
Fund Balance, January 1,	<u>1,340,941</u>	<u>854,830</u>
	1,712,190	1,640,941
Decreased by		
Utilized in Budget	<u>450,000</u>	<u>300,000</u>
Fund Balance, December 31,	<u>\$ 1,262,190</u>	<u>\$ 1,340,941</u>

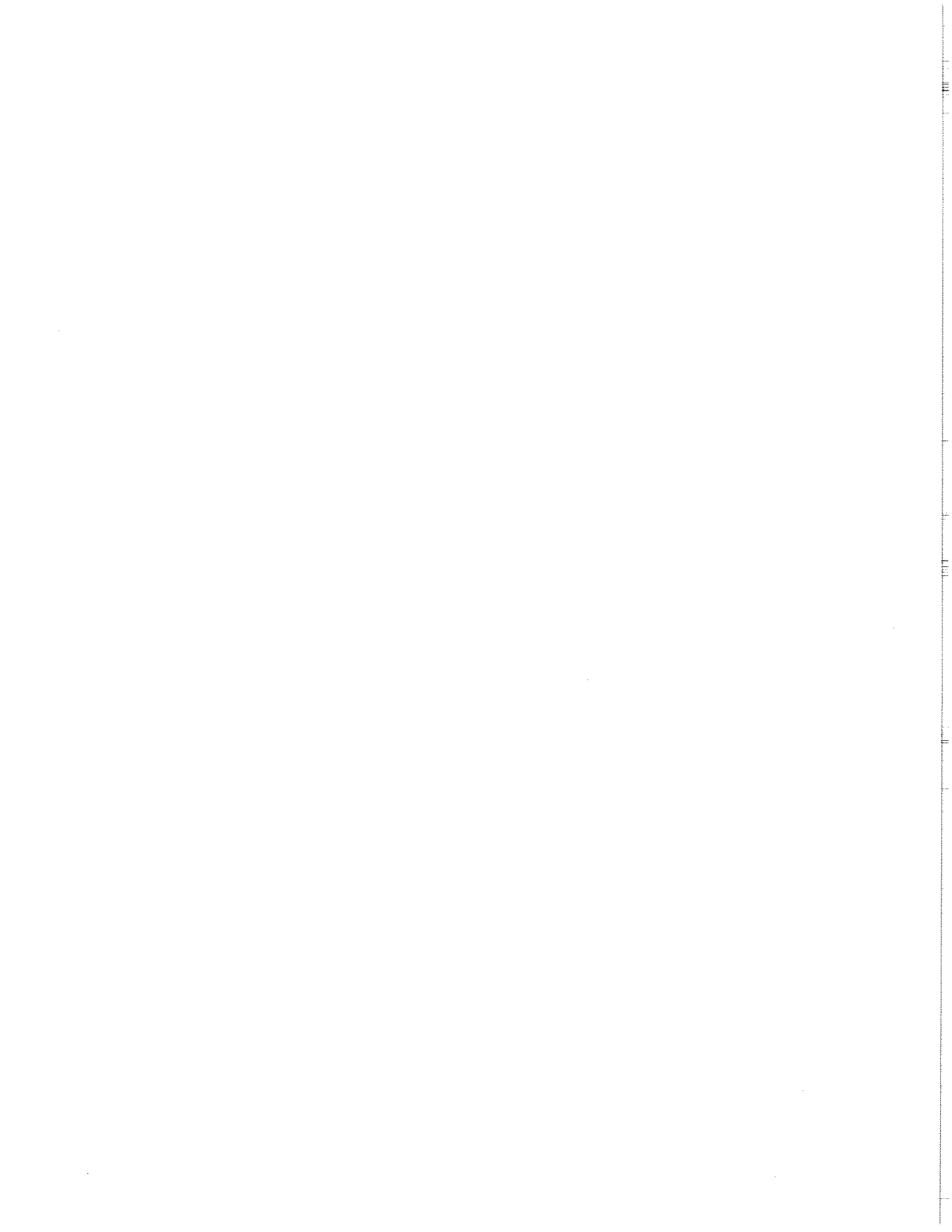
**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
STATUTORY BASIS
BUDGET AND ACTUAL - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007			2006		
	Budget As Modified	Actual	Variance	Budget As Modified	Actual	Variance
REVENUES						
Fund Balance Anticipated	\$ 450,000	\$ 450,000		\$ 300,000	\$ 300,000	
Miscellaneous Revenues	2,642,297	2,813,031	\$ 170,734	1,833,999	2,334,804	\$ 500,805
Amount to be Raised by Taxation	5,022,175	4,896,649	(125,526)	5,140,601	5,237,612	97,011
Total Budget Revenues	8,114,472	8,159,680	45,208	7,274,600	7,872,416	597,816
Other Credits to Income	-	7,052,705	7,052,705	-	6,262,677	6,262,677
Total Revenues and Other Credits to Income	8,114,472	15,212,385	7,097,913	7,274,600	14,135,093	6,860,493
EXPENDITURES						
General Government	3,478,625	3,478,625		2,559,709	2,559,709	
Public Safety	2,522,290	2,522,290		2,437,700	2,437,700	
Streets and Roads	982,078	982,078		913,050	913,050	
Health and Welfare	27,286	27,286		25,186	25,186	
Recreation and Education	47,157	47,157		49,100	49,100	
Deferred Charges and Statutory Expenditures	260,584	260,584		382,696	382,696	
State and Federal Grants	125,515	125,515		199,949	199,949	
Capital Improvements	20,000	20,000		20,000	20,000	
Debt Service	373,600	235,542	138,058	374,178	370,284	3,894
Other	297,562	297,562		263,032	263,032	
Reserve For Uncollected Taxes	49,775	49,775	-	50,000	50,000	-
Total Budget Expenditures	8,184,472	8,046,414	138,058	7,274,600	7,270,706	3,894

**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
STATUTORY BASIS
BUDGET AND ACTUAL - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007			2006		
	Budget As Modified	Actual	Variance	Budget As Modified	Actual	Variance
Total Budget Expenditures (Brought forward)	\$ 8,184,472	\$ 8,046,414	\$ 138,058	\$ 7,274,600	\$ 7,270,706	\$ 3,894
Other Debits to Income	-	6,864,722	(6,864,722)	-	6,078,276	(6,078,276)
Total Expenditures and Other Debits to Income	8,184,472	14,911,136	(6,726,664)	7,274,600	13,348,982	(6,074,382)
Excess of Revenues Over Expenditures	(70,000)	301,249	371,249	-	786,111	786,111
Adjustment To Income Before Fund Balance: Expenditures Above Which Are By Statute Deferred Charges To Succeeding Years Budget	-	70,000	70,000	-	-	-
Statutory Excess to Fund Balance	(70,000)	371,249	441,249	-	786,111	786,111
Fund Balance, January 1,	1,340,941	1,340,941	-	854,830	854,830	-
Decreased by Utilized in Budget	1,270,941	1,712,190	441,249	854,830	1,640,941	786,111
Fund Balance, December 31,	450,000	450,000	-	300,000	300,000	-
Fund Balance, December 31,	\$ 820,941	\$ 1,262,190	\$ 441,249	\$ 554,830	\$ 1,340,941	\$ 786,111

NOTES TO FINANCIAL STATEMENTS



**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Township of South Hackensack (the "Township") was incorporated in 1826 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 municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

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.

TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township has the following funds and account group:

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

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

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

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

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

Recreation Fund - This fund is used to account for the receipts and disbursements relating to recreational activities administered by the Township.

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, other than those acquired in the Current Fund.

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

The Township of South Hackensack follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("statutory 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:

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

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

Trust Funds
General Capital Fund

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2007, the Township Committee increased the original budget by \$74,929. The increase was attributable to emergency resolutions for legal services and costs, review of the master plan and a county grant. During 2006, the Township Committee did not increase the original budget. In addition, the governing body approved several budget transfers during 2007 and 2006.

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

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

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

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

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

TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Township of South Hackensack has developed a fixed assets accounting and reporting system.

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

Fixed Assets purchased after December 31, 1985 are stated as cost.

Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Reclassifications - Certain reclassifications have been made to the December 31, 2006 balances to conform to the December 31, 2007 presentation.

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

C. Basic Financial Statements

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

NOTE 2 DEPOSITS AND INVESTMENTS

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

Deposits

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

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At December 31, 2007 and 2006, the book value of the Township's deposits were \$2,435,079 and \$2,586,386 and bank and brokerage firm balances of the Township's deposits amounted to \$2,539,749 and \$2,644,195, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2007</u>	<u>2006</u>
Insured	\$ 2,539,749	\$ 2,644,195

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk; however as of December 31, 2007 and 2006, the Township’s bank balances were not exposed to custodial credit risk.

Investments

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

As of December 31, 2007 and 2006, the Township had the following investments in the LOSAP Fund:

	<u>Fair Value</u>	
	<u>2007</u>	<u>2006</u>
Investment:		
U.S. Government Securities		
Investment in Lincoln Financial	\$ 193,293	\$ 155,042

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

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

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

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2007 and 2006 consisted of the following:

<u>Current</u>	<u>2007</u>	<u>2006</u>
Tax Title Liens	\$ 556	\$ 556
	<u>\$ 556</u>	<u>\$ 556</u>

In 2007 and 2006, the Township did not collect any of the outstanding tax title liens.

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the 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>2007</u>	<u>2006</u>
Issued		
General		
Bonds, Notes and Loans	\$ 2,378,047	\$ 2,544,812
Less Funds Temporarily Held to Pay Bonds and Notes	<u>2,010</u>	<u>439,973</u>
Net Debt Issued	2,376,037	2,104,839
Authorized But Not Issued		
General		
Bonds and Notes	<u>931,383</u>	<u>864,152</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,307,420</u>	<u>\$ 2,968,991</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 4 MUNICIPAL DEBT (Continued)

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .57% and .82% at December 31, 2007 and 2006, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2007</u>			
General Debt	\$ 3,309,430	\$ 2,010	\$ 3,307,420
School Debt	<u>8,365,000</u>	<u>8,365,000</u>	<u>-</u>
Total	<u>\$ 11,674,430</u>	<u>\$ 8,367,010</u>	<u>\$ 3,307,420</u>
<u>2006</u>			
General Debt	\$ 3,408,964	\$ 439,973	\$ 2,968,991
School Debt	<u>9,532,209</u>	<u>9,532,209</u>	<u>-</u>
Total	<u>\$ 12,941,173</u>	<u>\$ 9,972,182</u>	<u>\$ 2,968,991</u>

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

	<u>2007</u>	<u>2006</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 17,308,385	\$ 17,710,839
Net Debt	<u>3,307,420</u>	<u>2,968,991</u>
Remaining Borrowing Power	<u>\$ 14,000,965</u>	<u>\$ 14,741,848</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 4 MUNICIPAL DEBT (Continued)

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

General Intergovernmental Loans Payable

The Township has entered into a loan agreement with the State of New Jersey for the financing relating to Green Street drainage improvements. 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>2007</u>	<u>2006</u>
October, 2000 Loans, due in Semi-annual installments of \$30,000 to \$55,000 through August, 2020	\$ 555,000	\$ 585,000
October, 2000 Loans, due in Semi-annual installments of \$1,901 to \$38,079 through August, 2020	<u>442,994</u>	<u>479,842</u>
	<u>\$ 997,994</u>	<u>\$ 1,064,842</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2007 is as follows:

Calendar Year	General Loans		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 65,925	\$ 28,388	\$ 94,313
2009	73,079	26,888	99,967
2010	72,003	25,138	97,141
2011	70,925	23,388	94,313
2012	77,926	21,638	99,564
2013-2017	402,909	77,270	480,179
2018-2020	<u>235,227</u>	<u>17,063</u>	<u>252,290</u>
Total	<u>\$ 997,994</u>	<u>\$ 219,773</u>	<u>\$ 1,217,767</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years 2007 and 2006 were as follows:

	Balance, December 31, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2007</u>	Due Within <u>One Year</u>
<u>2007</u>					
General Capital Fund					
Intergovernmental Loans Payable	\$ 1,064,842	-	\$ 66,848	\$ 997,994	\$ 65,925
General Capital Fund Long-Term Liabilities	<u>\$ 1,064,842</u>	<u>\$ -</u>	<u>\$ 66,848</u>	<u>\$ 997,994</u>	<u>\$ 65,925</u>
	Balance, December 31, <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2006</u>	Due Within <u>One Year</u>
<u>2006</u>					
General Capital Fund					
Bonds Payable	\$ 130,000		\$ 130,000		
Intergovernmental Loans Payable	<u>1,132,613</u>	-	<u>67,771</u>	<u>\$ 1,064,842</u>	<u>\$ 66,848</u>
General Capital Fund Long-Term Liabilities	<u>\$ 1,262,613</u>	<u>\$ -</u>	<u>\$ 197,771</u>	<u>\$ 1,064,842</u>	<u>\$ 66,848</u>

Short-Term Debt

The Township's short-term capital debt activity for the years 2007 and 2006 was as follows:

	Balance, December 31, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2007</u>
Bond Anticipation Notes	<u>\$ 1,479,970</u>	<u>\$ 1,380,053</u>	<u>\$ 1,479,970</u>	<u>\$ 1,380,053</u>
	Balance, December 31, <u>2005</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2006</u>
Bond Anticipation Notes	<u>\$ 1,552,400</u>	<u>\$ 1,479,970</u>	<u>\$ 1,552,400</u>	<u>\$ 1,479,970</u>

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 5 FIXED ASSETS

The following is a summary of changes in the general fixed assets account group for the years 2007 and 2006.

	Balance December 31, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2007</u>
<u>2007</u>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	193,200			193,200
Machinery and Equipment	<u>3,053,841</u>	<u>\$ 62,481</u>	<u>\$ 74,716</u>	<u>3,041,606</u>
	<u>\$ 5,000,141</u>	<u>\$ 62,481</u>	<u>\$ 74,716</u>	<u>\$ 4,987,906</u>

	Balance December 31, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2006</u>
<u>2006</u>				
Land	\$ 1,753,100			\$ 1,753,100
Buildings and Building Improvements	193,200			193,200
Machinery and Equipment	<u>2,991,311</u>	<u>\$ 99,530</u>	<u>\$ 37,000</u>	<u>3,053,841</u>
	<u>\$ 4,937,611</u>	<u>\$ 99,530</u>	<u>\$ 37,000</u>	<u>\$ 5,000,141</u>

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2007</u>		<u>2006</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	\$ 333	\$ 40,000	\$ 333	\$ 20,000
General Capital Fund	40,000		20,000	
Animal Control Fund	<u>-</u>	<u>333</u>	<u>-</u>	<u>333</u>
Total	<u>\$ 40,333</u>	<u>\$ 40,333</u>	<u>\$ 20,333</u>	<u>\$ 20,333</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 7 FUND BALANCES APPROPRIATED

Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding years were as follows:

	Fund Balance December 31, <u>2007</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2006</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund	<u>\$1,262,190</u>	<u>\$367,937</u>	<u>\$1,340,941</u>	<u>\$450,000</u>

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2007</u>			
Current Fund			
Special Emergency Authorization (40A:4-55)	\$ 15,000	\$ 15,000	
Emergency Authorization	<u>55,000</u>	<u>55,000</u>	<u>-</u>
	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>

NOTE 9 COMPENSATED ABSENCES

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$523,751 and \$497,195 at December 31, 2007 and 2006, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Other Pension Funds

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

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Basis of Accounting

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

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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

Investment Valuation (Continued)

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent. The law provides that local employers' PFRS normal and accrued liability contributions shall be as follows: for payments due in the State fiscal year ending June 30, 2004, 20 percent; for payments due in the State fiscal year ending June 30, 2005, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 60 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 80 percent.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS or PFRS, effective July 12, 2002.

Contribution Requirement

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 8.50% for PFRS of the employees' annual compensation, as defined thru June 30, 2007. Under Chapter 92, P.L. 2007 and Chapters 103, P.L. 2007, the PERS employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

Contribution Requirement (Continued)

During the years ended December 31, 2007, 2006 and 2005, the Township was required to contribute for normal cost pension contributions or post-retirement medical benefits the following amounts:

<u>Year Ended December 31</u>	<u>PFRS</u>	<u>PERS</u>
2007	\$308,961	\$38,075
2006	188,946	20,884
2005	93,788	7,218

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

P.L. 1990, c.6 required the Public Employees Retirement System (PERS) to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve that increases by one half of one percent of the active State payroll each year.

The State made post-retirement medical (PRM) contributions of \$224.3 million for PERS in Fiscal Year 2007.

P.L. 1977, c. 136, provides for the State's General Fund to pay health benefits on a pay-as-you-go basis for all enrolled retired PFRS employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. PERS retirees are excluded from the provisions set forth in P.L. 1977, c. 136 since their health benefits coverage is funded through each of their respective pension fund systems. The State contributed \$64.6 million for 6,304 eligible retired members for Fiscal Year 2006.

P.L. 1997, c. 330, provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and to dependents of qualified retirees. The State is responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or health maintenance organization participating in the program, whichever provides the lower charge. The State contributed \$20.8 million in fiscal year 2007 to provide benefits under Chapter 330 to qualified retirees.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 12 RECENT ACCOUNTING PRONOUNCEMENTS

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". This statement will become effective for governmental entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date of this statement for the Township is the year beginning January 1, 2009. This statement will require Governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the Township's financial position or results of operations, if any, of this GASB Statement can not be readily determined at this time.

NOTE 13 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 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 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.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 13 RISK MANAGEMENT (Continued)

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

<u>Year Ended December 31</u>	<u>Municipal Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007	\$ 100	\$ 4,440	\$ 1,502	\$ 25,550
2006		4,867	1,673	22,512
2005	100	4,551	1,656	19,318

NOTE 14 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, 2007 and 2006. 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, 2007, the Township reserved \$225,439 in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2007 and 2006, 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 15 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, 2007 and 2006, the Township had no estimated arbitrage earnings due to the IRS.

**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

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.

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 \$1,374 and \$1,328 for 2007 and 2006, respectively, for each eligible volunteer 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.

All earnings, dividends and other distributions of the account shall be automatically reinvested.

Vesting and Benefits

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

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

Reporting Requirements

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

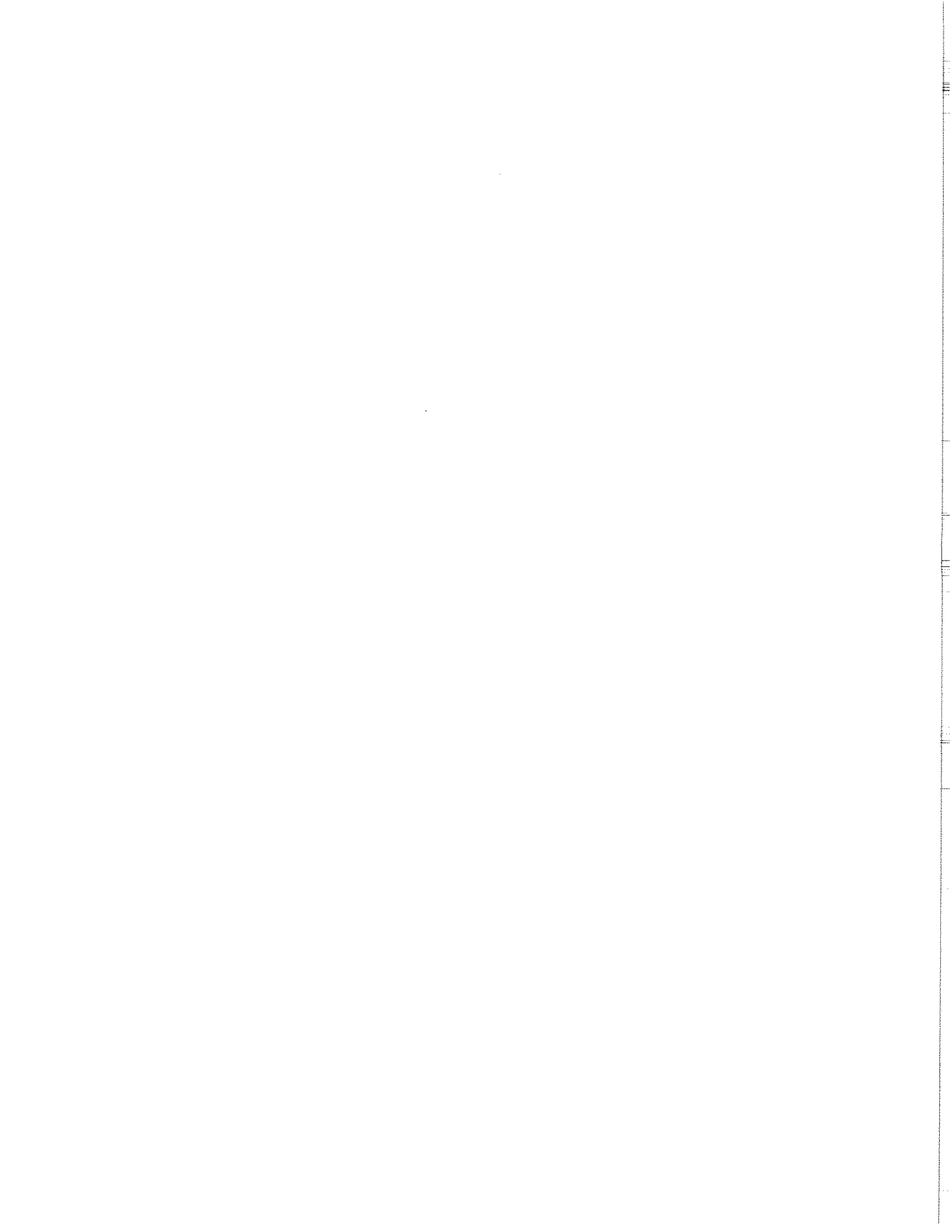
**TOWNSHIP OF SOUTH HACKENSACK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 17 SUBSEQUENT EVENTS

Bond Anticipation Notes

On February 22, 2008 the Township issued Bond Anticipation Notes in the amount of \$1,839,000 to temporarily finance expenditures related to various capital projects. The Township has awarded the sale of said notes to Sovereign Bank at an interest rate of 2.5%. These notes dated February 22, 2008 will mature on February 20, 2009.

CURRENT FUND



TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,107,518	\$ 2,196,306
Intergovernmental Receivable	165,317	161,653
Interfund Receivable	333	333
Taxes Receivable	556	556
Other Receivables	30,678	10,734
Deferred Charges		
Emergency Authorization	55,000	
Special Emergency Authorizations (40A:4-53)	<u>15,000</u>	<u>-</u>
 Total Assets	 <u>\$ 2,374,402</u>	 <u>\$ 2,369,582</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Appropriation Reserves	\$ 189,046	\$ 200,548
Encumbrances Payable	168,044	236,024
Reserve for-		
State Library Aid	965	1,847
UCC	123,407	137,952
Revaluation	17	29,009
Sale of Assets	60,200	60,200
Tax Title Lien Redemption		39
Tax Appeals	225,439	108,466
Prepaid Taxes	191,797	148,722
Prepaid Sewer Rents		1,213
Appropriated Reserves-Grants	66,380	61,054
Unappropriated Reserves-Grants	13,462	9,892
Interfund Payable	40,000	20,000
Intergovernmental Payable	<u>1,888</u>	<u>2,052</u>
	1,080,645	1,017,018
 Reserve for Receivables and Other Assets	 31,567	 11,623
 Fund Balance	 <u>1,262,190</u>	 <u>1,340,941</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 2,374,402</u>	 <u>\$ 2,369,582</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budget As <u>Modified</u>	Realized	Excess or <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	\$ 450,000	\$ 450,000	-
MISCELLANEOUS REVENUES			
Licenses			
Alcoholic Beverages	15,400	15,548	\$ 148
Other	40,000	63,716	23,716
Fees and Permits	11,000	10,722	(278)
Municipal Court	110,000	119,669	9,669
Interest and Cost on Taxes	20,000	10,464	(9,536)
Interest on Investments & Deposits	30,000	100,441	70,441
Sewer Charges	329,068	329,073	5
Well Charges	53,000	105,087	52,087
Biodegradable and Suspended Solids	1,009,370	1,009,370	-
Borough of Little Ferry - Sewer Connection	28,802		(28,802)
Cell Tower Rent	23,400	23,400	-
Uniform Construction Code Fees	50,000	65,879	15,879
Uniform Fire Safety Act	41,048	36,882	(4,166)
Hotel/Motel Occupancy Fee	35,000	76,571	41,571
	<u>1,796,088</u>	<u>1,966,822</u>	<u>170,734</u>
STATE AND FEDERAL AID			
Legislative Initiative Municipal Block Grant	9,215	9,215	
Municipal Property Tax Assistance	13,510	13,510	
Consolidated Municipal Property Tax Relief Aid	276,372	276,372	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	378,412	378,412	
Supplemental Energy Receipts Tax	18,185	18,185	
Homeland Security Aid	25,000	25,000	
Recycling Tonnage Grant	3,845	3,845	
Drunk Driving Enforcement Fund	136	136	
Clean Communities Grant	4,000	4,000	
Police Body Armor Fund	1,709	1,709	
Click It or Ticket	4,000	4,000	
200 Club Matching Grant Anticipated	2,000	2,000	
BC Prosecutor - Forfeiture Funds	4,929	4,929	
Municipal Recycling Assistance Program	4,896	4,896	
NJ Meadowlands Municipal Assistance Program	100,000	100,000	-
	<u>846,209</u>	<u>846,209</u>	-
Total State and Federal Aid	<u>846,209</u>	<u>846,209</u>	-
Total Miscellaneous Revenues	2,642,297	2,813,031	170,734
Receipts from Delinquent Taxes			
Amount to be Raised by Taxes for Support of Municipal Budget	<u>5,022,175</u>	<u>4,896,649</u>	<u>(125,526)</u>
Total Budget Revenues	<u>8,114,472</u>	<u>8,159,680</u>	<u>45,208</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budget As <u>Modified</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
OTHER CREDITS TO INCOME			
Non Budget Revenue		\$ 62,483	\$ 62,483
Unexpended Balances of Appropriation Reserves		125,500	125,500
Taxes Allocated to School and County:			
School Tax Levy		5,814,509	5,814,509
County Tax Levy		991,465	991,465
County Open Space		57,725	57,725
Added County Taxes	-	1,023	1,023
		-	
Total Other Credits to Income	-	<u>7,052,705</u>	<u>7,052,705</u>
Total Revenues and Other Credits to Income	<u>\$ 8,114,472</u>	<u>\$ 15,212,385</u>	<u>\$ 7,097,913</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES AND OTHER DEBITS TO INCOME -
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
Mayor and Township Committee					
Salaries and Wages	\$ 13,500	\$ 13,500	\$ 13,500		
Other Expenses	1,875	2,730	2,197	\$ 533	
Municipal Clerk					
Salaries and Wages	134,500	134,500	133,846	654	
Other Expenses	38,000	38,000	31,800	6,200	
Financial Administration					
Salaries & Wages	70,700	70,118	70,118		
Other Expenses	10,000	10,000	6,278	3,722	
Audit Services					
Other Expenses	40,000	40,000	4,000	36,000	
Revenue Administration					
Salaries and Wages	21,900	22,101	22,101		
Other Expenses	7,300	7,300	7,284	16	
Tax Assessment Administration					
Other Expenses	3,000	3,000	2,514	486	
Legal Services and Costs					
Salaries and Wages	62,000	62,000	62,000		
Other Expenses	65,000	120,000	116,031	3,969	
Engineering Services & Costs					
Salaries and Wages	1,060	1,060	1,060		
Other Expenses	5,500	3,500		3,500	
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	8,002	8,002	8,002		
Other Expenses	3,000	3,000	2,229	771	
Master Plan		15,000	8,500	6,500	
Zoning Board of Adjustment					
Salaries & Wages	3,002	3,002	3,002		
Other Expenses	11,000	11,000	5,527	5,473	

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES AND OTHER DEBITS TO INCOME -
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
GENERAL GOVERNMENT FUNCTIONS					
(Continued)					
Insurance					
Unemployment Insurance	\$ 100	\$ 100	\$ 100		
Liability Insurance (SBJIF)	105,500	105,901	105,901		
Workmen's Compensation Insurance (SBJIF)	134,600	134,600	134,600		
Employee Group Insurance	548,000	537,000	535,963	\$ 1,037	
Municipal Court					
Salaries and Wages	64,000	64,000	60,345	3,655	
Other Expenses	9,000	9,000	5,871	3,129	-
Subtotal General Government	<u>1,360,539</u>	<u>1,418,414</u>	<u>1,342,769</u>	<u>75,645</u>	<u>-</u>
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,158,100	2,158,100	2,134,103	23,997	
Other Expenses	51,900	53,400	51,643	1,757	
Police Dispatch/911					
Salaries and Wages	90,000	101,000	101,000		
Other Expenses	600	600	50	550	
Office of Emergency Management					
Salaries and Wages	5,400	7,538	7,537	1	
Other Expenses	2,000	2,000	1,297	703	
Aid to Volunteer Fire Companies					
Other Expenses	70,000	70,000	63,391	6,609	
Aid to Volunteer Ambulance Companies					
Salaries and Wages	5,700	5,700	5,616	84	
Other Expenses	17,500	17,500	12,869	4,631	
Fire Department					
Salaries and Wages	51,920	50,952	50,952		
Other Expenses	43,000	43,000	35,138	7,862	
Municipal Prosecutor					
Salaries and Wages	7,500	7,500	7,500		
Public Defender					
Salaries and Wages	5,000	5,000	5,000	-	-
Subtotal Public Safety	<u>2,508,620</u>	<u>2,522,290</u>	<u>2,476,096</u>	<u>46,194</u>	<u>-</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES AND OTHER DEBITS TO INCOME -
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
PUBLIC WORKS FUNCTIONS					
STREETS AND ROADS					
Streets and Road Maintenance					
Salaries & Wages	\$ 566,000	\$ 566,000	\$ 546,030	\$ 19,970	
Other Expenses	51,500	53,500	51,714	1,786	
Solid Waste Collection					
Other Expenses	105,468	112,678	112,678		
Public Buildings and Grounds					
Other Expenses	36,000	38,000	36,355	1,645	
Vehicle Maintenance					
Salaries and Wages	74,400	74,400	74,363	37	
Other Expenses	26,000	26,000	22,700	3,300	
Dump Fees					
Other Expenses	100,000	111,500	106,415	5,085	-
Subtotal Streets and Roads	959,368	982,078	950,255	31,823	-
HEALTH AND WELFARE					
Public Health Services					
Salaries and Wages	6,434	6,786	6,786		
Other Expenses	17,000	17,000	11,361	5,639	
Animal Control					
Other Expenses	3,500	3,500	2,412	1,088	-
Subtotal Health and Welfare	26,934	27,286	20,559	6,727	-
RECREATION AND EDUCATION					
Recreation Services and Programs					
Salaries and Wages	21,100	19,157	19,157		
Other Expenses	28,000	28,000	25,892	2,108	-
Subtotal Recreation and Education	49,100	47,157	45,049	2,108	-
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	10,000	10,000	9,100	900	
Accumulated Sick & Vacation	42,722	42,722	42,722	-	-
Subtotal Other Common Operating Functions	52,722	52,722	51,822	900	-

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES AND OTHER DEBITS TO INCOME -
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Balance</u>
			<u>Charged</u>	<u>Reserved</u>
				<u>Cancelled</u>
CODE ENFORCEMENT AND ADMINISTRATION				
Salaries and Wages	\$ 50,000	\$ 49,317	\$ 49,317	
Other Expenses	<u>2,500</u>	<u>3,000</u>	<u>2,546</u>	\$ 454
Subtotal Code Enforcement	<u>52,500</u>	<u>52,317</u>	<u>51,863</u>	<u>454</u>
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	70,000	70,000	67,796	2,204
Street Lighting	37,000	29,145	28,756	389
Telephone	22,000	12,400	12,225	175
Water	3,000	3,000	2,277	723
Gasoline	<u>45,000</u>	<u>47,600</u>	<u>45,258</u>	<u>2,342</u>
Subtotal Unclassified	<u>177,000</u>	<u>162,145</u>	<u>156,312</u>	<u>5,833</u>
Total Operations Within "CAPS"	<u>5,186,783</u>	<u>5,264,409</u>	<u>5,094,725</u>	<u>169,684</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"				
Statutory Charges				
Social Security System (O.A.S.I.)	<u>253,210</u>	<u>245,584</u>	<u>233,035</u>	<u>12,549</u>
Subtotal Deferred Charges & Statutory	<u>253,210</u>	<u>245,584</u>	<u>233,035</u>	<u>12,549</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>253,210</u>	<u>245,584</u>	<u>233,035</u>	<u>12,549</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>5,439,993</u>	<u>5,509,993</u>	<u>5,327,760</u>	<u>182,233</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES AND OTHER DEBITS TO INCOME -
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
OTHER COMMON OPERATING FUNCTIONS					
H.M.D.C. Tax Sharing					
Other Expenses	\$ 196,002	\$ 196,002	\$ 196,002		
Reserve for Tax Appeals					
Other Expenses	75,000	75,000	75,000		
Length of Services Awards Program (LOSAP)	<u>26,560</u>	<u>26,560</u>	<u>26,560</u>	-	-
Subtotal Other Common Operating Functions	<u>297,562</u>	<u>297,562</u>	<u>297,562</u>	-	-
Utility Expenses and Bulk Purchases					
Sewerage Processing and Disposal					
Other Expenses	1,446,491	1,446,491	1,439,991	\$ 6,500	
Statutory Expenditures					
Public Employees Retirement System of NJ	38,075	38,075	38,075		
Police and Firemen's Retirement System of NJ	<u>308,961</u>	<u>308,961</u>	<u>308,961</u>	-	-
Subtotal Utility Expenses and Bulk Purchases	<u>1,793,527</u>	<u>1,793,527</u>	<u>1,787,027</u>	6,500	-
Interlocal Municipal Service Agreements					
Borough of Ridgfield-911 Emergency Service	2,000	2,000	1,687	313	
Borough of Hasbrouck heights - Tax Assessing Services	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	-	-
Total Interlocal Municipal Services Agreements	<u>14,500</u>	<u>14,500</u>	<u>14,187</u>	313	-

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES AND OTHER DEBITS TO INCOME -
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Public and Private Programs Offset by					
Revenues					
Clean Communities Program	\$ 4,000	\$ 4,000	\$ 4,000		
Recycling Tonnage Grant	3,845	3,845	3,845		
Body Armor Fund	1,709	1,709	1,709		
Municipal Recycling Assistance Prog.	4,896	4,896	4,896		
Drunk Driving Enforcement Fund	136	136	136		
200 Club Matching Police Grant	2,000	2,000	2,000		
BC Prosecutor-Forfeiture Funds		4,929	4,929		
DEP Stormwater					
Click-It or Ticket	4,000	4,000	4,000		
New Jersey Meadowlands Municipal Assistance Program	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	-	-
Total Public and Private Programs Offset by Revenues	<u>120,586</u>	<u>125,515</u>	<u>125,515</u>	-	-
Total Operations Excluded from "CAPS"	<u>2,226,175</u>	<u>2,231,104</u>	<u>2,224,291</u>	\$ 6,813	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Anticipation Notes and Capital Notes	193,000	193,000	87,675		\$ 105,325
Interest on Notes	83,864	83,864	53,864		30,000
Green Trust Loan Program					
Loan Repayments for Principal and Interest	<u>96,736</u>	<u>96,736</u>	<u>94,003</u>	-	<u>2,733</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>373,600</u>	<u>373,600</u>	<u>235,542</u>	-	<u>138,058</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,619,775</u>	<u>2,624,704</u>	<u>2,479,833</u>	6,813	<u>138,058</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF EXPENDITURES AND OTHER DEBITS TO INCOME -
STATUTORY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>
				<u>Balance</u> <u>Cancelled</u>
Subtotal General Appropriations	\$ 8,059,768	\$ 8,134,697	\$ 7,807,593	\$ 189,046
Reserve for Uncollected Taxes	<u>49,775</u>	<u>49,775</u>	<u>49,775</u>	<u>-</u>
Total General Appropriations	<u>\$ 8,109,543</u>	<u>\$ 8,184,472</u>	<u>\$ 7,857,368</u>	<u>\$ 189,046</u>
Budget as Adopted		\$ 8,109,543		
Emergency Authorization		55,000		
Special Emergency Authorization		15,000		
Chapter 159		<u>4,929</u>		
		<u>\$ 8,184,472</u>		
Other Expenditures and Charges to Income				
Taxes Allocated to School and County				
School Tax Levy		\$ 5,814,509		
County Tax Levy		991,465		
County Open Space		57,725		
Added County taxes		<u>1,023</u>		
Total Other Expenditures and Charges to Income			<u>6,864,722</u>	
Sub-total Paid or Charged			14,722,090	
Reserved			<u>189,046</u>	
Total Expenditures			<u>\$ 14,911,136</u>	

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

Year	Balance, December 31, 2006	2007 Levy	Added and Omitted	Collected In 2006	2007	Senior Citizens' and Veterans' Deductions Allowed	Remitted or Cancelled	Balance, December 31, 2007
2007	\$ -	\$ 11,920,189	\$ 11,850	\$ 156,345	\$ 11,667,189	\$ 38,062	\$ 70,443	\$ -

Analysis of 2007 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 11,920,189
Added Taxes (R.S. 54:4-36.1 et. seq.)	<u>11,850</u>
	\$ 11,932,039
Tax Levy	
Local District School Tax	\$ 5,814,509
County Tax	991,465
County Open Space Preservation	57,725
County Tax for Added Taxes	<u>1,023</u>
	6,864,722
Local Tax for Municipal Purposes	5,022,175
Add Additional Tax Levy	<u>45,142</u>
	5,067,317
	\$ 11,932,039

EXHIBIT B-4

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

Balance, December 31, 2006	\$ <u>556</u>
Balance, December 31, 2007	\$ <u>556</u>

EXHIBIT B-5

STATEMENT OF DEFERRED CHARGES

<u>Purpose</u>	Balance, December 31, <u>2006</u>	2007 <u>Authorization</u>	Balance, December 31, <u>2007</u>
Special Emergency Authorizations:			
Master Plan		\$ 15,000	\$ 15,000
Emergency Authorization - Legal Services	<u>-</u>	<u>55,000</u>	<u>55,000</u>
Total	<u>\$ -</u>	<u>\$ 70,000</u>	<u>70,000</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF 2006 APPROPRIATION RESERVES**

	Balance December 31, <u>2006</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Municipal Clerk's Office	\$ 177			
Financial Administration	51			
Revenue Administration	1,792			
Municipal Court	1,141	\$ 1,141		\$ 1,141
Police Department	29,290	29,290	\$ 22,934	6,356
Police Dispatch 911	4,866	4,546	4,546	
Office of Emergency Management	2	2		2
Aid to Volunteer Ambulance Companies	84	84		84
Fire Department	4	4		4
Streets and Roads	23,292	23,292		23,292
Vehicle Maintenance	2,304	2,304		2,304
Public Health Services	5	5		5
Recreation Services and Programs	1,946	446		446
Code Enforcement and Administration	580	580	-	580
	<u>65,534</u>	<u>61,694</u>	<u>27,480</u>	<u>34,214</u>
Other Expenses				
Mayor and Township Committee	660			
Municipal Clerk's Office	1,056	4,056	3,669	387
Financial Administration	856	856		856
Audit Services	36,700	36,700	33,700	3,000
Revenue Administration	13	13		13
Tax Assessment Administration	602	602		602
Legal Services and Costs	3,885	3,885	335	3,550
Engineering Services and Costs	177	178		178
Planning Board	334	334		334
Zoning Board of Adjustment	3,883	3,883		3,883
Unemployment Insurance	100	100	100	
Police Department	2,849	2,849	237	2,612
Police Dispatch/911	301	301		301
Office of Emergency Management	169	169		169
Aid to Volunteer Fire Companies	314	1,814	1,814	
Aid to Volunteer Ambulance Companies	2,322	2,322		2,322
Fire Department	8,946	8,946	3,187	5,759
Streets and Roads Maintenance	2,871	2,871		2,871
Public Buildings and Grounds	624	624	230	394
Vehicle Maintenance	2,693	2,693		2,693
Dump Fees	4,217	4,217		4,217
Public Health Services	5,292	5,292		5,292
Animal Control	284	284		284

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF 2006 APPROPRIATION RESERVES**

	Balance December 31, <u>2006</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)				
Recreation Services and Programs				
Code Enforcement and Administration	\$ 59	\$ 59		\$ 59
Utilities:				
Gasoline	6,417	6,417		6,417
Electricity	11,084	12,981		12,981
Telephone	2,201	2,201		2,201
Social Security	8,880	8,880	\$ 1,557	7,323
Municipal Court	497	497		497
Smart Growth		363		363
Sewerage Processing and Disposal	6,501	6,501	5,000	1,501
Employee Group Insurance	7,264	7,264		7,264
Workers Comp	9,650	9,650		9,650
Borough of Ridgfield-911 Emergency Service	<u>3,313</u>	<u>3,313</u>	<u>-</u>	<u>3,313</u>
	<u>135,014</u>	<u>141,115</u>	<u>49,829</u>	<u>91,286</u>
	<u>\$ 200,548</u>	<u>\$ 202,809</u>	<u>\$ 77,309</u>	<u>\$ 125,500</u>
Appropriation Reserves		\$ 200,548		
Encumbrances Cancelled		<u>2,261</u>		
		<u>\$ 202,809</u>		

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

Increased by:		
Levy, Calendar Year 2007		\$ 5,814,509
Decreased by:		
Payments		<u>\$ 5,814,509</u>

EXHIBIT B-8

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
Levy, Calendar Year 2007			
General		\$ 991,465	
Open Space		57,725	
Added and Omitted		<u>1,023</u>	
			<u>\$ 1,050,213</u>
Decreased by:			
Payments			<u>\$ 1,050,213</u>

EXHIBIT B-9

STATEMENT OF GRANTS RECEIVABLE

	Balance December 31, <u>2006</u>	Revenue <u>Realized</u>	<u>Received</u>	Balance December 31. <u>2007</u>
Bergen County Prosecutor- Forfeiture Funds	\$ 228			\$ 228
NJ Meadowlands Municipal Assistance Progra	100,000	\$ 100,000	\$ 100,000	100,000
Homeland Security Aid		25,000		25,000
Smart Growth	25,000			25,000
Clean Communities Program		4,000	4,000	
Click-It-or Ticket		4,000	4,000	
Domestic Violence	2,198			2,198
NJ Meadowlands - COAH Planning	7,522			7,522
NJ DEP Stormwater Grant	1,705		1,705	
NJMC Stormwater	25,000		24,560	440
Confiscated Funds - Police Mobile Station		4,929		4,929
Municipal Recycling Assistance Program	-	4,896	4,896	-
	<u>\$ 161,653</u>	<u>\$ 142,825</u>	<u>\$ 139,161</u>	<u>\$ 165,317</u>

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

	Balance, December 31, <u>2006</u>	Transferred From 2007 <u>Budget</u>	Cancelled <u>Encumbrances</u>	<u>Expended</u>	Balance, December 31, <u>2007</u>
Drunk Driving Enforcement Fund	\$ 2,835	\$ 136		\$ 194	\$ 2,777
Recycling Tonnage Grant	7,174	3,845		2,500	8,519
Body Armor Fund	2,277	1,709		2,758	1,228
Alcohol Education Rehabilitation Fund	2,203				2,203
NJ State Police SLAHEOP	2,406				2,406
NJMC Stormwater	27,504		\$ 5,000	18,699	13,805
Municipal Recycling Assistance Program	10,360	4,896	980	4,896	11,340
200 Club Matching		2,000		2,000	
NJ Liveable Community Grant			3,177		3,177
Click-It-or Ticket		4,000		4,000	
Domestic Violence	2,295				2,295
Clean Communities	4,000	4,000		4,000	4,000
Smart Growth			14,430		14,430
Confiscated Funds - Police Mobile Station		4,929		4,929	
New Jersey Meadowlands Municipal Assistance Program	-	100,000	-	99,800	200
	<u>\$ 61,054</u>	<u>\$ 125,515</u>	<u>\$ 23,587</u>	<u>\$ 143,776</u>	<u>\$ 66,380</u>

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

	Balance, December 31, <u>2006</u>	Cash <u>Receipts</u>	Appropriated in 2007	Balance, December 31, <u>2007</u>
Recycling Tonnage Grant	\$ 3,845	\$ 9,455	\$ 3,845	\$ 9,455
Body Armor	1,709	1,806	1,709	1,806
Domestic Violence	2,202			2,202
200 Club	2,000		2,000	
Drunk Driving Enforcement	<u>136</u>	<u>-</u>	<u>136</u>	<u>-</u>
	<u>\$ 9,892</u>	<u>\$ 11,261</u>	<u>\$ 7,690</u>	<u>\$ 13,463</u>

EXHIBIT B-12

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS

	Balance, December 31, <u>2006</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Applied to 2007 Anticipated <u>Revenues</u>	Transfer from Current Taxes and 2007 <u>Appropriations</u>	Balance, December 31, <u>2007</u>
Library State Aid	\$ 1,847	\$ 965	\$ 1,847			\$ 965
Tax Title Lien Redemption	39	27,112	27,151			
UCC	137,952			\$ 14,545		123,407
Sale of Assets	60,200					60,200
Tax Appeals	108,466		108,027		\$ 225,000	225,439
Revaluation	<u>29,009</u>	<u>-</u>	<u>28,992</u>	<u>-</u>	<u>-</u>	<u>17</u>
	<u>\$ 337,513</u>	<u>\$ 28,077</u>	<u>\$ 166,017</u>	<u>\$ 14,545</u>	<u>\$ 225,000</u>	<u>\$ 410,028</u>

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TRUST FUNDS



**TOWNSHIP OF SOUTH HACKENSACK
COMBINING BALANCE SHEET - STATUTORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2007
(With Comparative Totals as of December 31, 2006)**

	Animal Control Fund	Other Trust Funds	Unemployment Compensation Insurance Fund	Recreation Trust Fund	Length of Service Awards Program Fund (Unaudited)	2007	2006
ASSETS							
Cash and Cash Equivalents	\$ 904	\$ 205,258	\$ 25,660	\$ 9,189		\$ 241,011	\$ 336,269
Investments					\$ 193,293	193,293	155,042
Contribution Receivable	-	-	-	-	35,724	35,724	26,560
Total Assets	<u>\$ 904</u>	<u>\$ 205,258</u>	<u>\$ 25,660</u>	<u>\$ 9,189</u>	<u>\$ 229,017</u>	<u>\$ 470,028</u>	<u>\$ 517,871</u>
LIABILITIES AND RESERVES							
Liabilities and Reserves							
Interfunds Payable	\$ 333					\$ 333	\$ 333
Intergovernmental Payable	3		\$ 110			113	8
Payroll Deductions Payable						-	26,839
Accrued Salaries and Wages		\$ 275				275	
Reserve for LOSAP Benefits					\$ 229,017	229,017	181,602
Reserve for Animal Control Expenditures	568					568	720
Reserve for Escrow Funds		204,983				204,983	279,895
Reserve for Unemployment Insurance Claims			25,550			25,550	22,512
Reserve for Recreation Expenditures	-			\$ 9,189		9,189	5,962
Total Liabilities and Reserves	<u>\$ 904</u>	<u>\$ 205,258</u>	<u>\$ 25,660</u>	<u>\$ 9,189</u>	<u>\$ 229,017</u>	<u>\$ 470,028</u>	<u>\$ 517,871</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2006	\$ 720
Increased by:	
Animal Control Fees Collected	314
	1,034
Decreased by:	
Animal Control Expenditures	466
Balance, December 31, 2007	\$ 568

**STATEMENT OF RESERVE FOR ESCROW FUNDS
OTHER TRUST FUND**

Balance, December 31, 2006	\$ 279,895
Increased by:	
Developers and Escrow Deposits	202,295
	482,190
Decreased by:	
Disbursements	277,207
Balance, December 31, 2007	\$ 204,983

Analysis	
Developer's Escrow	\$ 129,091
COAH	61,204
Traffic Detail	7,967
POAA	298
DARE	5,423
Tax Sale Premiums	1,000
	\$ 204,983

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

Balance, December 31, 2006		\$ 22,512
Increased by:		
Employee Contributions	\$ 4,440	
Employer Contributions	<u>100</u>	
		<u>4,540</u>
		27,052
Decreased by:		
Unemployment Insurance Claims		<u>1,502</u>
Balance, December 31, 2007		<u>\$ 25,550</u>

EXHIBIT C-4

STATEMENT OF RESERVE FOR RECREATION EXPENDITURES

Balance, December 31, 2006		\$ 5,962
Increased by:		
Recreation Fees Collected		<u>8,495</u>
		14,457
Decreased by:		
Program Expenditures		<u>5,268</u>
Balance, December 31, 2007		<u>\$ 9,189</u>

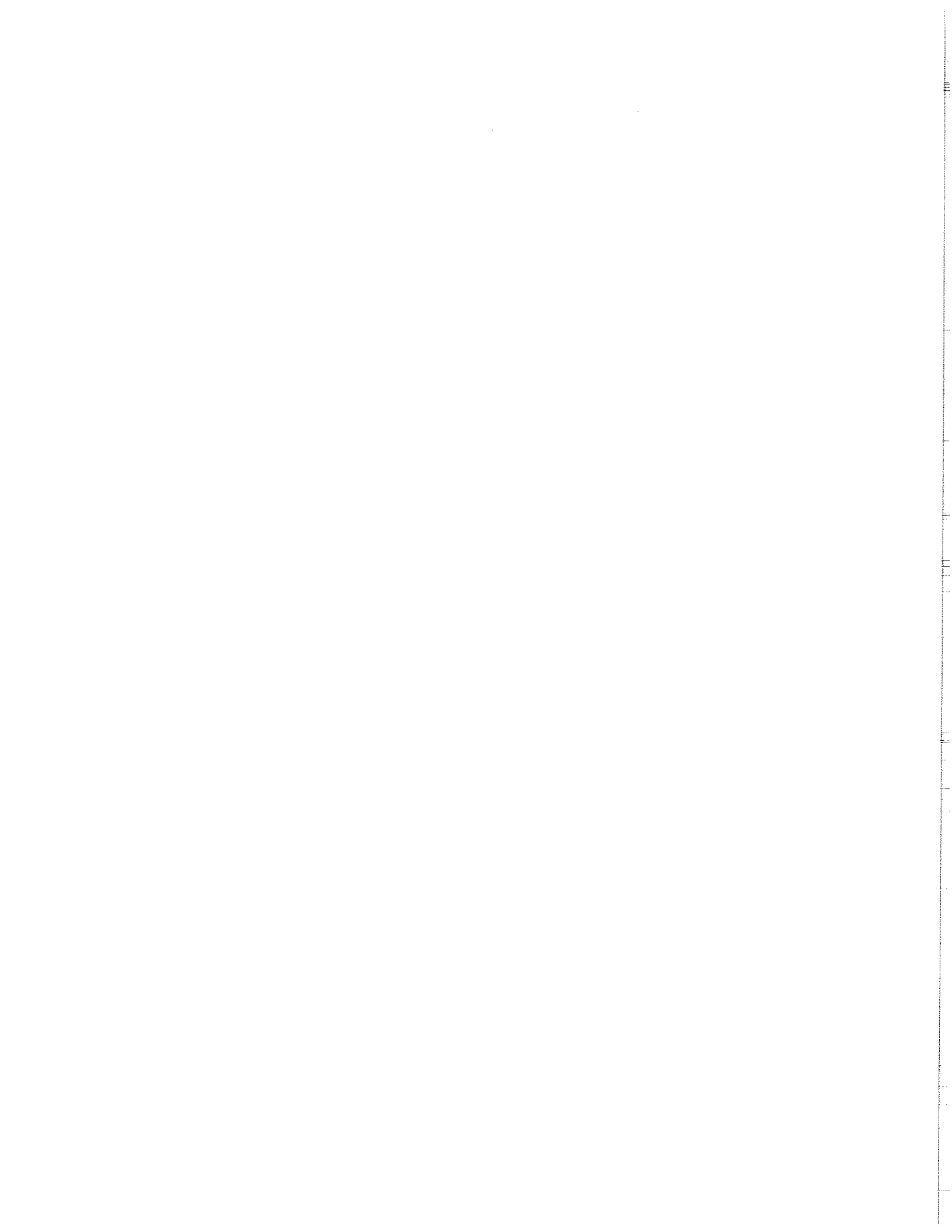
**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2006	\$ 26,839
Increased by:	
Transfer from Current Fund	<u>2,039,230</u>
	2,066,069
Decreased by:	
Payroll Deduction Disbursements	<u>2,066,069</u>
Balance, December 31, 2007	<u>\$ -</u>

STATEMENT OF ACCRUED SALARIES AND WAGES

Increased by:	
Transfer from Current Fund	\$ 3,952,741
Decreased by:	
Net Payroll Disbursements	<u>3,952,466</u>
Balance, December 31, 2007	<u>\$ 275</u>

GENERAL CAPITAL FUND



**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 86,550	\$ 53,811
Intergovernmental Receivables	228,356	68,787
Interfund Receivable	40,000	20,000
Deferred Charges to Future Taxation		
Funded	997,994	1,064,842
Unfunded	<u>2,309,426</u>	<u>1,904,149</u>
 Total Assets	 <u>\$ 3,662,326</u>	 <u>\$ 3,111,589</u>
 LIABILITIES AND FUND BALANCE		
Contracts Payable	\$ 586,891	
Improvement Authorizations		
Funded	91,042	\$ 16,895
Unfunded	546,493	488,981
Loans Payable	997,994	1,064,842
Bond Anticipation Notes	1,380,053	1,479,970
Capital Improvement Fund	26,600	31,200
Fund Balance	<u>33,253</u>	<u>29,701</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 3,662,326</u>	 <u>\$ 3,111,589</u>

There were bonds and notes authorized but not issued of \$931,383 and \$864,152 on December 31, 2007 and 2006, respectively.

TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE STATEMENTS OF FUND BALANCE - STATUTORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Balance, January 1,	\$ 29,701	\$ 628
Increased by:		
Miscellaneous	<u>3,552</u>	<u>29,073</u>
Balance, December 31,	<u>\$ 33,253</u>	<u>\$ 29,701</u>

**TOWNSHIP OF SOUTH HACKENSACK
ANALYSIS OF GENERAL CAPITAL CASH
DECEMBER 31, 2007**

Fund Balance		\$ 33,253
Capital Improvement Fund		26,600
Intergovernmental Receivable		(228,356)
Interfund Receivable		(40,000)
Excess Note Proceeds		2,010
Contracts Payable		586,891
Ordinance		
<u>Number</u>	<u>Improvement Authorizations</u>	
	Improvement of Caliconeck Road	(9,897)
	Resurface Green Street	(6,265)
	Barrier Free Park Improvements	(9,029)
	Resurface Vreeland Avenue	(639)
97-10	Barrier Free Curbs	(6,282)
99-11	Reconstrect. Huyler St. Pump Station PHIA	(1,131)
99-14	Resurface Phillips Avenue - Phase II	(2,539)
02-05	Acquisition of Real Property/Additional Funds	(62,721)
03-10	Road Resurfacing Program	9,822
03-18	Acquisition of Communications Equipment	3,934
03-13	Acquisition of Vehicles	25,807
04-06	Impvt. E. Wesley & Wesley Streets	66,895
05-04	Improvement to Green Street	31,884
05-12	Various Public Improvements	(5,418)
07-07	Improvements to Vreeland Ave	74,147
07-09	Acquisition of New Pumper Fire Engine	(402,416)
		<u>\$ 86,550</u>

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

2007 Authorizations

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2006		Deferred Charge - Unfunded	Capital Impvt. Fund	Grant Award	Other Sources	Expended	Balance, December 31, 2007	
				Funded	Unfunded						Funded	Unfunded
03-10	Road Resurfacing Program	6/12/2003	\$ 205,000	\$	10,722					900	\$ 9,822	
03-13	Acquisition of Vehicles	8/14/2003	210,000		39,185					798	38,387	
03-18	Acquisition of Communications Equipment	9/14/2003	40,000		3,934						3,934	
04-06	Impvt. E. Wesley & Wesley Streets	4/8/2004	225,000	\$ 16,895	80,900						16,895	80,900
05-04	Improvement of Green Street	6/9/2005	145,000		31,884							31,884
05-12	Various Public Improvements	9/1/2005	600,000		322,356					27,774	294,582	
07-07	Improvements of Vreeland Avenue	5/10/2007	329,000			\$ 51,400	\$ 2,600	\$ 150,000	\$ 125,000	203,453	74,147	51,400
07-09	Acquisition of New Pumper Fire Engine	6/16/2007	460,000			438,000	22,000			424,416		35,584
				\$ 16,895	\$ 488,981	\$ 489,400	\$ 24,600	\$ 150,000	\$ 125,000	\$ 657,341	\$ 91,042	\$ 546,493
										Contracts Payable	\$ 586,891	
										Cash Disbursements	70,450	
											\$ 657,341	

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

Analysis of Balance, December 31, 2007

Ordinance Number	Improvement Description	Balance, December 31, 2006	2007 Authorizations	Notes Paid by Budget Appropriation	Adjustment	Balance, December 31, 2007	Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
	Improvement of Calhounck Road	\$ 9,897				\$ 9,897		\$ 9,897	
	Resurface Green Street	6,265				6,265		6,265	
	Resurface Vreeland Avenue	639				639		639	
	Barrier Free Park Improvements	9,029				9,029		9,029	
96-07	Reconstruction of Huyler Street Pump Station	92,498		\$ 1,402		91,096	\$ 91,096		
96-08	Various Public Improvements	4,480		3,620		860	860		
96-10	Acquisition of Salt Spreader	5,872		1,049		4,823	4,823		
97-10	Barrier Free Curbs	6,282				6,282		6,282	
11-99/8-00/19-01	Reconstruct Huyler St. Pump Station PHIA	163,995		2,693		161,302	160,171		
98-06	Resurface Phillips Ave Phase I	9,070		7,912		1,158	1,158		
99-14	Resurface Phillips Ave Phase II	102,272		16,667		85,605	83,066		
00-16	Green Street Drainage Area Impyts.			2,010	\$ 3,552	1,542	1,542		2,539
01-14	Repaving of Leaning Street Between Green and Huyler			4,948		4,948	57,755		
02-05	Acquisition of Real Property/Additional Funds	62,703				62,721		62,721	
02-07	Improvement to Schriefer Street	17,976		2,232		15,744	15,744		
02-20	Acquisition of Fire Ladder Engine	361,741		21,053		340,688	340,688		
02-25	Various Public Improvements	21,929		4,790		17,139	17,139		
03-10	Road Resurfacing Program	195,000		16,667		145,913	133,333		\$ 12,580
03-13	Acquisition of Vehicles	162,580				162,580			
03-18	Acquisition of Communications Equipment	38,000				38,000	38,000		
04-06	Improvement of E.Wesley and Wesley Streets	80,900		2,632		78,268	47,368		30,900
05-04	Improvement of Green Street	52,300				52,300	52,300		
05-12	Various Public Improvements	438,000				438,000	138,000	5,418	294,582
07-07	Improvements to Vreeland Ave		\$ 51,400			51,400			51,400
07-09	Acquisition of New Pumper Fire Engine		438,000			438,000		402,416	35,584
		\$ 1,904,149	\$ 489,400	\$ 87,675	\$ 3,552	\$ 2,309,426	\$ 1,378,043	\$ 506,337	\$ 425,046

Notes Outstanding
Excess Note Proceeds
00-16

\$ 1,380,053

2,010

\$ 1,378,043

Improvement Authorizations- Unfunded
Less: Unexpended Proceeds of Bond

Anticipation Notes

Ordinance #

03-13 \$ 25,807

05-04 31,884

03-18 3,934

03-10 9,822

04-06 50,000

121,447

\$ 546,493

\$ 425,046

**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF INTERGOVERNMENTAL RECEIVABLE**

	<u>Total</u>	<u>Ord. No. 05-04</u>	<u>NJ Department of Transportation</u>	<u>Ord. No. 04-06</u>	<u>Ord. No. 07-07</u>	<u>Ord. No. 07-07</u>	<u>City of</u>
			<u>Department of Transportation</u>				<u>Hackensack</u>
							<u>Ord. No. 07-07</u>
Balance, December 31, 2006	\$ 68,787	\$ 22,500	\$ 46,287	-	-	-	-
Increased By:							
Issued	<u>275,000</u>	<u>-</u>	<u>\$ -</u>	<u>150,000</u>	<u>150,000</u>	<u>125,000</u>	<u>\$ 125,000</u>
	343,787	22,500	46,287	150,000	150,000	125,000	125,000
Decreased By:							
Receipts	<u>115,431</u>	<u>20,130</u>	<u>-</u>	<u>95,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
	228,356	2,370	46,287	54,699	54,699	125,000	125,000
Balance, December 31, 2007	<u>\$ 228,356</u>	<u>\$ 2,370</u>	<u>\$ 46,287</u>	<u>\$ 54,699</u>	<u>\$ 54,699</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Note	Amount of Original Note	Issue	Maturity	Interest Rate	Balance, December 31, 2006	Increased	Decreased	Balance, December 31, 2007
96-07	Reconstruct. Huyler St. Pump Station	6/18/1998	\$ 110,700	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	\$ 92,498	\$ 91,096	\$ 92,498	\$ 91,096
96-08	Various Public Improvements	6/18/1998	81,800	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	4,480	860	4,480	860
96-10	Acquisition of Salt Spreader	6/18/1998	30,400	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	11,751	4,823	11,751	4,823
11-99/08-00/ 09-01/19-01	Reconst. Huyler St., Pump Station - Phase Ia	3/7/2001	166,600	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	161,290	156,982	161,290	156,982
11-99/08-00/ Phase Ia		12/14/2001	112,680	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	41,097	3,189	41,097	3,189
06-98	Resurface Phillips Avenue - Phase I	3/7/2001	50,000	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	52,088	1,158	52,088	1,158
14-99	Resurface Phillips Avenue - Phase II	3/7/2001	100,000	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	99,733	83,066	99,733	83,066
16-00	Green Street Drainage Area Impvts.	12/14/2001	158,720	3/4/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	152,510	3,552	152,510	3,552
02-01 14-01	Improvement of Grove Street Repairing of Leuming Street Between Green and Huyler Streets	12/14/2001 7/15/2003	25,600 110,700	3/4/2006 3/5/2006 2/22/2007	3/2/2007 3/2/2007 2/22/2008	3.65 3.65 3.69	70,146 89,052	70,146	70,146	70,146
07-02	Improvements to Schrieffer Street	7/15/2003	81,800	3/5/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	40,168	15,744	40,168	15,744
20-02	Acquisition of Fire Ladder Enging	7/15/2003	30,400	3/5/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	378,947	340,688	378,947	340,688
25-02	Various Public Improvements	7/15/2003	13,380	3/5/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	86,210	17,139	86,210	17,139
03-10	Road Resurfacing Program	7/15/2004	195,000	2/22/2007	2/22/2008	3.69	195,000	195,000	195,000	195,000
03-13	Acquisition of New Vehicles	7/15/2004	150,000	3/5/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69	150,000	133,333	150,000	133,333

TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Note	Amount of Original Note	Issue	Date of Maturity	Interest Rate	%	Balance, December 31, 2006	Increased	Decreased	Balance, December 31, 2007
03-18	Acquisition of Communications Equipment		\$ 38,000	2/22/2007	2/22/2008	3.69		\$ -	\$ 38,000	\$ -	\$ 38,000
04-06	Impvmt. Of E. Wesley and Wesley St.	7/15/2004	50,000	3/5/2006 2/22/2007	3/2/2007 2/22/2008	3.65 3.69		\$ 50,000	47,368	\$ 50,000	47,368
05-04	Impvmt. To Green Strret	2/22/2007	52,300	2/22/2007	2/22/2008	3.69		-	52,300	-	52,300
05-12	Various Public Improvements	2/22/2007	138,000	2/22/2007	2/22/2008	3.69		-	138,000	-	138,000
								\$ 1,479,970	\$ 1,380,053	\$ 1,479,970	\$ 1,380,053
									\$ 423,300	\$ 956,753	\$ 956,753
										\$ 87,675	\$ 87,675
										\$ 434,411	\$ 434,411
										\$ 1,131	\$ 1,131
								\$ 1,380,053	\$ 1,380,053	\$ 1,479,970	\$ 1,479,970

Notes Issue
Renewals
Paid by Budget Appropriation
Excess Note Proceeds
Paid by Capital Cash

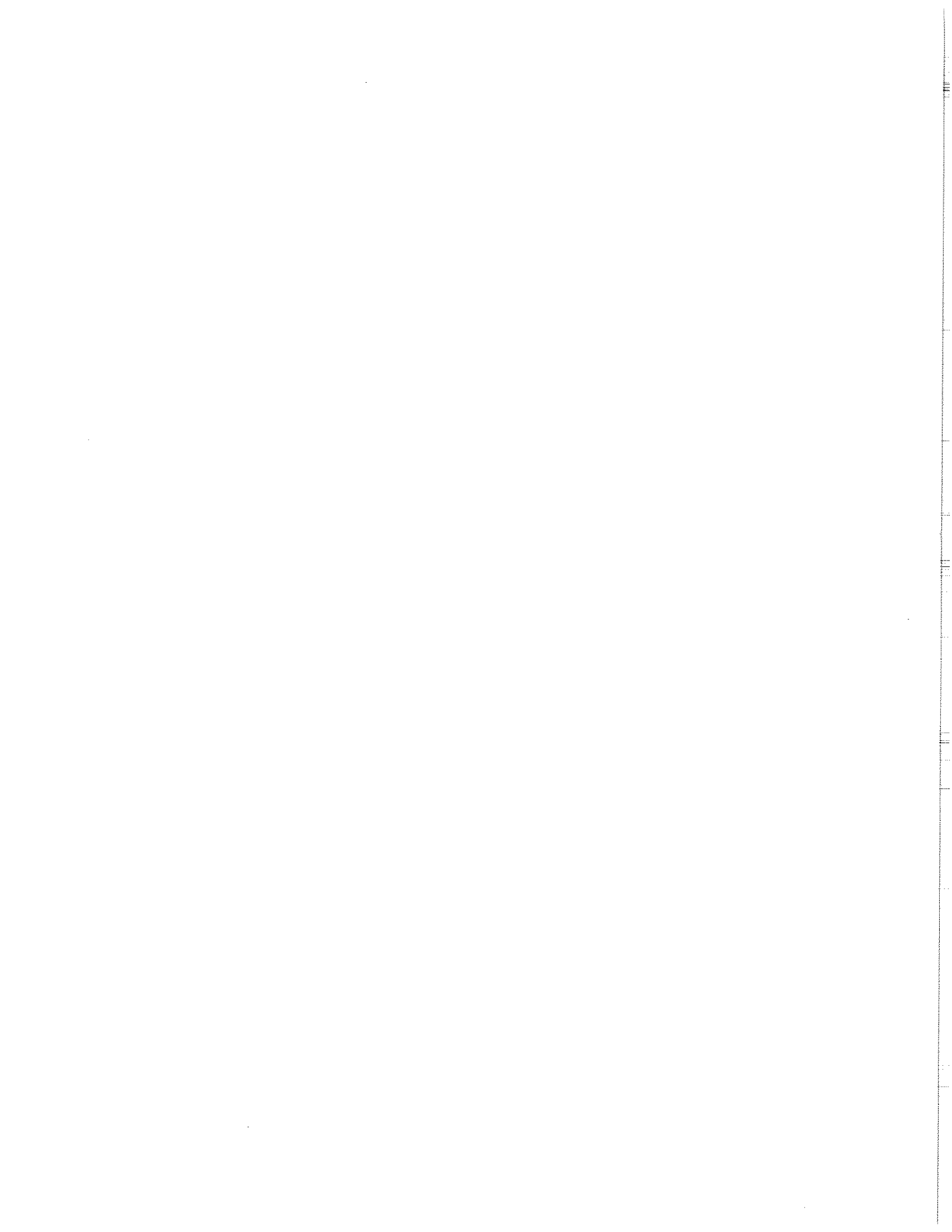
**TOWNSHIP OF SOUTH HACKENSACK
STATEMENT OF LOANS PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Balance, December 31, 2006</u>	<u>Decreased</u>	<u>Balance, December 31, 2007</u>
NJEIT Loan - A	10/15/2000	\$ 720,000	\$ 585,000	\$ 30,000	\$ 555,000
NJEIT Loan - B	10/15/2000	721,280	<u>479,842</u>	<u>36,848</u>	<u>442,994</u>
			<u>\$ 1,064,842</u>	<u>\$ 66,848</u>	<u>\$ 997,994</u>
		Paid by Budget Appropriation		<u>\$ 66,848</u>	

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, January 1, 2006	2007 Authorizations	Notes Paid By Capital Cash	Bond Anticipation Notes Issued	Balance, December 31, 2007
	Improvement of Calloneck Road	\$ 9,897				\$ 9,897
	Resurface Green Street	6,265				6,265
	Resurface Vreeland Avenue	639				639
	Barrier Free Park Improvements	9,029				9,029
97-10	Barrier Free Curbs	6,282				6,282
99-14	Resurface Philips Ave Phase II	2,539				2,539
11-99/08-00/ 09-01/19-01				\$ 1,131		1,131
02-05	Acquisition of Real Property/Additional Funds	62,721				62,721
03-10	Road Resurfacing Program	195,000			\$ 195,000	
03-13	Acquisition of Vehicles	12,580				12,580
03-18	Acquisition of Communications Equipment	38,000			38,000	
04-06	Improvement of E. Wesley and Wesley Street	30,900				30,900
05-04	Improvements to Green Street	52,300			52,300	
05-12	Various Public Improvements	438,000			138,000	300,000
07-07	Improvements to Vreeland Ave	-	\$ 51,400			51,400
07-09	Acquisition of New Pumper Fire Engine	-	438,000	-	-	438,000
		<u>\$ 864,152</u>	<u>\$ 489,400</u>	<u>\$ 1,131</u>	<u>\$ 423,300</u>	<u>\$ 931,383</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

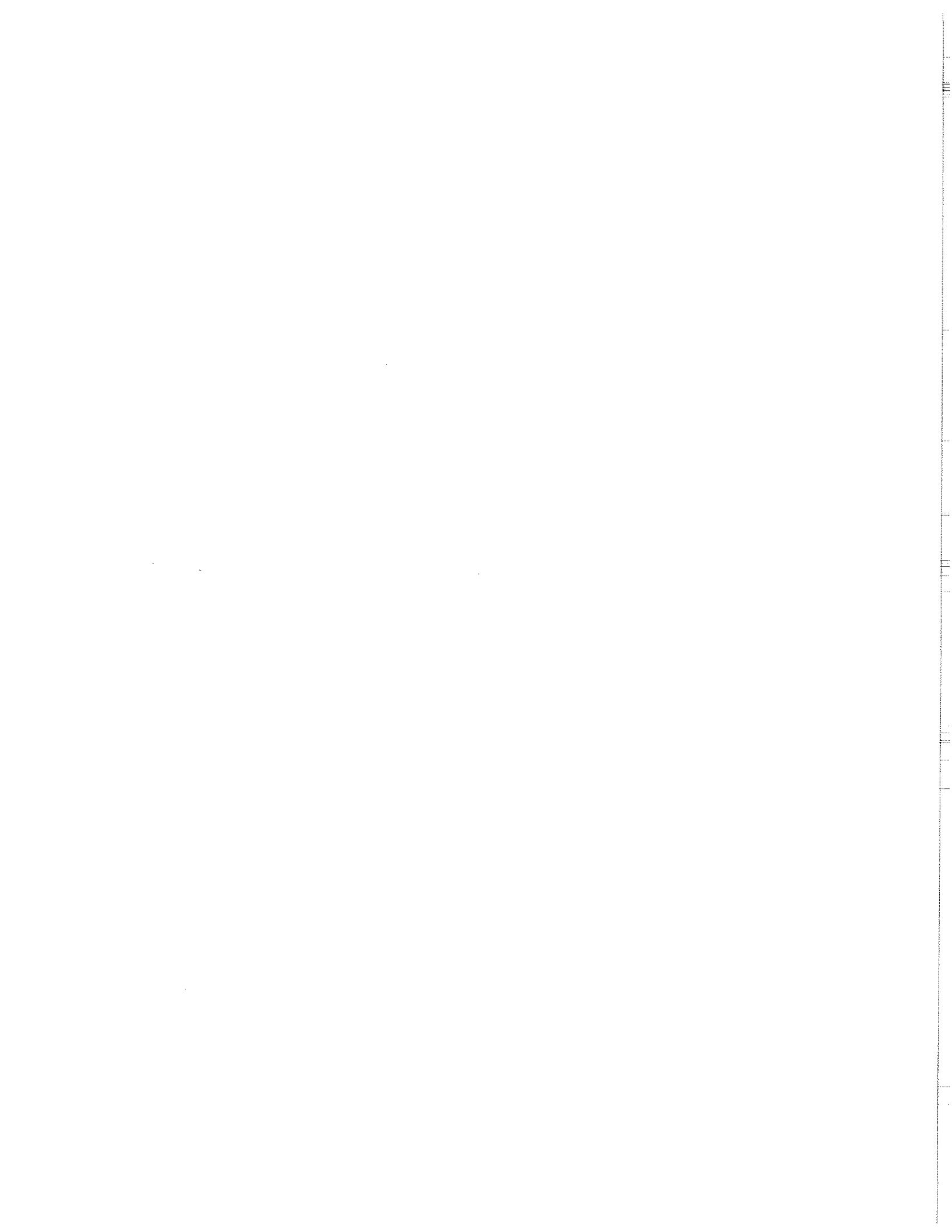


**TOWNSHIP OF SOUTH HACKENSACK
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
Land	\$ 1,753,100	\$ 1,753,100
Buildings and Building Improvements	193,200	193,200
Machinery and Equipment	<u>3,041,606</u>	<u>3,053,841</u>
	<u>\$ 4,987,906</u>	<u>\$ 5,000,141</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 4,987,906</u>	<u>\$ 5,000,141</u>

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STATISTICAL SECTION



**TOWNSHIP OF SOUTH HACKENSACK
CURRENT FUND EXPENDITURES BY FUNCTION (1)
LAST NINE CALENDAR YEARS
(UNAUDITED)**

Year	General Government	Public Safety	Streets & Roads Works	Health and Welfare	Recreation and Education	Deferred Charges and Statutory Expenditures	State Federal Grants	Capital Improvements	Debt Service	Other	Reserve for Uncollected Taxes	Total
2007	\$ 3,478,625	\$ 2,522,290	\$ 982,078	\$ 27,286	\$ 47,157	\$ 260,584	\$ 125,515	\$ 20,000	\$ 235,542	\$ 447,562	\$ 49,775	\$ 8,196,414
2006	2,559,709	2,437,700	913,050	25,186	49,100	382,696	199,949	20,000	370,284	263,032	50,000	7,270,706
2005	2,381,660	2,385,542	897,866	24,682	51,140	304,351	174,036	20,000	334,568	298,850	50,000	6,922,695
2004	2,230,828	2,252,334	816,584	24,420	55,913	302,202	145,145	57,420	447,168	205,148	48,000	6,585,162
2003	2,132,250	2,136,967	705,039	24,220	61,070	341,959	57,687	41,250	478,281	149,915	45,276	6,173,914
2002	1,963,700	1,984,600	702,894	22,800	59,800	366,269	243,436	47,000	509,359	7,230	7,230	5,907,088
2001	1,919,806	1,878,300	675,579	21,200	70,800	322,408	334,934	31,000	472,943	89,892	89,892	5,816,862
2000	2,064,208	1,738,118	649,101	20,867	43,100	397,177	182,258	5,000	417,343	77,078	77,078	5,594,250
1999	1,939,547	1,932,059	606,518	19,150	49,100	405,554	270,494	142,997	413,074	138,736	138,736	5,917,229

Source: Township's Financial Statements

(1) Includes paid or charged and reserves

**TOWNSHIP OF SOUTH HACKENSACK
CURRENT FUND BUDGET REVENUES BY SOURCE
LAST NINE CALENDAR YEARS
(UNAUDITED)**

<u>Year</u>	<u>Fund Balance Anticipated</u>	<u>Miscellaneous Revenues</u>	<u>State and Federal Aid</u>	<u>Delinquent Taxes</u>	<u>Taxes(1)</u>	<u>Total</u>
2007	\$ 450,000	\$ 1,966,822	\$ 846,209		\$ 4,896,649	\$ 8,159,680
2006	300,000	1,327,671	1,007,133		5,237,612	7,872,416
2005	100,000	1,093,561	931,219	\$ 33,969	4,933,915	7,092,664
2004	30,000	1,048,981	939,749		4,742,274	6,761,004
2003		1,085,705	746,153		4,436,331	6,268,189
2002	225,000	1,036,554	735,375		3,775,950	5,772,879
2001	165,000	1,379,021	797,018		3,440,062	5,781,101
2000	190,000	1,080,958	808,326	50,000	3,459,870	5,589,154
1999	600,500	981,429	777,206	25,000	3,369,783	5,753,918

(1) excludes taxes allocated to county and local schools.

Source: Township's Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK
TEN YEAR COMPARISON OF TAX RATE
(PER \$100 OF ASSESSED VALUE)
(EXCLUSIVE OF OVERLAPPING GOVERNMENTS)
(UNAUDITED)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>County Open Space</u>	<u>Local School</u>
2007	\$ 3.12	\$ 1.328	\$ 0.260	\$ 0.010	\$ 1.522
2006	2.95	1.360	0.235	0.010	1.345
2005	2.61	1.286	0.231	0.010	1.083
2004	2.49	1.226	0.240	0.010	1.014
2003	2.33	1.142	0.219	0.005	0.964
2002	2.74	1.265	0.316	0.005	1.154
2001	2.55	1.152	0.286	0.005	1.107
2000	2.45	1.153	0.269	0.005	1.023
1999	2.34	1.110	0.288	0.005	0.937
1998	2.27	1.111	0.219		0.940

The Township underwent a revaluation of real property which took effect for the year 2003.

Source: Tax Duplicate, Township of South Hackensack

**TOWNSHIP OF SOUTH HACKENSACK
TEN YEAR HISTORY OF TAX LEVY
(UNAUDITED)**

Calendar Year	Tax Levy					Total	Realized Revenue**	Percentage of Realized
	Municipal*	County	Open Space	Local School	County			
2007	\$ 5,067,317	\$ 992,488	\$ 57,725	\$ 5,814,509	\$ 11,932,039	\$ 11,761,371	98.57%	
2006	5,140,601	897,462	51,018	5,123,871	11,212,952	11,261,680	100.43	
2005	4,972,872	891,345	46,961	4,167,345	10,078,523	9,989,566	99.75	
2004	4,697,797	923,544	46,473	3,898,969	9,566,783	9,614,275	100.50	
2003	4,365,040	843,725	20,375	3,715,157	8,944,297	9,017,554	100.82	
2002	3,790,548	949,981	21,793	3,465,702	8,228,024	8,213,426	99.82	
2001	3,440,062	859,815	20,031	3,328,209	7,648,117	7,666,619	100.24	
2000	3,459,870	807,828	17,752	3,074,403	7,359,853	7,282,227	98.95	
1999	3,369,782	876,865	15,218	2,852,268	7,114,133	7,050,155	99.10	
1998	3,371,093	665,688		2,851,618	6,888,399	6,884,918	99.94	

*Includes rounding on final tax billings per county

**Includes collections of current year taxes only

Source: Tax Duplicate, Township of South Hackensack
Township's Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK
 ASSESSED VALUE AND ESTIMATE OF TOTAL VALUE
 LAST TEN CALENDAR YEARS
 (UNAUDITED)**

<u>Year</u>	Net Assessed Valuation <u>Taxable</u>	Estimated True <u>Valuation</u>	Percent of Net Assessed Value to Estimated True <u>Valuation</u>	
2007	\$ 382,057,348	\$ 577,246,806	66.19	%
2006	381,097,913	510,182,010	77.40	
2005	384,936,698	493,803,432	77.48	
2004	384,400,329	464,731,783	85.08	
2003	385,191,611 *	407,497,785	98.19	
2002	300,308,597	435,862,812	71.33	
2001	300,609,386	400,619,145	77.68	
2000	300,562,027	355,042,165	88.22	
1999	304,369,516	358,053,262	88.21	
1998	303,521,595	316,621,391	100.29	
1997	307,445,282	359,569,574	89.03	

The Township underwent a revaluation of real property which took effect for the year 2003.

**TOWNSHIP OF SOUTH HACKENSACK
SCHEDULE OF TEN LARGEST TAXPAYERS
(UNAUDITED)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation 2007</u>	<u>As of Percent of Total Net Assessed Valuation Taxable</u>
Wesley Investments, LLC	Warehouse	\$ 10,377,500	2.72%
Marschall Warehouse Co.	Courier Service	8,321,300	2.18%
Forsgate Ventures IX	Warehouse	6,845,300	1.80%
Bldg Phillips, LLC	Commercial	6,615,500	1.74%
IVM c/o V Madis	Laboratory	6,526,400	1.71%
Treco Enterprises	Manufacturer	6,059,500	1.59%
Forsgate Ventures IV	Warehouse	5,716,800	1.50%
CWED Empire Boulevard, Inc.	Warehouse	5,508,800	1.45%
ROCA Realty, LLC	Commercial	4,899,800	1.29%
Mahopac Partners, LLC	Commercial/Retail	<u>4,845,800</u>	1.27%
		<u>\$ 65,716,700</u>	17.24%

Source: Tax Assessor Records

**TOWNSHIP OF SOUTH HACKENSACK
COMPUTATION OF LEGAL DEBT MARGIN AND OVERLAPPING DEBT
FOR YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

Average Equalized Valuation		\$ <u>576,946,155</u>	
Borrowing Power 3% of Average Equalized Valuation		\$ 20,193,115	
Net Debt		<u>2,376,037</u>	
Remaining Borrowing Power		<u>\$ 17,817,078</u>	
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt			
Township of South Hackensack	<u>\$ 2,378,047</u>	<u>\$ 2,010</u>	\$ 2,376,037
Overlapping Debt Apportioned to the Borough:			
County of Bergen (A)			1,740,223
Bergen County Utilities Authority			
Wastewater (B)			<u>3,601,994</u>
			<u>\$ 7,718,254</u>

(A) Overlapping Debt was computed based upon the 2007 Bergen County Equalization Table published by the Bergen County Board of Taxation.

(B) Overlapping Debt was computed based upon the flow of all municipalities served by the Authority.

Source: County Financial Statements
Township's Financial Statements
County Abstract of Ratables

TOWNSHIP OF SOUTH HACKENSACK
RATIO OF BONDED DEBT, NOTES, AND LOANS OUTSTANDING TO EQUALIZED VALUATION
AND DEBT PER CAPITA
LAST TEN CALENDAR YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u>	<u>Average</u> <u>Equalized</u> <u>Valuation</u>	<u>Gross</u> <u>Debt</u>	<u>Gross</u> <u>Debt Per</u> <u>Capita</u>	<u>Ratio of</u> <u>Gross Debt</u> <u>to Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt</u>	<u>Ratio of</u> <u>Net Debt</u> <u>to Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt per</u> <u>Capita</u>
2007	2,313	\$ 576,946,155	\$ 10,743,097	\$ 4,645	1.86%	\$ 2,376,037	0.41%	\$ 1,027
2006	2,321	506,023,967	12,941,173	5,576	2.56	2,968,991	0.59	1,279
2005	2,325	469,291,969	16,621,596	7,149	3.54	3,879,938	0.83	1,669
2004	2,301	432,016,428	16,591,584	7,211	3.84	3,674,926	0.85	1,597
2003	2,301	407,497,785	9,395,114	4,083	2.31	4,102,636	1.01	1,783
2002	2,249	435,862,812	9,437,182	4,196	2.17	4,146,304	0.95	1,844
2001	2,249	400,619,145	4,465,388	1,985	1.11	4,265,830	1.06	1,897
2000	2,106	355,042,165	4,320,588	2,052	1.22	4,320,588	1.22	2,052
1999	2,106	358,053,262	2,877,788	1,366	0.80	2,877,788	0.80	1,366
1998	2,106	316,621,391	2,475,788	1,176	0.78	2,425,788	0.77	1,152

Source: NJ Department of Labor and Workforce Division of Labor Planning and Analysis
Township's Financial Statements and Annual Debt Statements

TOWNSHIP OF SOUTH HACKENSACK
RATIO OF GENERAL OBLIGATION DEBT SERVICE EXPENDITURES TO
CURRENT FUND ACTUAL EXPENDITURES
LAST NINE CALENDAR YEARS
(UNAUDITED)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Current Fund Expenditures</u>	<u>Ratio of Debt Service to Current Fund Expenditures</u>
2007	\$ 154,523	\$ 81,019	\$ 235,542	\$ 8,196,414	2.87%
2006	270,201	100,083	370,284	7,270,706	5.09
2005	257,894	76,674	334,568	6,922,695	4.83
2004	407,387	50,196	447,168	6,585,162	6.79
2003	382,156	97,472	478,281	6,173,914	7.75
2002	397,925	111,434	509,359	5,907,088	8.62
2001	327,280	145,663	472,943	5,816,862	8.13
2000	300,000	117,343	417,343	5,594,250	7.46
1999	280,000	133,074	413,074	5,917,229	6.98

Source: Township's Financial Statements

**TOWNSHIP OF SOUTH HACKENSACK
DEMOGRAPHIC STATISTICS
(UNAUDITED)**

<u>Year</u>	<u>Population</u>	Percentage Increase <u>(Decrease)</u>
2000	2,249	6.8 %
1990	2,106	(5.5)
1980	2,229	(7.6)
1970	2,412	31.0
1960	1,841	22.5
1950	1,503	

Source: U.S. Bureau of the Census

**TOWNSHIP OF SOUTH HACKENSACK
ANNUAL AVERAGE EMPLOYMENT AND
UNEMPLOYMENT FIGURES
(UNAUDITED)**

	<u>Bergen County</u>	<u>Township of South Hackensack</u>
2001 Employed	414,326	1,050
2001 Unemployed	<u>15,678</u>	<u>59</u>
2001 Labor Force	<u>430,004</u>	<u>1,109</u>
2001 Unemployment Rate	<u>3.6%</u>	<u>5.3%</u>
2002 Employed	426,471	1,081
2002 Unemployed	<u>22,406</u>	<u>84</u>
2002 Labor Force	<u>448,877</u>	<u>1,165</u>
2002 Unemployment Rate	<u>5.0%</u>	<u>7.2%</u>
2003 Employed	425,709	1,079
2003 Unemployed	<u>22,048</u>	<u>83</u>
2003 Labor Force	<u>447,757</u>	<u>1,162</u>
2003 Unemployment Rate	<u>4.9%</u>	<u>7.1%</u>
2004 Employed	445,229	1,163
2004 Unemployed	<u>19,602</u>	<u>72</u>
2004 Labor Force	<u>464,831</u>	<u>1,235</u>
2004 Unemployment Rate	<u>4.2%</u>	<u>5.9%</u>
2005 Employed	451,681	1,163
2005 Unemployed	<u>17,216</u>	<u>72</u>
2005 Labor Force	<u>468,897</u>	<u>1,235</u>
2005 Unemployment Rate	<u>3.7%</u>	<u>5.9%</u>
2006 Employed	458,573	1,240
2006 Unemployed	<u>18,445</u>	<u>63</u>
2006 Labor Force	<u>477,018</u>	<u>1,303</u>
2006 Unemployment Rate	<u>3.9%</u>	<u>4.8%</u>

Source: NJ Department of Labor, Bureau of Labor Force Statistics
County of Bergen Department of Planning & Economic Development

**TOWNSHIP OF SOUTH HACKENSACK
MISCELLANEOUS STATISTICS
DECEMBER 31, 2007
(UNAUDITED)**

UTILITIES

Electric	Public Service Electric & Gas
Gas	Public Service Electric & Gas
Water	United Water New Jersey
Sewers	Disposal provided by the Bergen
Sanitation - Scuffy Carting	County Utilities Authority
Cable	Cablevision

MUNICIPAL SERVICES

Police Department
17 Police Officers including Chief
7 Marked Vehicles
4 Unmarked Vehicles

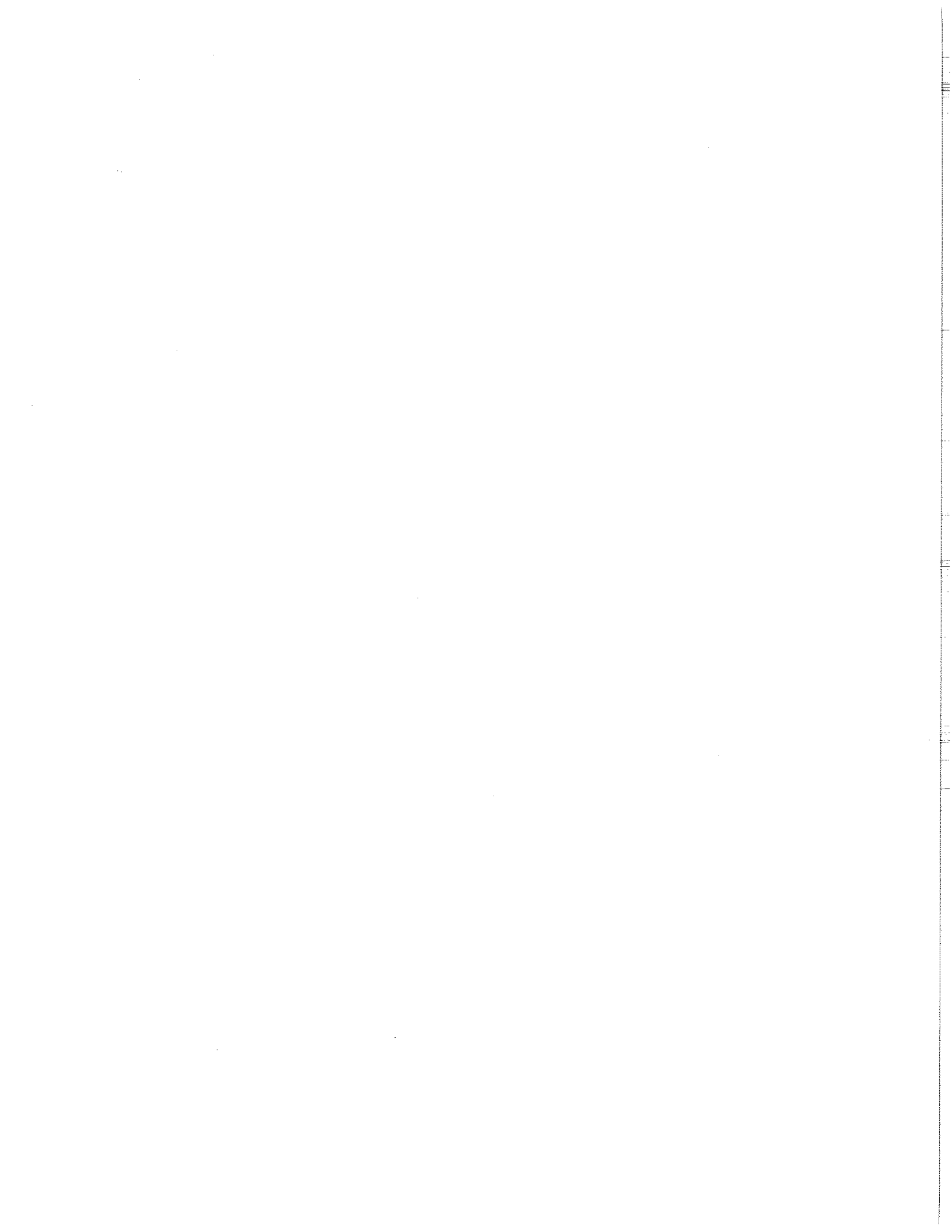
Fire Department
23 Volunteers
2 Pumpers
1 Ladder Truck
1 Rescue Truck
1 Chief's Vehicle
1 OEM Vehicle
1 Fire Prevention Vehicle

Ambulance Corps
3 Ambulances
15 Volunteers
1 First Responder Vehicle

Recreation
Director
Board of Commissioners (Volunteers)

Department of Public Works
8 Employees
1 Sweeper
2 Jeeps
1 Cat Wheel Loader
6 Trucks

SUPPLEMENTARY SCHEDULES
GOVERNMENTAL AUDITING STANDARDS
AND
SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

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DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA

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

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

We have audited the financial statements – statutory basis of the Township of South Hackensack as of and for the year ended December 31, 2007, and have issued our report thereon dated May 19, 2008 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the statutory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – statutory basis was qualified because of the presentation of the unaudited LOSAP Fund. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the statutory basis of accounting such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

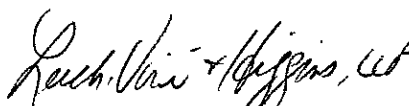
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of South Hackensack's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is identified in the accompanying schedule of findings and responses as item 2007-1.

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

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
May 19, 2008

**TOWNSHIP OF SOUTH HACKENSACK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Receipts</u>	<u>Balance, January 1, 2007</u>	<u>Revenue</u>	<u>Cancelled</u>	<u>Expended</u>	<u>Balance, December 31, 2007</u>
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NOT APPLICABLE

Note: This schedule was not subject to a Federal OMB Circular A-133 single audit.

**TOWNSHIP OF SOUTH HACKENSACK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEARS ENDED DECEMBER 31, 2007**

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 financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>State</u>
Current Fund	\$ <u>268,586</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Township's state loans outstanding at December 31, 2007, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
New Jersey Environmental Infrastructure Trust Series 2000	N/A	\$ <u>997,994</u>

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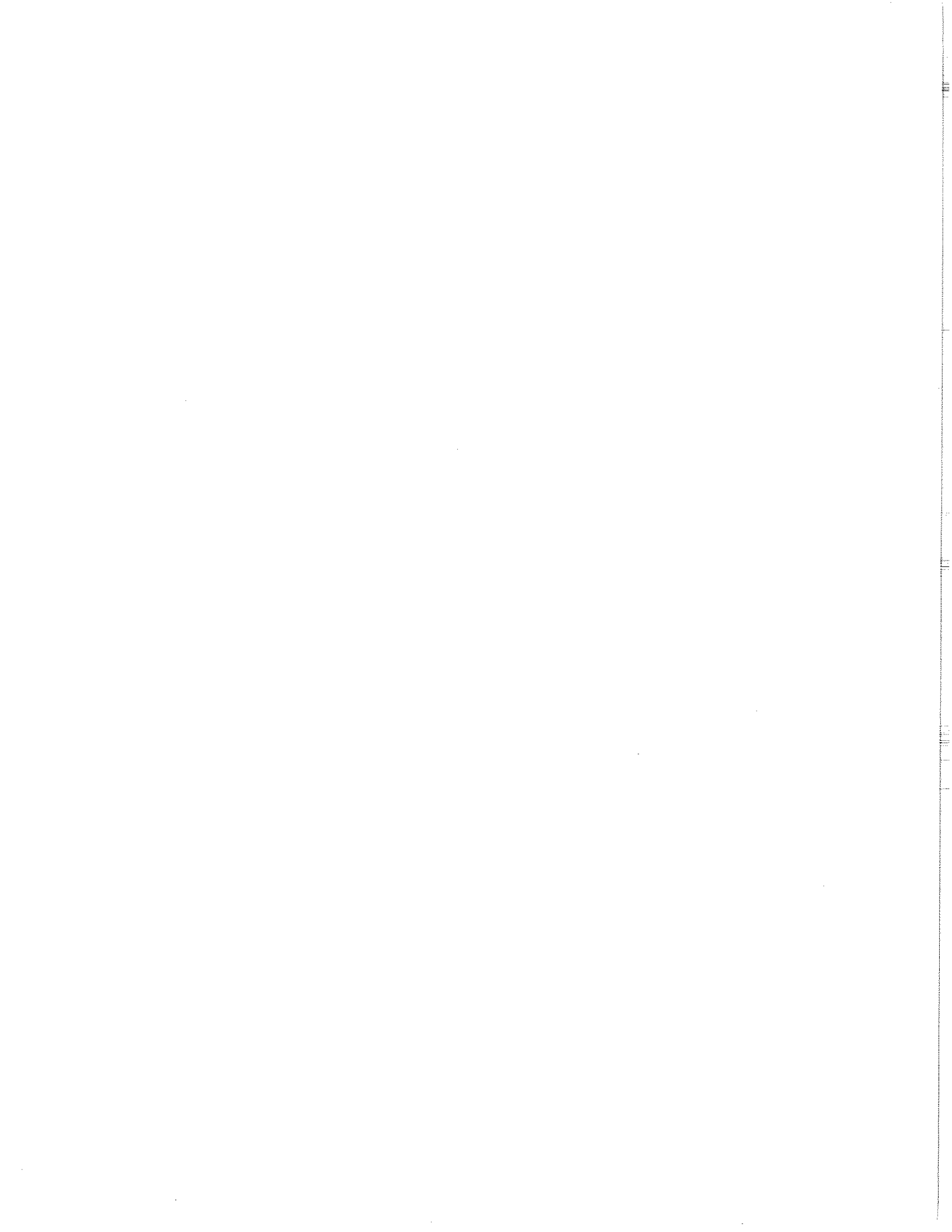
TOWNSHIP OF SOUTH HACKENSACK



SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2007



**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

SCHEDULE OF FINDINGS AND RESPONSES

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

Prior Year Findings

Finding 2006-1

Finding – Our audit revealed that certain contracts and commitments in the Current Fund were not encumbered when incurred. The financial statements have been adjusted to reflect the unrecorded contracts and commitments.

Status – See Finding 2007-1.

Current Year Findings

Finding 2007-1

Finding – Our audit revealed that purchase orders are not always issued prior to commitments being incurred.

Criteria – Technical Accounting Directive 85-1 requires the Township to maintain an encumbrance accounting system.

Cause –Purchase orders are not being issued prior to incurring expenditures.

Recommendation – Purchase orders be issued prior to commitments being incurred.

Management Response – Management is reviewing internal controls relating to purchasing.

**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Prior Year Comments Unresolved

Our audit of the Municipal Court revealed that the bail on account was not in agreement with the reconciled balance of the bail bank account. It is recommended that the Municipal Court bail on account be in agreement with the reconciled balance of the bail bank account.

Our audit revealed that there are various unexpended State grant program balances from prior years. It is recommended that continued efforts be maintained in reviewing the appropriated reserve grant balances and either spend or return unexpended balances back to the grantor.

Current Year

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

At December 31, 2007, there are several capital ordinances with a deficit cash balance. These ordinances are over five years old, and where the projects have been completed. It is recommended that the Township appropriate sufficient funds to eliminate the cash deficits for capital ordinances over five years old.

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

Our audit revealed that totals per client prepared Fixed Assets spreadsheet, is not in agreement with audit balances. Current year additions and deletions were recorded but account balances were not reconciled. It is recommended the fixed assets be recorded and updated utilizing the Township's accounting/budget software and be in agreement with the audit balances.

Our audit of the municipal court revealed that at December 31, 2007 there were 87 tickets assigned but not issued which are more than six months old. It is recommended that tickets assigned and not issued which are greater than six months old be recalled.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of 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 of \$25,000, except by contract or agreement."

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

**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S. 40A:11-4 (Continued)

The minutes indicate that bids were requested by public advertising and awarded for the following item:

Police Car	Solid Waste Collection
Police Radios	Pumper Fire Engine
Scott Airpacks	Roof Replacement – Municipal Garage

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear violations existed.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Township Committee adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, N.J.S.A. 54:4-67 provides that the Governing Body of municipality is to fix the rate of interest to be charged for the delinquent payment of real estate taxes.

THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Township of South Hackensack, County of Bergen, New Jersey that interest shall be charged at the rate of 8% per annum on the first \$1,500 of delinquent real estate taxes and 18% per annum on any amount in the excess of \$1,500, to be calculated from the date the tax or assessment was payable until the date of actual payment. In connection with any delinquency of taxes, assessments or municipal charges exceeding \$10,000 which has not been paid prior to the end of a calendar year, there shall be imposed a penalty in a sum equal to six (6%) percent of the delinquency".

**TOWNSHIP OF SOUTH HACKENSACK
SUPPLEMENTARY DATA**

RECOMMENDATIONS

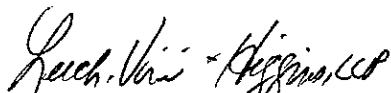
It is recommended that:


- * 1. Purchase orders be issued prior to commitments being incurred.
- 2. With respect to the Municipal Court:
 - * • The bail on account ledger be in agreement with the reconciled balance of the bail bank account.
 - * • Tickets assigned and not issued which are greater than six months old be recalled.
- * 3. Continued efforts be maintained in reviewing the appropriated reserve grant balances and either spend or return unexpended balances back to the grantor.
- 4. The various grant receivable balances be reviewed to determine their collectibility, and if necessary written off.
- 5. The Township appropriate sufficient funds to eliminate the cash deficits for capital ordinances over five years old.
- 6. General Capital Fund beginning balances be recorded and in agreement with the audit report.
- 7. Fixed assets be recorded in the Township's accounting/budget software and be in agreement with the audit balances.

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

The recommendations noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and 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