

BOROUGH OF HADDON HEIGHTS
COUNTY OF CAMDEN

REPORT OF AUDIT
FOR THE YEAR 2011



BOROUGH OF HADDON HEIGHTS
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BOROUGH OF HADDON HEIGHTS

PART 1

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Haddon Heights
Haddon Heights, New Jersey 08035

We have audited the accompanying statements of assets, liabilities, reserves and fund balance-- regulatory basis of the various funds of the Borough of Haddon Heights, in the County of Camden, State of New Jersey as of December 31, 2011 and 2010, and the related statements of operations and changes in fund balance-- regulatory basis for the years then ended, and the related statement of revenues-- regulatory basis, statement of expenditures-- regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2011. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 in compliance with audit requirements as 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 Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects on the financial statements of the requirement that the Borough prepare its financial statements in accordance with the accounting practices 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 Borough of Haddon Heights, in the County of Camden, State of New Jersey, as of December 31, 2011 and 2010, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance-- regulatory basis of the various funds of the Borough of Haddon Heights, in the County of Camden, State of New Jersey, as of December 31, 2011 and 2010, and the results of its operations and changes in fund balance-- regulatory basis of such funds for the years then ended, and the revenues-- regulatory basis, expenditures-- regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2011 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2012 on our consideration of the Borough of Haddon Heights, in the County of Camden, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements. The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 14, 2012

**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**

The Honorable Mayor and
Members of the Borough Council
Borough of Haddon Heights
Haddon Heights, New Jersey 08035

We have audited the financial statements (regulatory basis) of the Borough of Haddon Heights, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 14, 2012, which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Borough of Haddon Heights is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough'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 Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Recommendations, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying Schedule of Findings and Recommendations to be a material weakness: 2011-1.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Recommendations to be significant deficiencies: 2011-3, 2011-4, 2011-5 and 2011-6.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Haddon Heights's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs which are described in the accompanying Schedule of Findings and Recommendations as findings no.: 2011-1, 2011-2 and 2011-6.

The Borough of Haddon Heights' responses to the findings identified in our report are described in the accompanying Schedule of Findings and Recommendations. We did not audit the Borough of Haddon Heights' responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Borough, others within the Borough, the Division of Local Government Services, Department of Community Affairs, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,


BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants


Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 14, 2012

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statements of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis
 As of December 31, 2011 and 2010

<u>ASSETS</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Regular Fund:			
Cash:			
Cash--Treasurer	SA-1	\$ 825,311.70	\$ 1,190,697.65
Cash--Change Funds	SA-18	200.00	200.00
Due from State of NJ - Senior Citizens and Vet. Deduction:	SA-2	10,917.66	11,360.00
		<u>836,429.36</u>	<u>1,202,257.65</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-3	269,551.94	348,698.73
Tax Title Liens Receivable	SA-5	324.47	290.66
Property Acquired for Taxes - Assessed Valuation	SA-5		26,100.00
Revenue Accounts Receivable	SA-6	109,903.71	107,369.09
Due from Federal, State and Other Grant Fund	SA-21	313,736.23	210,933.42
Due from General Capital Fund	C	261.63	1,038.13
Due from Animal Control Fund	B	1.18	
Due from Trust Other Fund	B	14,859.34	84.28
		<u>708,638.50</u>	<u>694,514.31</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	27,634.58	
Special Emergency Appropriation N.J.S.A. 40A:4-55	SA-7		53,840.00
		<u>27,634.58</u>	<u>53,840.00</u>
		<u>1,572,702.44</u>	<u>1,950,611.96</u>
Federal, State and Other Grant Fund:			
Federal, State and Other Grants Receivable	SA-19	551,573.49	476,929.88
		<u>551,573.49</u>	<u>476,929.88</u>
		<u>\$ 2,124,275.93</u>	<u>\$ 2,427,541.84</u>

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statements of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis
 As of December 31, 2011 and 2010

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3;SA-8	\$ 156,653.78	\$ 192,597.20
Reserve for Encumbrances	A-3;SA-8	157,709.03	53,968.92
Special Emergency Notes Payable	SA-9		53,840.00
Prepaid Taxes	SA-10	69,446.42	90,901.14
Tax Overpayments	SA-11	11,300.86	17,948.66
Due County for Added and Omitted Taxes	SA-13	11,443.12	14,837.34
Due to Local School District	SA-14	3.00	
Due to State of New Jersey:			
Marriage License Fees	SA-15	150.00	400.00
DCA Training Fees	SA-16	1,415.00	1,281.00
Accounts Payable	SA-17	2,739.05	948.39
Reserve for Master Plan Update	A	2,873.36	2,873.36
Reserve for Tax Appeals	A	19,329.46	19,329.46
		<u>433,063.08</u>	<u>448,925.47</u>
Reserves for Receivables	A	708,638.50	694,514.31
Fund Balance	A-1	431,000.86	807,172.18
		<u>1,572,702.44</u>	<u>1,950,611.96</u>
Federal, State and Other Grant Fund:			
Federal, State and Other Grants-- Unappropriated	SA-20	1,473.92	2,806.66
Federal, State and Other Grants-- Appropriated	SA-21	210,549.17	252,148.11
Reserve for Encumbrances	SA-21	25,814.17	2,019.59
Contracts Payable	SA-21		9,022.10
Due to Current Fund	SA-22	313,736.23	210,933.42
		<u>551,573.49</u>	<u>476,929.88</u>
		<u>\$ 2,124,275.93</u>	<u>\$ 2,427,541.84</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF HADDON HEIGHTS
CURRENT FUND

Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 519,695.00	\$ 340,500.00
Miscellaneous Revenues Anticipated	1,744,485.82	1,723,138.83
Receipts from Delinquent Taxes	361,230.65	376,718.43
Receipts from Current Taxes	21,011,302.97	20,568,770.37
Nonbudget Revenues	53,357.66	50,763.60
Accounts Payable Canceled		25.00
Federal, State and Other Grants Appropriated Canceled		
Overpayments Canceled		11,844.88
Trust Reserves Canceled	550.00	
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	82,332.09	136,126.37
Reserves Liquidated:		
Due from Federal and State Grant Fund		120,211.33
Due from General Capital Fund	776.50	
Due from Trust Other Fund		
	<u>23,773,730.69</u>	<u>23,328,098.81</u>
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,516,153.10	2,552,796.00
Other Expenses	2,718,712.48	2,855,934.00
Deferred Charges and Statutory Expenditures	651,860.00	560,779.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	7,292.07	16,805.55
Other Expenses	627,517.93	403,918.87
Capital Improvements	210,000.00	220,000.00
Municipal Debt Service	357,712.80	366,524.80
Deferred Charges and Judgments	53,840.00	63,492.12
County Taxes	5,380,258.84	4,936,018.12
Due County for Added and Omitted Taxes	11,443.12	14,837.34
Local District School Tax	10,987,639.50	10,752,052.50
Prior Year Senior Citizens Disallowed		2,750.00
Refunds of Prior Year Revenue	4,339.91	
Interfunds Created:		
Due from Trust Other Fund	28,267.85	84.28
Due from Animal Control Fund	1.18	
Due from Federal, State and Other Grant Fund	102,802.81	
Due from General Capital Fund		918.18
	<u>23,657,841.59</u>	<u>22,746,910.76</u>
Total Expenditures		

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statements of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Excess in Revenue	\$ 115,889.10	\$ 581,188.05
Adjustments to Income Before Fund Balance: Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>27,634.58</u>	<u> </u>
Statutory Excess to Fund Balance	143,523.68	
Fund Balance January 1	<u>807,172.18</u>	<u>566,484.13</u>
	950,695.86	1,147,672.18
Decreased by: Utilization as Anticipated Revenue	<u>519,695.00</u>	<u>340,500.00</u>
Fund Balance December 31	<u><u>\$ 431,000.86</u></u>	<u><u>\$ 807,172.18</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2011

	Anticipated Budget	Special N.J.S.A. 40A:4-87	Realized	Excess (Deficit)
Fund Balance	\$ 519,695.00		\$ 519,695.00	
Miscellaneous Revenues:				
Licenses:				
Other	2,005.00		2,321.00	\$ 316.00
Fees and Permits	39,546.00		38,792.29	(753.71)
Fines and Costs:				
Municipal Court	240,952.00		232,616.71	(8,335.29)
Interest and Costs on Taxes	79,500.00		63,722.66	(15,777.34)
Interest on Investments and Deposits	5,136.00		2,829.88	(2,306.12)
Cable TV Franchise Fee	92,421.00		92,421.89	0.89
Payments in Lieu of Taxes	50,970.01		53,431.39	2,461.38
Consolidated Municipal Property Tax Relief Aid	49,153.00		49,153.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	705,056.00		705,056.00	
Uniform Construction Code Fees	101,000.00		100,945.00	(55.00)
Uniform Fire Safety Act	16,499.00		19,498.90	2,999.90
Redlight Cameras - Ticket Fines	38,857.00			(38,857.00)
Conrail Grass Cutting Agreement	1,225.00		1,225.00	
Reserve to Retire Debt	6,080.62		6,080.62	
General Capital Fund Surplus	25,480.48		25,480.48	
Facilities Rentals	28,344.00		28,372.50	28.50
Recreation Fees	48,296.00		50,695.50	2,399.50
Public and Private Revenues Offset With Appropriations:				
Clean Communities Program	11,826.59		11,826.59	
Pedestrian And Bicycle Facilities	25,000.00		25,000.00	
Recycling Tonnage Grant	10,672.23		10,672.23	
Green Communities	3,000.00		3,000.00	
Municipal Court Alcohol Ed & Rehab		\$ 485.41	485.41	
Municipal Alliance on Alcoholism and Drug Abuse		11,574.00	11,574.00	
Click It or Ticket	4,000.00		4,000.00	
Body Armor Grant		1,778.11	1,778.11	
JIF Safety Award		700.00	700.00	
Drunk Driving Enforcement Fund	2,806.66		2,806.66	
Transportation Grant - FY2011 Road Program	200,000.00		200,000.00	
Subtotal Miscellaneous Revenues	1,787,826.59	14,537.52	1,744,485.82	(57,878.29)
Receipts from Delinquent Taxes	348,000.00		361,230.65	13,230.65
Subtotal General Revenues	2,655,521.59	14,537.52	2,625,411.47	(44,647.64)
Amount to be Raised by Taxes for Support of				
Municipal Budget	4,595,119.83		4,741,605.45	146,485.62
Minimum Library Tax	266,880.17		266,880.17	
Subtotal Amount to be Raised by Taxes	4,862,000.00		5,008,485.62	146,485.62
Budget Totals	7,517,521.59	14,537.52	7,633,897.09	101,837.98
Nonbudget Revenues			53,357.66	53,357.66
	\$ 7,517,521.59	\$ 14,537.52	\$ 7,687,254.75	\$ 155,195.64

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2011

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

Revenue from Collections		\$ 21,011,302.97
Allocated to:		
School, County, and Library Taxes		16,646,221.63
Balance for Support of Municipal Budget Revenues		4,365,081.34
Add:		
Appropriation: "Reserve for Uncollected Taxes"		376,524.11
Amount for Support of Municipal Budget Appropriations		\$ 4,741,605.45
Delinquent Taxes:		
Receipts		\$ 361,230.65
Licenses -- Other:		
Raffle Licenses	\$ 120.00	
Board of Health	2,030.00	
Registrar of Vital Statistics - Marriage Licenses	171.00	
		\$ 2,321.00
Fees and Permits -- Other:		
Street Openings	\$ 3,925.00	
Curb and Sidewalk	2,600.00	
Planning Board Fees	2,810.00	
Zoning Board Fees	2,175.00	
Register of Vital Statistics	20,520.05	
Police Permits	1,905.99	
Overnight Parking	3,620.00	
Dumpster Permits	1,100.00	
	38,656.04	
Tax Collector:		
Tax Searches	136.25	
		\$ 38,792.29

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2011

Analysis of Realized Revenue: (Continued)

Analysis of Non-Budget Revenue

Sr Citizens & Vets Deduction Administration	\$ 2,102.81	
Tax Sale Costs	4,203.19	
Miscellaneous Tax Revenue	505.00	
Sewer Connections	300.00	
OPRA Fee Requests	75.41	
Canceled Checks	147.00	
Motor Vehicle Inspections	8,041.38	
Solicitor Permits	600.00	
NSF Check Charge	201.00	
Facilities Rental	750.00	
Scrap Metal	508.50	
Prior Year Social Security Refund	15,161.27	
Prior Year Refunds (Other)	12,099.00	
Reimbursements (Other)	7,475.91	
Miscellaneous	<u>687.19</u>	
	\$ 52,857.66	
Due From Trust Other - Field Use Receipt	<u>500.00</u>	
		<u><u>\$ 53,357.66</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2011

	Appropriations		Expended		Reserved	Overexpended	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered			
OPERATIONS WITHIN "CAPS":							
GENERAL GOVERNMENT:							
Operations Manager	\$ 65,000.00	\$ 63,750.00	\$ 63,750.00				
Salaries & Wages	21,500.00	24,500.00	24,185.18	\$ 270.15	\$ 44.67		
Other Expense	13,400.00	13,900.00	13,685.45	178.47	36.08		
Postage	14,000.00	15,800.00	15,160.90	559.15	79.95		
Office Supplies	4,800.00	5,779.33	5,904.33			\$ 125.00	
Publication of Newsletter Municipal Clerk							
Salaries and Wages	47,580.00	52,763.07	52,763.07				
Other Expenses	25,296.00	21,296.00	20,287.60	444.19	564.21		
Financial Administration							
Salaries and Wages	39,966.00	39,966.00	39,845.05		120.95		
Other Expenses	13,607.00	13,607.00	13,195.80		411.20		
Audit Services							
Other Expenses	36,000.00	36,000.00	36,000.00				
Assessment of Taxes							
Salaries and Wages	46,015.00	46,334.54	46,334.54				
Other Expenses	12,976.00	11,476.00	6,633.50	4,687.50	155.00		
Collection of Taxes							
Salaries and Wages	73,188.00	73,565.16	73,565.16				
Other Expenses	6,280.00	6,280.00	5,330.91	139.90	809.19		
Legal Services							
Contractual							
Other Expenses	12,750.00	12,750.00	11,458.26	4,836.93	1,291.74		
Engineering Services and Costs	35,800.00	26,800.00	25,127.40			3,164.33	
Other Expenses	39,200.00	45,700.00	39,065.22	6,480.71	154.07		
Economic Development							
Other Expenses	15,000.00	15,000.00	14,937.51		62.49		
Municipal Prosecutor							
Other Expenses	7,610.00	7,610.00	6,200.17	1,127.32	282.51		
Public Defender							
Other Expenses	1,000.00	1,000.00			1,000.00		
Municipal Building							
Salaries and Wages	29,718.00	29,793.00	29,793.00				
Other Expenses	41,000.00	53,200.00	49,505.66	5,693.64		1,999.30	

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2011

	Appropriations		Expended		Reserved	Overexpended	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered			
OPERATIONS WITHIN "CAPS" (CONT'D)							
LAND USE ADMINISTRATION:							
Planning Board:							
Salaries and Wages	\$ 8,628.00	\$ 8,959.16	\$ 8,959.16				
Other Expenses	5,750.00	5,750.00	4,380.09	54.47	\$ 1,315.44		
Zoning Board of Adjustments:							
Salaries and Wages	16,524.00	16,542.04	16,542.04				
Insurance:							
General Liability	133,141.00	128,141.00	125,948.31		2,192.69		
Worker's Compensation	141,738.00	141,738.00	139,359.90		2,378.10		
Employee Group Insurance	1,115,119.00	1,133,047.57	1,098,327.88	1,447.50	33,272.19		
Unemployment Compensation	21,600.00	18,600.00	57.84	3,001.03	15,541.13		
Temporary Disability	2,000.00	2,000.00	1,877.97		122.03		
PUBLIC SAFETY:							
Police							
Salaries and Wages	1,423,167.00	1,357,278.00	1,335,030.95		11,344.05		\$ 10,903.00
Other Expenses	99,199.00	99,199.00	60,258.34	9,547.74	1,438.92		27,954.00
Fire							
Salaries and Wages	126,837.00	128,860.35	128,860.35				
Other Expenses	45,428.00	40,628.00	29,807.76	8,683.34	2,136.90		
Fire Hydrant Service	73,000.00	73,000.00	66,481.80	6,043.80	474.40		
Fire Safety Official:							
Salaries and Wages	16,099.00	16,099.00	16,098.94		0.06		
Other Expenses	400.00	400.00	244.89		155.11		
Office of Emergency Management:							
Salaries and Wages	1,395.00	1,395.00	1,394.90		0.10		
Other Expenses	525.00	525.00	125.00		400.00		
PUBLIC WORKS:							
Public Works:							
Salaries and Wages	469,565.00	481,067.20	481,067.20				
Other Expenses	143,854.00	147,604.00	127,206.12	35,175.90	\$ 14,778.02		
Vehicle Maintenance	38,643.00	36,643.00	30,325.59	5,620.11	697.30		
Solid Waste Disposal	271,419.00	266,419.00	190,130.98	27,547.36	48,740.66		
Municipal Services Act	1,000.00	1,000.00	650.06		349.94		

BOROUGH OF HADDON HEIGHTS
CURRENT FUND

Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2011

	Appropriations		Expended		Reserved	Overexpended	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered			
OPERATIONS WITHIN "CAPS" (CONT'D)							
HEALTH AND WELFARE:							
Dog Regulation	\$ 12,000.00	\$ 10,000.00	\$ 7,570.35	\$ 1,183.00	\$ 1,246.65		
Contractual							
RECREATION AND EDUCATION:							
Parks and Recreation	17,667.00	17,667.00	13,003.07		4,663.93		
Salaries and Wages	20,000.00	32,000.00	31,785.77	210.00	4.23		
Other Expenses							
Municipal Court:							
Salaries and Wages	117,391.00	129,842.58	129,842.58		712.90		
Other Expenses	7,784.00	7,784.00	6,441.10	630.00			
CODE ENFORCEMENT AND ADMINISTRATION:							
Construction Code Official	65,229.00	63,174.00	62,881.81		292.19		
Salaries and Wages	4,700.00	4,255.00	3,757.46	494.00	3.54		
Other Expenses							
UNCLASSIFIED AND BULK PURCHASES:							
Utilities:							
Gasoline	43,450.00	60,450.00	63,431.53			2,981.53	
Telephone	36,150.00	38,150.00	33,760.82	2,711.57	1,677.61		
Electric Utilities	80,000.00	80,000.00	79,327.22	5,259.18		4,586.40	
Street Lighting	72,000.00	72,000.00	53,784.36	5,721.29	12,494.35		
Water Utilities	9,000.00	9,000.00	8,271.55	316.33	412.12		
Total Operations Within "CAPS"	5,242,088.00	5,246,088.00	4,949,722.40	138,064.58	147,078.60	27,634.58	\$ 38,857.00
Total Operations Including Contingent - within "CAPS"							
Detail:							
Salaries and Wages	2,563,969.00	2,527,056.10	2,499,731.82		16,421.28		
Other Expenses (Including Contingent)	2,678,119.00	2,719,031.90	2,449,990.58	138,064.58	130,657.32	27,634.58	

BOROUGH OF HADDON HEIGHTS
CURRENT FUND

Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2011

	Appropriations		Expended		Reserved	Overexpended	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered			
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":							
STATUTORY EXPENDITURES:							
Contribution to:							
Social Security System (O.A.S.I.)	\$ 117,000.00	\$ 117,000.00	\$ 110,310.10	\$	6,689.90		
Consolidated Police and Firemen's Pension Fund	9,500.00	9,500.00	9,435.49		64.51		
Public Employees Retirement System	111,339.00	111,339.00	111,339.00				
Police and Fireman's Retirement System of NJ	414,021.00	414,021.00	414,021.00				
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	651,860.00	651,860.00	645,105.59		6,754.41		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	5,893,948.00	5,897,948.00	5,594,827.99	\$138,064.58	153,833.01	\$ 27,634.58	\$ 38,857.00
OPERATIONS EXCLUDED FROM "CAPS"							
Maintenance of Free Public Library	270,000.00	270,000.00	270,000.00				
Trash Collection Services/Apartments	267,917.00	263,917.00	246,111.65	17,805.35	0.00		
Recycling Tax	9,600.00	9,600.00	7,746.87	1,320.84	532.29		
Length of Service Award Program	9,200.00	9,200.00	9,200.00				
Total Other Operations Excluded from "CAPS"	556,717.00	552,717.00	533,058.52	19,126.19	532.29		
Interlocal Service Agreement - N.J.S.A. 40A: Intergovernmental Services Sewer System	10,250.00	10,250.00	7,443.26	518.26	2,288.48		
Total Interlocal Municipal Service Agreements	10,250.00	10,250.00	7,443.26	518.26	2,288.48		
Public and Private Programs Offset by Revenues:							
Pedestrian And Bicycle Facilities	25,000.00	25,000.00	25,000.00				
Recycling Tonnage Grant	10,672.23	10,672.23	10,672.23				
Green Communities	3,000.00	3,000.00	3,000.00				
Municipal Alliance on Alcoholism & Drug Abuse (NJ 40A:4-87, \$11,574.00+)		11,574.00	11,574.00				
Municipal Court Alcohol Ed & Rehab (NJ 40A:4-87, \$485.41+)		485.41	485.41				
Clean Communities	11,826.59	11,826.59	11,826.59				
JIF Safety Award (NJ 40A:4-87, \$700.00+)		700.00	700.00				
Click It or Ticket	4,000.00	4,000.00	4,000.00				
Body Armor Grant (NJ 40A:4-87, \$1,778.11+)		1,778.11	1,778.11				
Drunk Driving Enforcement Fund	2,806.66	2,806.66	2,806.66				
Total Public and Private Programs Offset by Revenues	57,305.48	71,843.00	71,843.00				

BOROUGH OF HADDON HEIGHTS
CURRENT FUND

Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2011

	Appropriations		Expended		Reserved	Overexpended	Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 624,272.48	\$ 634,810.00	\$ 612,344.78	\$ 19,644.45	\$ 2,820.77		
Detail:							
Salaries and Wages	6,806.66	7,292.07	7,292.07				
Other Expenses	617,465.82	627,517.93	605,052.71	19,644.45	2,820.77		
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>							
Capital Improvement Fund	10,000.00	10,000.00	10,000.00				
Department of Transportation Grant - FY2011 Road Program	200,000.00	200,000.00	200,000.00				
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	210,000.00	210,000.00	210,000.00				
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>							
Payment of Bond Principal	140,000.00	140,000.00	140,000.00				
Interest on Bonds	166,703.00	166,703.00	166,702.91			\$ 0.09	
Interest on Notes	25,750.00	25,750.00	24,534.20			1,215.80	
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	25,429.00	25,429.00	25,428.73			0.27	
Special Emergency Note Interest	1,055.00	1,055.00	1,046.96			8.04	
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	358,937.00	358,937.00	357,712.80			1,224.20	
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u>							
Special Emergency Authorizations (N.J.S. 40A:4-55)	53,840.00	53,840.00	53,840.00				
TOTAL DEFERRED CHARGES MUNICIPAL EXCLUDED FROM "CAPS"	53,840.00	53,840.00	53,840.00				
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,247,049.48	1,257,587.00	1,233,897.58	\$ 19,644.45	\$ 2,820.77	\$ 1,224.20	
SUBTOTAL GENERAL APPROPRIATIONS	7,140,997.48	7,155,535.00	6,828,725.57	157,709.03	156,653.78	\$ 27,634.58	40,081.20
RESERVE FOR UNCOLLECTED TAXES	376,524.11	376,524.11	376,524.11				
TOTAL GENERAL APPROPRIATIONS	\$ 7,517,521.59	\$ 7,532,059.11	\$ 7,205,249.68	\$ 157,709.03	\$ 156,653.78	\$ 27,634.58	\$ 40,081.20

(Continued)

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
Budget		\$ 7,517,521.59			
Appropriation by NJ 40A:4-87		<u>14,537.52</u>			
		<u>\$ 7,532,059.11</u>			
Deferred Charge - Special Emergency (N.J.S. 40A:4-55)			\$ 53,840.00		
Federal, State and Other Grants -- Appropriated			271,843.00		
Reserve for Uncollected Taxes			376,524.11		
Due From Trust-Other Fund			(27,350.36)		
Disbursed			<u>6,530,392.93</u>		
			<u>\$7,205,249.68</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF HADDON HEIGHTS
TRUST FUND
 Statements of Assets, Liabilities, and Reserves - Regulatory Basis
 As of December 31, 2011 and 2010

	Ref.	2011	2010
ASSETS			
Animal Control Fund:			
Cash	SB-1	\$ 216.54	\$ 307.50
Other Funds:			
Cash	SB-1	430,631.54	314,232.93
Off-Duty Police Receivable	SB-5		7,100.00
Due from County of Camden:			
Community Development Block Grant Receivable	SB-3	76,156.63	49,156.63
		<u>506,788.17</u>	<u>370,489.56</u>
		<u>\$ 507,004.71</u>	<u>\$ 370,797.06</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Due Current Fund	SB-1	\$ 1.18	
Reserve for Animal Control Expenditures	SB-2	215.36	\$ 307.50
		<u>216.54</u>	<u>307.50</u>
Other Funds:			
Due to Bank	SB-4		275.00
Due to Current Fund	SB-6	14,859.34	84.28
Reserve for Community Development Block Grant	SB-8	72,615.71	45,615.71
Reserve for Recycling	SB-7	20,582.63	5,224.35
Reserve for Public Defender	SB-7	3,222.25	581.50
Reserve for Unemployment Compensation	SB-7	8,780.98	545.56
Reserve for Uniform Fire Safety Code - Penalties	SB-7	3,230.19	3,365.19
Reserve for Street Opening Deposits	SB-7	1,489.00	1,157.00
Reserve for Planning & Zoning Board	SB-7	21,556.77	6,258.75
Reserve for Tax Title Lien Redemptions - Outside Liens	SB-7	130,408.37	7,857.43
Reserve for Citizen Donations for Police Department	SB-7	10,641.66	62,715.47
Reserve for POAA	SB-7	2,030.28	13,165.09
Reserve for Municipal Drug Alliance Donations	SB-7	18,534.05	1,959.08
Reserve for Police Forfeiture	SB-7	3,055.68	13,004.55
Reserve for Historic District Review & Other	SB-7		3,004.29
Reserve for Fire Department	SB-7	654.72	275.00
Reserve for Off Duty Police	SB-7	15,833.00	498.07
Reserve for Memorial Clock Donations	SB-7	1,457.51	30,198.80
Reserve for Fourth of July Parade	SB-7	135.11	135.11
Reserve for Land Deposits	SB-7	155,000.00	155,000.00
Reserve for Payroll Deductions Payable	SB-9	22,700.92	19,569.33
		<u>506,788.17</u>	<u>370,489.56</u>
		<u>\$ 507,004.71</u>	<u>\$ 370,797.06</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
 As of December 31, 2011 and 2010

<u>ASSETS</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash	SC-1	\$ 120,559.09	\$ 217,415.24
Deferred Charges to Future Taxation:			
Funded	SC-3	3,517,196.85	3,678,718.29
Unfunded	SC-4	<u>2,116,185.25</u>	<u>1,975,933.25</u>
		<u>\$ 5,753,941.19</u>	<u>\$ 5,872,066.78</u>
Due to Current Fund	SC-5	\$ 261.63	\$ 1,038.13
Capital Improvement Fund	SC-6	9,376.22	6,757.22
Improvement Authorizations:			
Funded	SC-7	15,337.17	14,419.11
Unfunded	SC-7	172,388.96	279,306.25
Contracts Payable	SC-8		0.50
Reserve for Encumbrances	SC-9	64,535.24	29,536.18
Reserve for Payment of Debt	SC-10		6,080.62
Bond Anticipation Notes	SC-11	1,970,982.00	1,830,730.00
Green Trust Loan Payable	SC-12	179,196.85	200,718.29
General Serial Bonds	SC-13	3,338,000.00	3,478,000.00
Fund Balance	C-1	<u>3,863.12</u>	<u>25,480.48</u>
		<u>\$ 5,753,941.19</u>	<u>\$ 5,872,066.78</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Fund Balance--Regulatory Basis
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 25,480.48
Increased by:	
Premium on Bond Anticipation Note	<u>3,863.12</u>
	29,343.60
Decreased by:	
Surplus Anticipated as Current Fund Miscellaneous Revenue	<u>25,480.48</u>
Balance Dec. 31, 2011	<u><u>\$ 3,863.12</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL FIXED ASSET GROUP OF ACCOUNTS
 Schedule of General Fixed Asset Group of Accounts
 For the Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Fixed Assets:			
Land	\$ 9,494,100.00		\$ 9,494,100.00
Buildings	5,923,644.23		5,923,644.23
Equipment	481,335.80	\$ 20,232.00	501,567.80
Vehicles	2,319,310.83	44,370.00	2,363,680.83
Total Fixed Assets	<u>\$ 18,218,390.86</u>	<u>\$ 64,602.00</u>	<u>\$ 18,282,992.86</u>
Total Investment in Fixed Assets	<u>\$ 18,218,390.86</u>	<u>\$ 64,602.00</u>	<u>\$ 18,282,992.86</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF HADDON HEIGHTS
Notes to Financial Statements
For the Year Ended December 31, 2011

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity - The Borough of Haddon Heights was incorporated in March, 1904 and is located in southwest New Jersey approximately seven miles southeast of the City of Philadelphia. The population according to the 2010 census is 7,473.

The Borough form of government is in accordance with N.J.S.A. 40A:60-1 et seq. The government consists of a Mayor and six Council Members. Executive and administrative responsibility rests with the Mayor with the Council Members having legislative responsibility. The Borough clerk assists the governing body in their duties.

Component Units - The financial statements of the component units of the Borough of Haddon Heights are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASBS No. 14 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Haddon Heights Free Public Library
608 Station Drive
Haddon Heights, New Jersey 08035

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough of Haddon Heights contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Haddon Heights accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Budgets and Budgetary Accounting - The Borough of Haddon Heights must adopt an annual budget for its Current Fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Borough of Haddon Heights requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Inventories of Supplies - 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the current fund represents amounts available for anticipation as revenue in future years budgets, with certain restrictions.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden, Borough of Haddon Heights School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Haddon Heights School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Camden. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: **CASH AND CASH EQUIVALENTS**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2011, the Borough's bank balances of \$1,166,714.24 were exposed to custodial credit risk as follows:

Insured Under G.U.D.P.A.	
Held by Pledging Financial Institutions	\$ 985,220.38
Uninsured and Collateralized	<u>181,493.86</u>
Total	<u><u>\$ 1,166,714.24</u></u>

Note 3: **PROPERTY TAXES**

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	<u>\$2.586</u>	<u>\$2.543</u>	<u>\$2.553</u>	<u>\$2.603</u>	<u>\$2.569</u>
Apportionment of Tax Rate:					
Municipal	\$0.559	0.630	\$0.616	\$0.602	\$0.581
Municipal Library	0.032				
County	0.636	0.602	0.548	0.559	0.589
County Open Space Preservation Trust Fund	0.020		0.020	0.020	0.019
Local School	1.339	1.311	1.369	1.422	1.380

Assessed Valuation

2011	\$821,164,213.00
2010	820,544,102.00
2009	820,597,517.00
2008	822,692,919.00
2007	824,910,879.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$21,284,565.82	\$21,011,302.97	98.72%
2010	20,928,354.49	20,568,770.37	98.28%
2009	21,030,388.75	20,636,775.23	98.13%
2008	21,462,235.03	21,115,185.73	98.38%
2007	21,268,538.20	20,920,766.74	98.36%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$324.47	\$269,551.94	\$271,887.41	1.27%
2010	290.66	348,698.73	350,999.39	1.67%
2009	----	377,156.40	377,156.40	1.79%
2008	----	333,889.05	333,889.05	1.36%
2007	----	344,445.76	344,445.76	1.62%

Note 3: **PROPERTY TAXES (CONT'D)**

The following comparison is made of the number of tax title liens receivable on December 31 of the last five years:

<u>Year</u>	<u>Number</u>
2011	1
2010	1
2009	None
2008	None
2007	None

Note 4: **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2011	\$431,000.86	\$339,150.00	78.69%
2010	807,172.18	519,695.00	64.39%
2009	566,484.13	374,000.00	66.02%
2008	933,460.06	450,000.00	48.21%
2007	832,128.35	272,374.00	32.77%

Note 5: **INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2011:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$328,858.38	
Federal & State Grant Fund		\$313,736.23
Trust-- Other Funds		14,859.34
Trust-- Animal Control		1.18
General Capital Fund		261.63
	<u>\$328,858.38</u>	<u>\$328,858.38</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2012, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 6: **PENSION PLANS**

The Borough of Haddon Heights contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Borough</u>
2011	\$ 47,760.00	\$63,579.00	\$111,339.00	\$111,339.00
2010	51,759.00	50,503.00	102,262.00	102,262.00
2009	58,238.00	53,120.00	111,358.00	111,358.00

Police and Firemen's Retirement System - The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Note 6: PENSION PLANS (CONT'D)

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Borough</u>
2011	\$ 316,276.00	\$235,171.00	\$551,447.00	\$551,447.00
2010	178,740.00	117,142.00	295,882.00	295,882.00
2009	186,316.00	120,529.00	306,845.00	306,845.00

Early Retirement Incentive Program – Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These programs, which were subject to the approval of the Borough’s governing body, were available to employees who met certain minimum requirements. The governing body of the Borough approved the program on October 5, 1993 for eligible members of the PFRS. Three employees applied for early retirement during the 1993 program. Program costs are billed annually by the Division of Pensions. As of December 31, 2011, the accrued liability to the PFRS for the 1993 program was \$178,368.00 payable in approximate annual installments of \$29,728.00 to April 1, 2017.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

Note 7: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN

Plan Description -The Borough contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1977, the Borough authorized participation in the SHBP’s post-retirement benefit program through resolution number 77-62. Upon retirement, full time employees with a minimum of twenty-five years of service are entitled to paid health benefits for themselves and their spouses with the Borough paying 100% of the costs. The Borough adopted Ordinance 2010-1361 which changed eligibility for those hired after January 1, 2007. Upon retirement, employees hired after January 1, 2007 are entitled to paid health benefits for themselves only. There were 19 retirees who were grandfathered into having spousal health insurance coverage. The most recent retiree health benefit stipulations are outlined in Ordinance In 2011-1371.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Note 7: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expense related to these benefits.

The Borough contributions to SHBP for the years ended December 31, 2011, 2010, and 2009, were \$461,916.40, \$339,267.35, and \$325,877.22, respectively, which equaled the required contributions for each year. There were 34, 28, and 26 retired employees, respectively, eligible at December 31, 2011, 2010, and 2009.

Note 8: COMPENSATED ABSENCES

Employees of the Borough of Haddon Heights, after one year, are entitled to ten paid sick leave days each year. Sick days not used in a calendar year shall be accumulated up to seventy-five days to be taken consecutively, immediately prior to the employee's retirement. An employee must have twenty-five years of service to be eligible for retirement.

Borough employees are not entitled to accumulate vacation days; they must be used within the calendar year. Department heads, however, may accumulate five vacation days per year, which can be taken at retirement.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2011, accrued benefits for compensated absences are valued at \$249,041.58.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 10: **LENGTH OF SERVICE AWARDS PROGRAM**

The Borough's Length of Service Awards Program (LOSAP) was created by a Borough Ordinance adopted on September 4, 2002 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Awards Program as enacted into federal law in 1997. The voters of the Borough of Haddon Heights approved the adoption of the LOSAP at the general election held on November 4, 2003, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2004. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the Borough's financial statements.

As required by N.J.A.C. 5:30-14.49, the Borough must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Note 11: **LEASE OBLIGATIONS**

At December 31, 2011, the Borough had lease agreements in effect for the following:

Capital:
Three (3) Chevrolet Caprice Police Vehicles

The following is an analysis of capital and operating leases.

Capital Leases - The following capital fixed assets were acquired by capital lease.

	<u>B a l a n c e</u>	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Vehicles	\$95,287.32	\$12,556.96

Future minimum lease payments under capital lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$47,643.66
2013	47,643.66

Lease payments for the year 2011 and 2010 were \$47,643.66 and \$12,557.00, respectively.

Note 12: **CAPITAL DEBT****Summary of Debt**

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$5,308,982.00	\$5,308,730.00	\$4,500,879.00
Long-Term Loans	179,196.85	200,718.29	221,815.67
Total Issued	5,488,178.85	5,488,178.85	5,509,448.29
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	145,063.16	145,203.25	808,446.46
Total Authorized but Not Issued	145,063.16	145,203.25	808,446.46
Total Issued and Authorized but Not Issued	5,633,242.01	5,654,651.54	5,531,141.13
Deductions:			
Funds Temporarily Held To Pay Notes	-----	6,080.62	6,146.31
Total Deductions	-----	6,080.62	6,146.31
Net Debt	\$5,633,242.01	\$5,648,570.92	\$5,524,994.82

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.70%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$13,463,500.00	\$13,463,500.00	
General	5,633,242.01	-----	\$5,633,242.01
	\$19,096,742.01	\$13,463,500.00	\$5,633,242.01

Net Debt \$5,633,382.10 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$800,759,641.00 equals 0.70%.

A revised Annual Debt Statement should be filed by the Chief Financial Officer with the Division of Local Government Services.

Note 12: **CAPITAL DEBT (CONT'D)**

Borrowing Power Under N.J.S.A.40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$28,026,587.43
Net Debt	<u>5,633,242.01</u>
Remaining Borrowing Power	<u>\$22,393,345.42</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$246,954.02	\$120,283.72	\$367,237.74
2013	267,395.30	112,404.69	379,799.99
2014	291,663.21	103,375.93	395,039.14
2015	311,897.64	93,562.49	405,460.13
2016	337,136.78	82,948.35	420,085.13
2017-21	2,027,442.72	210,112.22	2,237,554.94
2022-24	34,707.18	1,048.11	35,755.29

Note 13: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>
Current Fund:		
Overexpenditure of Appropriations	\$27,634.58	\$27,634.58

The appropriations in the 2012 Budget as adopted are not less than that required by the statutes.

Note 14: **JOINT INSURANCE POOL**

The Borough of Haddon Heights is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides the Borough with the following coverage:

Workers' Compensation and Employer's Liability
Employee Dishonesty
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles
Boiler & Machinery

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report for the year ended December 31, 2011, which can be obtained from:

Camden County Municipal Joint Insurance Fund
Park 80 West Plaza
Saddlebrook, New Jersey 07663

Municipal Excess Liability Joint Insurance Fund
Park 80 West Plaza
Saddlebrook, New Jersey 07663

Note 15: **NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	None	None	\$8,780.98
2010	None	None	545.56
2009	None	None	545.56

Note 16: **LITIGATION**

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 17: **SUBSEQUENT EVENTS**

Subsequent to December 31, the Borough of Haddon Heights authorized additional Bonds and Notes as follows:

	<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
General Capital:			
Bonds and Notes:			
Various Capital Improvements		May 15, 2012	\$ <u>523,782.50</u>

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Current Cash

Per N.J.S. 40A: 5-5 - Treasurer

For the Year Ended December 31, 2011

	<u>Current Fund</u>	<u>Federal, State and Other Grant Fund</u>
Balance Dec. 31, 2010	\$ 1,190,697.65	---
Increased by Receipts:		
Taxes Receivable	\$ 21,158,985.87	
Prepaid Taxes	69,446.42	
Tax Overpayments	18,166.79	
Due State of New Jersey - Senior Citizens and Veterans Deductions	105,140.29	
Consolidated Municipal Property Tax Relief Aid	49,153.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	705,056.00	
Interest and Costs on Taxes	63,722.66	
Payments in Lieu of Taxes	53,431.39	
Reserve to Pay Debt	6,080.62	
General Capital Surplus	25,480.48	
Revenue Accounts Receivable	568,954.09	
Miscellaneous Revenue Not Anticipated	52,857.66	
Petty Cash	500.00	
Due to State of N.J. - Marriage License Fees	750.00	
Due to State of N.J. - DCA Training Fees	4,886.00	
Due to Federal and State Grant Fund	193,053.65	
Due to Trust-Other Fund	634.28	
Due to General Capital Fund	1,038.13	
State Library Aid	1,722.00	
Federal, State and Other Grants Receivable	\$ 193,053.65	
Due to Current Fund	295,856.46	
	<u>23,079,059.33</u>	<u>\$ 488,910.11</u>
Carried Forward	24,269,756.98	488,910.11

(Continued)

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Current Cash

Per N.J.S. 40A: 5-5 - Treasurer

For the Year Ended December 31, 2011

	<u>Current Fund</u>	<u>Federal, State and Other Grant Fund</u>
Brought Forward	\$ 24,269,756.98	\$ 488,910.11
Decreased by Disbursements:		
2010 Appropriation Reserves	\$ 162,443.37	
2011 Appropriations	6,530,392.93	
County Taxes	5,380,258.84	
Due County for Added and Omitted Taxes	14,837.34	
Local District School Tax	10,987,636.50	
Refund Tax Overpayments	6,865.93	
Due to State of N.J. - Marriage License Fees	1,000.00	
Due to State of N.J. - DCA Training Fees	4,752.00	
Refund of Prior Year Revenue	4,339.91	
Petty Cash	500.00	
Special Emergency Notes	53,840.00	
Due from Federal and State Grant Fund	295,856.46	
State Library Aid	1,722.00	
Due from Current Fund		\$ 193,053.65
Federal, State and Other Grants -- Appropriated	23,444,445.28	295,856.46
Balance Dec. 31, 2011	<u>\$ 825,311.70</u>	<u>488,910.11</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Due from State of New Jersey
Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 11,360.00
Increased by:		
Deductions per Tax Billing:		
Senior Citizens	\$ 17,000.00	
Veterans	<u>85,500.00</u>	
	102,500.00	
Deductions Disallowed by Collector - 2011 Taxes	<u>1,052.05</u>	
	101,447.95	
Deductions Allowed by Collector - 2011 Taxes	<u>2,750.00</u>	
		\$ 104,197.95
Add:		
Deductions Allowed by Tax Collector for 2010 Taxes	<u>500.00</u>	
		<u>104,697.95</u>
		116,057.95
Decreased by:		
Received from State of New Jersey		<u>105,140.29</u>
Balance Dec. 31, 2011		<u><u>\$ 10,917.66</u></u>

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2011

Year	Balance Dec. 31., 2010	Levy	Added Taxes	2010	2011	Due from State of New Jersey	Transfer to Liens	Overpayments Applied	Canceled	Balance Dec. 31., 2011
2009	\$ 361.26				\$ 3.84				\$ 357.42	
2010	348,337.47		\$ 13,343.74	\$ 90,312.31	\$ 347,312.31	500.00	\$ 25.49	\$ 13,414.50	428.91	
2011	348,698.73		13,343.74	\$ 90,901.14	347,316.15	500.00	25.49	13,414.50	786.33	
		\$ 21,284,565.82		\$ 20,811,669.72		104,197.95		\$ 4,534.16	3,710.91	\$ 269,551.94
	\$ 348,698.73	\$ 21,284,565.82	\$ 13,343.74	\$ 90,901.14	\$ 21,158,985.87	\$ 104,697.95	\$ 25.49	\$ 17,948.66	\$ 4,497.24	\$ 269,551.94

Analysis of 2011 Property Tax Levy

<u>Tax Yield:</u>	
General Property Tax	\$ 21,239,416.27
Added Taxes (54:4-63.1 et. seq.)	<u>45,149.55</u>
	<u>\$ 21,284,565.82</u>

<u>Tax Levy:</u>	
Local School District Tax	\$ 10,987,639.50

County Taxes:	
County Tax	\$ 5,380,258.84
Due County for Added and Omitted Taxes	<u>11,443.12</u>

Total County Taxes	5,391,701.96
--------------------	--------------

Library Tax	266,880.17
Local Tax for Municipal Purposes	4,595,119.83
Add: Additional Tax Levied	<u>43,224.36</u>
	<u>4,638,344.19</u>
	<u>\$ 21,284,565.82</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Tax Title Liens
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 290.66
Increased by:		
Transfer from Tax Receivable	\$ 25.49	
Interest and Costs accrued by Tax Sale	<u>16.32</u>	
		<u>41.81</u>
		332.47
Decreased by:		
Canceled		<u>8.00</u>
Balance Dec. 31, 2011		<u><u>\$ 324.47</u></u>

Exhibit SA-5

CURRENT FUND
 Statement of Property Acquired For Taxes -- Assessed Valuation
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 26,100.00
Decreased by:		
Canceled		<u>\$ 26,100.00</u>

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2011

	Balance Dec. 31, 2010	Accrued In 2011	Current Fund - Treasurer	Received In			Balance Dec. 31, 2011
				Trust	Animal Control Fund	General Capital Fund	
Borough Clerk:							
Licenses	\$	120.00	\$ 120.00				
Fees and Permits							
Street Opening		3,925.00	3,925.00				
Dumpster Fees		1,100.00	1,100.00				
Board of Health:							
Licenses		2,030.00	2,030.00				
Registrar of Vital Statistics:							
Licenses		171.00	171.00				
Fees & Permits		20,520.05	20,520.05				
Planning & Zoning Board:							
Fees & Permits							
Planning Board Fees		2,810.00	2,810.00				
Zoning Board Fees		2,175.00	2,175.00				
Curb & Sidewalk Fees		2,600.00	2,600.00				
Police Department							
Fees & Permits							
Overnight Parking Permits		3,620.00	3,620.00				
Police Permits		1,905.99	1,905.99				
Fire Department							
Uniform Fire Safety Act		19,498.90	19,498.90				
Tax Collector							
Fees and Permits		136.25	136.25				
Construction Code Official							
Fees & Permits		100,945.00	100,945.00				
Recreation Department							
Recreation Fees		50,695.50	50,695.50				
Cabin Rentals		28,372.50	28,372.50				
Conrail Grass Cutting Agreement		1,225.00	1,225.00				
Municipal Court							
Fines and Costs	\$ 14,942.00	228,507.08	232,616.71			\$ 10,832.37	
Interest on Deposits	5.20	46.48	49.25			2.43	
Interest on Deposits		2,780.63	2,016.05	\$ 501.77	\$ 1.18	\$ 261.63	
Cable Television Franchise Fees	92,421.89	99,068.91	92,421.89			99,068.91	
	<u>\$ 107,369.09</u>	<u>\$ 572,253.29</u>	<u>\$ 568,954.09</u>	<u>\$ 501.77</u>	<u>\$ 1.18</u>	<u>\$ 261.63</u>	<u>\$ 109,903.71</u>

CURRENT FUND
 Statement of Deferred Charges
 N.J.S. 40A: 4-55 Special Emergency Authorizations
 For the Year Ended December 31, 2011

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased by Budget Appropriation</u>
4/4/2006	Update for Master Plan	\$ 20,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
4/4/2006	Revaluation	229,200.00	45,840.00	45,840.00	45,840.00
4/4/2006	Tax Map	20,000.00	4,000.00	4,000.00	4,000.00
				<u>\$ 53,840.00</u>	<u>\$ 53,840.00</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2011

	<u>Balance Dec. 31, 2010</u>		Balance	Paid or	Balance
	<u>Reserved</u>	<u>Encumbered</u>	After <u>Modification</u>		
<u>OPERATIONS WITHIN "CAPS"</u>					
GENERAL GOVERNMENT:					
Operations Manager					
Other Expense					
Postage	\$ 628.72		\$ 628.72		\$ 628.72
Office Supplies	50.93	\$ 1,312.93	1,363.86	\$ 1,312.93	50.93
Marketing Events & Communications	270.11	793.06	1,063.17	793.06	270.11
Publication of Newsletter	885.03		885.03		885.03
Web Site Maintenance	1,235.00		1,235.00	633.75	601.25
Municipal Clerk					
Salaries and Wages	181.55		181.55		181.55
Other Expenses	977.36	1,337.26	3,314.62	2,860.64	453.98
Financial Administration					
Salaries and Wages	38.11		38.11		38.11
Other Expenses	348.48	194.75	3,053.23	3,046.15	7.08
Assessment of Taxes					
Salaries and Wages	153.51		153.51		153.51
Other Expenses	2,204.40	1,312.50	3,516.90	3,387.50	129.40
Collection of Taxes					
Salaries and Wages	9.04		9.04		9.04
Other Expenses	234.38	106.00	340.38	106.00	234.38
Legal Services					
Special Counsel	0.07	3,124.98	3,125.05	3,124.98	0.07
Other Expenses	6,422.87	3,457.50	9,880.37	5,828.95	4,051.42
Engineering Services and Costs					
Other Expenses	2,641.30	3,229.58	7,980.88	7,856.84	124.04
Economic Development					
Other Expenses	1,612.03	5,110.74	6,722.77	6,722.77	
Municipal Prosecutor					
Salaries and Wages			460.00	225.46	234.54
Municipal Building					
Salaries and Wages	6.00		6.00		6.00
Other Expenses	1,553.51	2,497.71	4,051.22	4,040.63	10.59
Planning Board:					
Salaries and Wages	307.37		307.37		307.37
Other Expenses	1,110.39	500.00	1,610.39	1,610.39	
Insurance:					
General Liability	849.66		849.66		849.66
Worker's Compensation	97.54		97.54		97.54
Employee Group Insurance	14,423.41		7,618.41	1,185.90	6,432.51
Unemployment Compensation	11,994.75	15.19	12,009.94	1,938.04	10,071.90
Temporary Disability	153.90		153.90		153.90
PUBLIC SAFETY:					
Police					
Salaries and Wages	22,051.25		12,751.25		12,751.25
Other Expenses	5,395.91	2,484.40	7,880.31	3,513.55	4,366.76
Fire					
Salaries and Wages	602.46		602.46		602.46
Other Expenses	264.49	4,355.24	4,619.73	4,115.32	504.41
Fire Hydrant Service	6,505.80		6,505.80	5,772.20	733.60

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2011

	<u>Balance Dec. 31, 2010</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>					
PUBLIC SAFETY (CONT'D):					
Fire Safety Official:					
Salaries and Wages	\$ 0.02		\$ 0.02		\$ 0.02
Other Expenses	41.27		41.27		41.27
Office of Emergency Management:					
Other Expenses	204.50		204.50		204.50
PUBLIC WORKS:					
Public Works:					
Salaries and Wages	3,079.89		3,079.89		3,079.89
Other Expenses	9,294.72	\$ 7,309.20	16,603.92	\$ 15,495.84	1,108.08
Garbage and Trash Removal					
Other Expenses	16,949.59		16,949.59	15,000.00	1,949.59
Vehicle Maintenance	359.56	6,264.04	6,623.60	6,409.53	214.07
Solid Waste Disposal	45,386.54		45,386.54	28,604.38	16,782.16
HEALTH AND WELFARE:					
Dog Regulation					
Contractual	1,210.48	862.07	2,072.55	2,072.55	
RECREATION AND EDUCATION:					
Parks and Playgrounds					
Salaries and Wages	15.87		15.87		15.87
Other Expenses	1,914.64		1,914.64		1,914.64
Municipal Court					
Salaries and Wages	1,002.66		1,002.66		1,002.66
Other Expenses	1,861.77		1,861.77		1,861.77
CODE ENFORCEMENT:					
Construction Code Official					
Salaries and Wages	972.32		972.32		972.32
Other Expenses	462.42		462.42		462.42
UNCLASSIFIED:					
Utilities:					
Gasoline and Diesel Fuel	4,013.19	6,123.31	12,136.50	11,499.45	637.05
Telephone	1,967.14	2,230.23	4,797.37	4,757.04	40.33
Electric Utilities	6,663.20	1,339.98	14,503.18	14,141.12	362.06
Street Lighting	6,420.91		7,345.91	7,342.05	3.86
Water Utilities	719.41	8.25	727.66	213.34	514.32
<u>STATUTORY EXPENDITURES -</u>					
<u> MUNICIPAL WITHIN "CAPS":</u>					
Contribution to:					
Social Security	632.76		632.76		632.76
Consolidated Police and Firemen's Pension Fund	335.06		335.06		335.06
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Trash Collection Services/Apartments	443.89		443.89		443.89
Recycling Tax	2,561.06		2,561.06	623.67	1,937.39
Length of Service Award Program	400.00		400.00		400.00
Interlocal Service Agreement - N.J.S.A. 40A:					
Intergovernmental Services Sewer System	2,475.00		2,475.00		2,475.00
TOTAL GENERAL APPROPRIATIONS	\$ 192,597.20	\$ 53,968.92	\$ 246,566.12	\$ 164,234.03	\$ 82,332.09
Disbursed				\$ 162,443.37	
Accounts Payable				1,790.66	
				<u>\$ 164,234.03</u>	

CURRENT FUND
 Statement of Special Emergency Notes
 N.J.S.A. 40A: 4-55
 For the Year Ended December 31, 2011

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Disbursements</u>
Special Emergency Notes of 2010 Series A	04/05/10	04/04/11	\$ 53,840.00	1.95%	\$ 53,840.00	53,840.00

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 90,901.14
Increased by:		
Collection 2012 Taxes		<u>69,446.42</u>
		160,347.56
Decreased by:		
Application to 2011 Taxes		<u>90,901.14</u>
Balance Dec. 31, 2011		<u><u>\$ 69,446.42</u></u>

Exhibit SA-11

CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 17,948.66
Increased by:		
Receipts		
Overpayments		<u>18,166.79</u>
		36,115.45
Decreased by:		
Applied to 2011	\$ 4,534.16	
Applied to 2010 Taxes Receivable	<u>13,414.50</u>	
		17,948.66
Refunds	<u>6,865.93</u>	
		<u>24,814.59</u>
Balance Dec. 31, 2011		<u><u>\$ 11,300.86</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of County Taxes
 For the Year Ended December 31, 2011

2011 Levy -		
County General		\$ 5,219,659.98
County Open Space		<u>160,598.86</u>
		\$ 5,380,258.84
Decreased by:		
Disbursements		<u><u>\$ 5,380,258.84</u></u>

Exhibit SA-13

CURRENT FUND
 Statement of Amount Due to County for Added and Omitted Taxes
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 14,837.34
Increased by:		
County Share of 2011 Levy		
Added Taxes and Added/Omitted Taxes		<u>11,443.12</u>
		26,280.46
Decreased by:		
Disbursements		<u>14,837.34</u>
Balance Dec. 31, 2011		<u><u>\$ 11,443.12</u></u>

Exhibit SA-14

CURRENT FUND
 Statement of School Taxes Payable
 For the Year Ended December 31, 2011

2011 Levy		\$ 10,987,639.50
Decreased by:		
Disbursements		<u>10,987,636.50</u>
Balance December 31, 2011		<u><u>\$ 3.00</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Due to State of New Jersey - Marriage License Fees
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 400.00
Increased by:	
Receipts	<u>750.00</u>
	1,150.00
Decreased by:	
Disbursements	<u>1,000.00</u>
Balance Dec. 31, 2011	<u><u>\$ 150.00</u></u>

Exhibit SA-16

CURRENT FUND
Statement of Due to State of New Jersey - DCA Fees
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 1,281.00
Increased by:	
Receipts	<u>4,886.00</u>
	6,167.00
Decreased by:	
Disbursements	<u>4,752.00</u>
Balance Dec. 31, 2011	<u><u>\$ 1,415.00</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Accounts Payable
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 948.39
Increased by:	
Transfer from 2010 Appropriation Reserves	1,790.66
Balance Dec. 31, 2011	\$ 2,739.05

CURRENT FUND
 Schedule of Change Funds
 For the Year Ended December 31, 2011

<u>Office</u>	
Tax Collector	\$100.00
Municipal Court	100.00
	\$200.00

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2011

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Federal Grants:					
New Jersey Department of Transportation Enhancement Grant	\$ 16,698.76				\$ 16,698.76
New Jersey Department of Transportation Enhancement Grant	17,365.84				17,365.84
Transportation Grant - Sylvan Drive	50,270.28				50,270.28
Transportation Grant - FY2010 Road Program	195,000.00		\$ 154,859.00		40,141.00
DVRPC TCDI Grant	75,000.00				75,000.00
NJDEP Stormwater Regulation Program	2,117.00				2,117.00
Transportation Grant - 2011 Program		\$200,000.00			200,000.00
Pedestrian And Bicycle Facilities		25,000.00			25,000.00
Federal Occupant Protection Grant	2,000.00				2,000.00
Total Federal Grants	358,451.88	225,000.00	154,859.00		428,592.88
State Grants:					
Clean Communities Grant		11,826.59	11,826.59		
Body Armor Fund		1,778.11	1,778.11		
Drunk Driving Enforcement Fund		1,473.92	1,473.92		
Recycling Tonnage Grant		10,672.23	9,869.62		802.61
Green Communities		3,000.00			3,000.00
Municipal Alliance		11,574.00	8,761.00	\$2,813.00	
Municipal Alliance on Alcoholism and Drug Abuse	2,945.00	485.41	485.41		2,945.00
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund					
Environmental Services Program	1,000.00				1,000.00
Click It or Ticket		4,000.00	4,000.00		
Hazardous Discharge Site Remediation	114,533.00				114,533.00
Total State Grants	118,478.00	44,810.26	38,194.65	2,813.00	122,280.61
Other Grants:					
JIF Safety Award		700.00			700.00
Total All Grants	\$ 476,929.88	\$270,510.26	\$ 193,053.65	\$ 2,813.00	\$ 551,573.49

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Reserve for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2011

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Grants</u> <u>Accrued</u>	<u>Realized as</u> <u>Miscellaneous</u> <u>Revenue in</u> <u>2011</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Federal Grants				
Transportation Grant - FY2011 Road Program		\$ 200,000.00	\$ 200,000.00	
Pedestrian And Bicycle Facilities		25,000.00	25,000.00	
		<u>225,000.00</u>	<u>225,000.00</u>	
State Grants:				
Body Armor Fund		1,778.11	1,778.11	
Clean Communities Program		11,826.59	11,826.59	
Drunk Driving Enforcement Grant	\$ 2,806.66	1,473.92	2,806.66	\$ 1,473.92
Municipal Alliance on Alcoholism and Drug Abuse		11,574.00	11,574.00	
Alcohol Education, Rehabilitation and Enforcement Fund		485.41	485.41	
Green Communities		3,000.00	3,000.00	
Recycling Tonnage Grant		10,672.23	10,672.23	
Click It or Ticket		4,000.00	4,000.00	
Total State Grants	<u>2,806.66</u>	<u>44,810.26</u>	<u>46,143.00</u>	<u>1,473.92</u>
Other Grants:				
JIF Safety Award		700.00	700.00	
Total All Grants	<u>\$ 2,806.66</u>	<u>\$ 270,510.26</u>	<u>\$ 271,843.00</u>	<u>\$ 1,473.92</u>

BOROUGH OF HADDON HEIGHTS
FEDERAL ,STATE AND OTHER GRANT FUND
 Statement of Reserve for Federal , State and Other Grants - Appropriated
 For the Year Ended December 31, 2011

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Contracts &</u> <u>Encumbrances</u> <u>Canceled</u>	<u>Transferred</u> <u>from</u> <u>2011</u> <u>Appropriation</u>	<u>Net Cash</u> <u>Disbursed</u>	<u>Encumbered</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Federal Grants:							
NJ Department of Transportation Enhancement Grant - Scenic Enhancement #2	\$ 11,723.71						\$ 11,723.71
NJ Dept Storm Water Regulation Program	30.00						30.00
Transportation Grant - Sylvan Drive	68,000.00			\$ 17,729.72			50,270.28
Transportation Grant - FY2010 Road Program	37,753.69	\$ 10,816.74		2,138.39			46,432.04
TCDI Grant	50,816.67			35,426.01			15,390.66
Transportation Grant - 2011 Program			\$ 200,000.00	170,344.00	\$ 21,234.17		8,421.83
Pedestrian And Bicycle Facilities			25,000.00	25,000.00			
Historic Preservation Grant	386.23						386.23
Total Federal Grants	168,710.30	10,816.74	225,000.00	250,638.12	21,234.17		132,654.75
State Grants:							
Body Armor Fund	5,485.31		1,778.11	800.00			6,463.42
Clean Communities Grant	21,414.45		11,826.59	721.00			32,520.04
Green Communities			3,000.00				3,000.00
Community Planning Advocacy	36.66			65.00			36.66
Sustainable Jersey Small Grant	1,000.00			4,000.00			935.00
Click It or Ticket			4,000.00				
Drunk Driving Enforcement Grant	4,792.13	224.95	2,806.66	(1,330.06)	2,000.00		7,153.80
Over the Limit Under Arrest Grant	3,600.00			3,600.00			
Municipal Alliance on Alcoholism and Drug Abuse	11,083.34		11,574.00	7,907.00		\$ 2,813.00	11,937.34
Alcohol Abuse Grant - Station House	1,000.00						1,000.00
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund	1,587.69		485.41				2,073.10
Domestic Violence	25.06						25.06
Hazardous Discharge Site Remediation - Devon Ave	27,632.95			25,164.93	2,080.00		388.02
PEOSHA --Immunization of Employees	3,079.20						3,079.20
Recycling Tonnage Grant	2,340.67		10,672.23	3,605.96	500.00		8,906.94
Total State Grants	83,077.46	224.95	46,143.00	44,533.83	4,580.00	2,813.00	77,518.58

(Continued)

BOROUGH OF HADDON HEIGHTS
FEDERAL ,STATE AND OTHER GRANT FUND
 Statement of Reserve for Federal , State and Other Grants - Appropriated
 For the Year Ended December 31, 2011

<u>Program</u>	Balance <u>Dec. 31, 2010</u>	Contracts & Encumbrances <u>Canceled</u>	Transferred from 2011 Appropriation	Net Cash <u>Disbursed</u>	<u>Encumbered</u>	<u>Canceled</u>	Balance <u>Dec. 31, 2011</u>
Other Grants:							
JIF Safety Award	\$ 327.66		\$ 700.00	\$ 684.51			\$ 343.15
Comcast Grant	32.69						32.69
Total Other Grants	360.35		700.00	684.51			375.84
Total All Grants	\$ 252,148.11	\$ 11,041.69	\$ 271,843.00	\$ 295,856.46	\$ 25,814.17	\$ 2,813.00	\$ 210,549.17
Cash Disbursed				\$ 297,186.52			
Cash Refunded				<u>(1,330.06)</u>			
Net Cash Disbursed				<u>\$ 295,856.46</u>			

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Due To Current Fund
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 210,933.42
Increased by:	
Disbursements	<u>295,856.46</u>
	506,789.88
Decreased by:	
Receipts	<u>193,053.65</u>
Balance Dec. 31, 2011	<u><u>\$ 313,736.23</u></u>

SUPPLEMENTAL EXHIBITS

TRUST FUND

BOROUGH OF HADDON HEIGHTS
TRUST FUND
Statement of Trust Cash
Per N.J.S. 40A: 5-5 - Treasurer
For the Year Ended December 31, 2011

	<u>Animal Control</u>	<u>Other Trust</u>
Balance Dec. 31, 2010	\$ 307.50	\$ 314,232.93
Increased by Receipts:		
Animal Control Fees	\$2,883.73	
Due to State of New Jersey - Department of Health	437.40	
Current Fund	1.18	\$ 28,352.13
Police Overtime Receivable		7,100.00
Miscellaneous Trust Reserves		648,091.99
Payroll Deductions Payable		<u>2,713,906.00</u>
	<u>3,322.31</u>	<u>3,397,450.12</u>
	3,629.81	3,711,683.05
Decreased by Disbursements		
Expenditures under R.S. 4:19-15.11--Cash	2,975.87	
State Registration Fees	437.40	
Current Fund		634.28
Miscellaneous Trust Reserves		556,150.03
Payroll Deductions Payable		<u>2,724,267.20</u>
	<u>3,413.27</u>	<u>3,281,051.51</u>
Balance Dec. 31, 2011	<u>\$ 216.54</u>	<u>\$ 430,631.54</u>

BOROUGH OF HADDON HEIGHTS
ANIMAL CONTROL FUND
 Statement of Reserve for Animal Control Expenditures
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$	307.50
Increased by Receipts:			
Dog Licenses Fees	\$	2,372.20	
Cat License Fees		511.53	
			2,883.73
			3,191.23
Decreased by Disbursements:			
Expenditures under R.S. 4:19-15.11--Cash			2,975.87
Balance Dec. 31, 2011		\$	215.36

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	3,225.10
2009	3,564.90
	6,790.00
	\$ 6,790.00

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
 Statement of Due from Camden County Community Development Block Grant Receivable
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$	49,156.63
Increased by:			
Year 33 Award			27,000.00
Balance Dec. 31, 2011		\$	76,156.63
Year 30		\$	17,042.17
Year 32			32,114.46
Year 33			27,000.00
		\$	76,156.63

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Due to Bank
Balance December 31, 2011

Balance Dec. 31, 2010	\$	275.00
Decreased by:		
Canceled to Fund Balance	\$	275.00
		275.00

Exhibit SB-5

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Off-Duty Police Receivable
Balance December 31, 2011

Balance Dec. 31, 2010	\$	7,100.00
Increased by:		
Receipts	\$	7,100.00
		7,100.00

Exhibit SB-6

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Due to Current Fund
Balance December 31, 2011

Balance Dec. 31, 2010	\$	84.28
Increased by:		
Interest Earnings - Realized as Miscellaneous Revenue	\$	501.77
Receipts in Trust-Other Fund - Realized as Miscellaneous Revenue		500.00
Receipts in Trust-Other Fund - 2011 Appropriation Refund		27,350.36
		28,352.13
Trust Reserves Canceled		550.00
		28,902.13
		28,986.41
Decreased by:		
Disbursements		634.28
Prior Year Payroll Adjustment		13,492.79
		14,127.07
Balance Dec. 31, 2011	\$	14,859.34
<u>Analysis of Balance Dec. 31, 2011</u>		
Payroll	\$	19,864.19
Tax Title Lien		114.70
Trust - Other		(5,119.55)
	\$	14,859.34

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2011

	Balance <u>Dec. 31, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Canceled</u>	Balance <u>Dec. 31, 2011</u>
Reserve for Recycling	\$ 5,224.35	\$ 35,614.84	\$ 20,256.56		\$ 20,582.63
Reserve for Public Defender	581.50	3,296.00	655.25		3,222.25
Reserve for Unemployment Compensation	545.56	8,235.42			8,780.98
Reserve for Uniform Fire Safety Code - Penalties	3,365.19	250.00	385.00		3,230.19
Reserve for Street Opening Deposits	1,157.00	332.00			1,489.00
Reserve for Planning & Zoning Board	14,116.18	12,512.50	5,071.91		21,556.77
Reserve for Tax Title Lien Redemptions:					
Outside Liens	62,715.47	510,503.36	442,810.46		130,408.37
Reserve for Citizen Donations					
Police Department	13,165.09	2,832.08	5,355.51		10,641.66
Reserve for POAA	1,959.08	1,138.00	1,066.80		2,030.28
Reserve for Municipal Drug Alliance Donations	13,004.55	12,190.75	6,661.25		18,534.05
Reserve for Police Forfeiture	3,004.29	51.39			3,055.68
Reserve for Historic District Review & Other	275.00			\$275.00	
Reserve for Fire Department	498.07	156.65			654.72
Reserve for Off Duty Police	30,198.80	55,364.00	69,729.80		15,833.00
Reserve for Fourth of July Parade	135.11				135.11
Reserve for Memorial Clock Donations		5,615.00	4,157.49		1,457.51
Reserve for Land Deposits	155,000.00				155,000.00
	<u>\$ 304,945.24</u>	<u>\$ 648,091.99</u>	<u>\$ 556,150.03</u>	<u>\$275.00</u>	<u>\$ 396,612.20</u>

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND

Statement of Reserve for Community Development Block Grant Receivable
For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 45,615.71
Increased by:		
Year 33 Award		<u>27,000.00</u>
Balance Dec. 31, 2011		<u>\$ 72,615.71</u>
<u>Analysis of Balance Dec. 31, 2011</u>		
Year 30		\$ 17,042.17
Year 32		28,573.54
Year 33		<u>27,000.00</u>
		<u>\$ 72,615.71</u>

Exhibit SB-9

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND

Statement of Reserve for Payroll Deductions Payable
For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 19,569.33
Increased by:		
Receipts		
Payroll	\$ 1,821,685.56	
Payroll Deductions	<u>892,220.44</u>	
	2,713,906.00	
Due From Current Fund	<u>13,492.79</u>	
		<u>2,727,398.79</u>
		2,746,968.12
Decreased by:		
Disbursements		
Payroll	1,821,685.56	
Payroll Deductions	<u>902,581.64</u>	
		<u>2,724,267.20</u>
Balance Dec. 31, 2011		<u>\$ 22,700.92</u>
<u>Analysis of Balance Dec. 31, 2011</u>		
PERS		\$ 8,360.26
Due fom Library - PERS		(2,022.86)
PFRS		12,426.64
Federal/State Taxes		<u>3,936.88</u>
		<u>\$ 22,700.92</u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of General Capital Cash
Per N.J.S. 40A: 5-5 - Treasurer
For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 217,415.24
Increased by Receipts:		
Budget Appropriations:		
Capital Improvement Fund	\$ 10,000.00	
Current Fund	261.63	
Premium on Bond Anticipation Notes	3,863.12	
Bond Anticipation Notes	<u>1,970,982.00</u>	
		<u>1,985,106.75</u>
		2,202,521.99
Decreased by Disbursements:		
Bond Anticipation Notes	1,830,730.00	
Improvement Authorizations	218,633.67	
Reserve to Pay Debt	6,080.62	
Capital Fund Balance	25,480.48	
Due Current Fund	<u>1,038.13</u>	
		<u>2,081,962.90</u>
Balance Dec. 31, 2011		<u><u>\$ 120,559.09</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2011

Balance Dec. 31, 2010		\$ 3,678,718.29
Decreased by:		
2011 Budget Appropriations:		
General Serial Bonds	\$ 140,000.00	
Green Trust Loan Payable	<u>21,521.44</u>	
		<u>161,521.44</u>
Balance Dec. 31, 2011		<u><u>\$ 3,517,196.85</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Due To Current Fund
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 1,038.13
Increased by:	
Interest Earned on Investments	<u>261.63</u>
	1,299.76
Decreased by:	
Transfer to Current Fund	<u>1,038.13</u>
Balance Dec. 31, 2011	<u><u>\$ 261.63</u></u>

Exhibit SC-6

GENERAL CAPITAL FUND
 Statement of Capital Improvement Fund
 For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 6,757.22
Increased by:	
Budget Appropriation	<u>10,000.00</u>
	16,757.22
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>7,381.00</u>
Balance Dec. 31, 2011	<u><u>\$ 9,376.22</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date	Ordinance Amount	December 31, 2010		2011 Authorizations	Reserve for Contracts & Encumbrances Canceled	Paid or Charged	Transfers	December 31, 2011	
				Funded	Unfunded					Funded	Unfunded
1212	Various Improvements	4/4/2006	\$ 990,323.00				\$ 3,575.58	\$ 3,575.58			
1234/1259	Acquisition of Equipment & Various Improvements Technology Updates	9/4/2007 5/6/2008	1,369,650.00	\$ 70.09		70.00					\$ 140.09
1241	Acquisition of Signs for Public Works Department	9/18/2007	3,621.64	41.22				41.22			
1261	Improvements to Soccer and Recreational Fields	5/6/2008	209,856.19	8,097.09	1.00		2,505.00	4,637.00		5,965.09	1.00
1262	General Sewer Improvements	5/6/2008	186,802.50	247.43				148.75		98.68	
1280	Various Improvements	9/2/2008	398,476.00	137.18	0.97		25.00			162.18	0.97
1307	Various Capital Improvements	5/5/2009	186,873.00	5,896.19			3,282.43	67.40		9,111.22	
1309	Acquisition of Property	5/19/2009	1,313,000.00	4,925.70			5,863.00	9,094.00			1,694.70
1358	Various Capital Improvements	6/15/2010	599,288.00	274,209.88			14,215.67	151,935.09	\$(37,878.00)		98,612.46
1344	Fire Department Command Vehicle	6/15/2010	30,000.00	98.61				77.00			21.61
1368	Various Improvements	5/3/2011	37,878.00					22,786.17			15,091.83
1369	Various Improvements	5/3/2011	147,433.00			\$ 147,633.00		90,806.70			56,826.30
				\$ 14,419.11	\$ 279,306.25	\$ 147,633.00	\$ 29,536.68	\$ 283,168.91	\$ -	\$ 15,337.17	\$ 172,388.96

Deferred Charges to Future Taxation Unfunded
 Capital Improvement Fund

\$ 140,252.00
7,381.00
\$ 147,633.00

Disbursed \$ 218,633.67
 Reserve for Encumbrances 64,535.24
\$ 283,168.91

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Contracts Payable
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$	0.50
Decreased by:		
Canceled To Improvement Authorization	\$	0.50
		<u>0.50</u>

Exhibit SC-9

GENERAL CAPITAL FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$	29,536.18
Increased by:		
Transfer from Improvement Authorizations		64,535.24
		<u>64,535.24</u>
		94,071.42
Decreased by:		
Canceled to Improvement Authorization		29,536.18
		<u>29,536.18</u>
Balance Dec. 31, 2011	\$	<u>64,535.24</u>

Exhibit SC-10

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Reserve to Pay Debt
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$	6,080.62
Decreased by:		
Transfer as Current Fund Budgeted Revenue	\$	6,080.62
		<u>6,080.62</u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Bond Anticipation Notes
 For the Year Ended December 31, 2011

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Amount of Original Issue</u>	<u>Date of Issue of Original Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>	
1309	Purchase of Real Property	\$1,247,350.00	06/15/09 06/15/09	06/11/10 6/9/2011	06/10/11 6/8/2012	1.50% 1.50%	\$1,232,906.00	\$1,232,906.00	\$ 1,232,906.00	\$ 1,232,906.00	
1333	Various Improvements	569,324.00	7/21/2010	7/21/2010 6/9/2011	06/10/11 6/8/2012	1.15% 1.50%	569,324.00	531,446.00	569,324.00	531,446.00	
1344	Fire Department Command Vehicle	28,500.00	7/21/2010	7/21/2010 6/9/2011	06/10/11 6/8/2012	1.15% 1.50%	28,500.00	28,500.00	28,500.00	28,500.00	
1368	Various Improvements	37,878.00	6/8/2011	6/9/2011	6/8/2012	1.50%		37,878.00		37,878.00	
1369	Various Improvements	140,252.00	6/8/2011	6/9/2011	6/8/2012	1.50%		140,252.00		140,252.00	
							<u>\$1,830,730.00</u>	<u>\$1,970,982.00</u>	<u>\$1,830,730.00</u>	<u>\$1,970,982.00</u>	
								Renewal			
								Capital Cash - Return of Proceeds	\$1,792,852.00	\$ 1,792,852.00	
								Issued for Cash	37,878.00	37,878.00	
									178,130.00		
									<u>\$1,970,982.00</u>	<u>\$ 1,830,730.00</u>	

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of New Jersey Green Trust Loan Payable
For the Year Ended December 31, 2011

Balance Dec. 31, 2010	\$ 200,718.29
Decreased by:	
Principal Payments Paid by Budget Appropriation	21,521.44
Balance Dec. 31, 2011	\$ 179,196.85

Maturities of Loan Outstanding Dec. 31, 2011

	<u>Interest</u>	<u>Principal</u>
2012	\$ 3,474.72	\$ 21,954.02
2013	3,033.44	22,395.30
2014	2,638.93	11,663.21
2015	2,404.49	11,897.64
2016	2,165.35	12,136.78
2017	1,921.40	12,380.73
2018	1,672.55	12,629.59
2019	1,418.70	12,883.44
2020	1,159.74	13,142.40
2021	895.58	13,406.56
2022	626.10	13,676.02
2023	351.21	13,950.92
2024	70.80	7,080.24
	\$ 21,833.01	\$ 179,196.85

BOROUGH OF HADDON HEIGHTS

GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized But Not Issued

For the Year Ended December 31, 2011

<u>Ord. Number</u>	<u>Amended</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Notes Returned</u>	<u>2011 Authorizations</u>	<u>Adjustments/Transfers</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2011</u>
1201		Fire Department Equipment	\$ 584.00					\$ 584.00
1218		Acquisition of Ambulance and Equipment	6,000.71					6,000.71
1234		Acquisition of Equip. & Various Imp.'s	7,843.66		\$ (140.09)			7,703.57
1250		Fire Department Turn Out Gear	622.31					622.31
1261		Improvements to Recreational Fields	1.00					1.00
1280		Various Improvements	0.97					0.97
1309		Acquisition of Property	130,150.00					130,150.00
1333	1358	Various Improvements	0.60	\$ 37,878.00	(37,878.00)			0.60
1368		Various Improvements			37,878.00	\$ 37,878.00		
1369		Various Improvements			\$ 140,252.00		140,252.00	
			<u>\$ 145,203.25</u>	<u>\$ 37,878.00</u>	<u>\$ 140,252.00</u>	<u>\$ (140.09)</u>	<u>\$ 178,130.00</u>	<u>\$ 145,063.16</u>

BOROUGH OF HADDON HEIGHTS

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding No. 2011-1

Criteria or Specific Requirement

1. The New Jersey Division of Local Government Services Local Finance Notice No. 2003-14 requires the Borough to maintain a general ledger.
2. The Borough is required to adhere to its policies, internal controls, and compliance procedures pertaining to posting of cash receipts and disbursements of individual checks before and after being recorded into the systems for processing.

Condition

1. Bank reconciliations were not reconciled on a timely basis. Numerous journal entries were either missing or incomplete. The General Ledger was not adequately maintained during the last seven months of the year.

Context

1. Bank reconciliations were not reconciled from May 2011 through December 2011.
2. Two Municipal Alliance receipts totaling \$5,357 were not recorded into its designated accounts, Trust Others - Municipal Alliance. Initially the receipt was recorded into Current Fund -MRNA and was not reclassified to Municipal Alliance Account.
3. Several Purchase Orders pertaining to reimbursements that were paid out by the borough that contained taxable items. Several PO's did not have support such as an invoice/bill attached to it. One PO was also not able to be located in the filing system.

Effect

1. Bank reconciliations, general ledger activities, and related transactions should be reviewed for accuracy and timeliness of preparation.
2. Cash Receipts should be reviewed and properly recorded into designated General Ledger accounts.
3. Cash Disbursements should be reviewed properly before a check can be printed and disbursed
4. Errors and/or omissions may not be captured in a timely basis. Receipts and Disbursements may be incorrectly posted and the true financial condition of the Borough won't be known at any time during the year.

Cause

There was a change in management, which caused a delay in the completion of required duties. However, as of the date of this report, the condition has been resolved for 2012.

Recommendation

That all bank reconciliations, general ledger postings, and journal entries, be completed accurately and on a timely basis.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2011-2

Criteria or Specific Requirement

As per N.J.A.C. 5:23-4.17, the borough is required to file Uniform Construction Code (UCC) Report with the New Jersey Department of Community Affairs (Division of Codes & Standards) by Feb. 10th of the succeeding calendar year.

Condition

The borough administration has indicated that the UCC report has not been filed with the proper government authority in a timely fashion.

Context

The Uniform Construction Code (UCC) Report that is filed with the state by Feb. 10th of the succeeding calendar year was not prepared on a timely basis. The report includes construction code official revenues and expenditures and is reviewed by both the Chief Financial Officer and the Borough Construction Code official.

Effect

The Borough is not in compliance with New Jersey Statutes.

Cause

Management oversight.

Recommendation

That the borough file the Uniform Construction Code (UCC) Report on a timely basis with the New Jersey Department of Community Affairs by the required date.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2011-3

Criteria or Specific Requirement

The borough administration should designate an individual to monitor activity within the State and Federal grant fund.

Condition

It appears that there are several grants that have not been fully spent and several grants that have not been received. The Borough also has unspent awards of \$72,815.71 in the Community Development Block Grant Funds.

Context

The Borough currently has \$551,573.49 in grants receivable and has \$210,549.17 of grants that are unexpended. This has caused an interfund during the year and as a result a reduction in available cash surplus. In addition, the unspent awards in the Community Development Block Grant Funds of \$72,615.71 are for the two most recent award years and one prior year.

Effect

The Borough may not be utilizing proper procedures with respect to collecting grants and expending grants.

Cause

There was a change in management during the year and the responsibility for the collection of grants and monitoring of filing for grant reimbursements was not assumed.

Recommendation

That the Borough designate an individual within the Borough to maintain proper documentation relating to State and Federal grants and monitor the status of each grant periodically.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2011-4

Criteria or Specific Requirement

The Borough Department of Public Works Administration (DPW) should have policies and procedures implemented for the use of the Borough fuel tank. The fuel withdrawals should be restricted to authorized personnel only.

Condition

The borough lacks adequate controls over its use of their fuel tanks pertaining to gasoline withdrawals for Non-DPW Employees.

Context

During the year several administration personnel utilized the withdrawal of fuel, however, adequate documentation was not maintained.

Effect

The Borough DPW controls are not sufficient and are not restricted to authorized personnel, which could lead to additional costs. In addition, if an employee is receiving a benefit that is not accountable, the employee should be receiving the benefit as compensation and follow applicable tax requirements.

Cause

Although the DPW administrator attempted to control the use of the borough fuel tank, there were several instances when non DPW employees used the fuel tank, however, did not utilize the appropriate card that would indicate the use by non DPW employees.

Recommendation

That the Borough Department of Public Works establish strict controls over the use of the gas fuel tank to ensure proper use by employees and the Department of Public Works.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2011-5

Criteria or Specific Requirement

The Borough Administration should have controls instituted over its cash collections procedures. The collection of cash should be submitted to proper authority within the administration to be deposited into the bank.

Condition

A cash receipt for the disposal of scrap metal could not be traced to the revenue ledger nor the Borough's bank account.

Context

Cash collections should be properly turned over to proper personnel to be deposited into the bank.

Effect

The Borough is not in compliance with policies and procedures over its cash collection.

Cause

The Borough did not have an adequate policy with respect to the collection of cash by employees other than the Tax Office.

Recommendation

That the borough implements adequate policies and controls to ensure all cash collections are deposited timely and intact.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2011-6

Criteria or Specific Requirement

Per NJSA 40A:4-57, there should not be over commitments or over expenditures of appropriation line items.

Condition

There were several budget appropriation line items overcommitted prior to budget transfers and six specific line items over-expended at the end of the year.

Context

Six line items were over-expended prior at year end which has caused a deferred charge of \$27,634.58 to be raised in the subsequent budget. In addition, several line items were over-expended until a budget transfer could be adopted.

Effect

The Borough is not in compliance with New Jersey State Statutes.

Cause

Although compliance was evident for most budgetary line items, there were several instances when payments were required and the vendor was unable to wait for payment until November when the Borough was permitted to transfer funds. The Chief Financial Officer made temporary adjustments to other line items to ensure there were sufficient funds to transfer in November. However, there were still six line items that were over-expended at year end even though there appeared to be sufficient funds within other budgetary line items to transfer.

Recommendation

That in all instances, with the exception of emergencies, that the Borough not commit funds without adequate funding in the budget nor over-expend any budgetary line item.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF HADDON HEIGHTS
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements (and Federal Awards and State Financial Assistance) that are required to be reported in accordance with Government Auditing Standards (, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB).

FINANCIAL STATEMENT FINDINGS

Finding No. 2010-1

Condition

The Borough approved lump sum payments for unused accrued vacation time for two retiring employees, however the Borough of Haddon Heights Personnel Policy Manual indicates that unused vacation time must be used in full before retirement date and not reimbursed to retiring employees.

Current Status

This condition has been resolved.

Finding No. 2010-2

Condition

There were several budget appropriation line items overcommitted and/or overexpended prior to budget transfers.

Current Status

Condition still exists. See audit finding 2011-6

Planned Corrective Action

This is the nature of a tight budget with no significant "padding". In the future we will try to make as accurate budget *estimates* as possible and will do our best to not incur any more activity in a low balance line item until after transfers are made.

Finding No. 2010-3

Condition

While testing disbursements, the following were noted:

1. Four purchase orders were unable to be located.
2. One purchase was charged to the incorrect budget year.
3. Five items were not approved in the minutes.
4. One purchase exceeding the quote threshold was not accompanied by quotes.
5. One purchase order did not have a CFO or Borough Clerk approval signature.
6. One purchase included sales tax.

Current Status

This condition has been resolved.

Finding No. 2010-4

Condition

The tax levy billing per tax software was not reconciled to the tax duplicate. In addition, interest on a delinquency was incorrectly charged for one property.

Current Status

This condition has been resolved.

BOROUGH OF HADDON HEIGHTS
Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Scott M. Alexander	Mayor	
Rosemary Fitzgerald	Council President	
Daniel Haggerty	Councilman	
Kathy Lange	Councilwoman	
Stephen Berryhill	Councilman	
Edward Forte Jr.	Councilman	
David McCollum	Councilman	
Joan Moreland	Borough Clerk, Municipal Search Officer Assistant Treasurer to January 7, 2011	(A)
Sharon Smith	Treasurer, Chief Financial Officer to May 28, 2011	(A)
Jeffrey S. Kasko	Treasurer, Acting Chief Financial Officer from May 28, 2011	(A)
Andrea Penny	Tax Collector	(A)
Patricia A. Cooper	Deputy Tax Collector Registrar of Vital Statistics, Tax Search Officer	(A)
Thomas J. Colavecchio	Tax Assessor	(A)
Marie Holcombe	Operations Manager to December 16, 2011 Acting Borough Clerk from January 8, 2011 through December 6, 2011	(A) (A)
Melissa Bovera	Planning, Zoning, and Assessor's Secretary and Deputy Borough Clerk; Acting Clerk as of December 6, 2011	
John Szczerbinski	Construction Code Official	(A)
Eileen Pollock	Construction Code Secretary	(A)
Robert Zane	Municipal Judge	(A)
Catherine Lawson	Court Administrator	(A)
Michele Busarello	Deputy Court Administrator	(A)

(A) Insured for \$1,000,000 by the Camden County Municipal Joint Insurance Fund and Municipal Excess Joint Insurance Fund.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Borough officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, reading "Robert S. Marrone". The signature is written in a cursive style with a large initial 'R' and 'M'.

Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

