

**BOROUGH OF HADDON HEIGHTS
COUNTY OF CAMDEN**

REPORT OF AUDIT

**FOR THE YEAR ENDING
DECEMBER 31, 2012**



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BOROUGH OF HADDON HEIGHTS

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2012 and 2011, 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, 2012 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Haddon Heights, in the County of Camden, State of New Jersey, as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously 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, 2012 and 2011, 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, 2012 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2013 on our consideration of the Borough of Haddon Heights's, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Haddon Heights's internal control over financial reporting.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 24, 2013

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Haddon Heights, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 24, 2013. That report indicated that the Borough of Haddon Heights's 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 deficiencies described in the accompanying Schedule of Findings and Recommendations as Findings Nos. 2012-1 and 2012-4, to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings and Recommendations as Findings Nos. 2012-2, 2012-3 and 2012-5 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Borough of Haddon Heights's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Schedule of Findings and Recommendations as items 2012-1, 2012-2, 2012-4 and 2012-5.

The Borough of Haddon Heights's Response to Findings

The Borough of Haddon Heights's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 24, 2013

BOROUGH OF HADDON HEIGHTS
CURRENT FUND

Statements of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis
As of December 31, 2012 and 2011

<u>ASSETS</u>	<u>Ref.</u>	<u>2010</u>	<u>2011</u>
Regular Fund:			
Cash:			
Cash--Treasurer	SA-1	\$ 732,264.80	\$ 825,311.70
Cash--Change Funds	SA-5	200.00	200.00
Due from State of NJ - Senior Citizens and Vet. Deductions	SA-2	10,284.70	10,917.66
		<u>742,749.50</u>	<u>836,429.36</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	SA-3	334,682.51	269,551.94
Tax Title Liens Receivable	SA-4	682.48	324.47
Revenue Accounts Receivable	SA-6	17,791.29	109,903.71
Due from Federal, State and Other Grant Fund	SA-21	122,328.06	313,736.23
Due from General Capital Fund	C	4,134.12	261.63
Due from Animal Control Fund	B	1.25	1.18
Due from Trust Other Fund	B	39,928.51	14,859.34
		<u>519,548.22</u>	<u>708,638.50</u>
Deferred Charges:			
Overexpenditure of Appropriations	SA-7		27,634.58
		<u>1,262,297.72</u>	<u>1,572,702.44</u>
Federal, State and Other Grant Fund:			
Federal, State and Other Grants Receivable	SA-19	705,725.58	551,573.49
		<u>705,725.58</u>	<u>551,573.49</u>
		<u>\$ 1,968,023.30</u>	<u>\$ 2,124,275.93</u>

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statements of Assets, Liabilities, Reserves, and Fund Balances - Regulatory Basis
 As of December 31, 2012 and 2011

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3;SA-9	\$ 278,675.09	\$ 156,653.78
Reserve for Encumbrances	A-3;SA-9	105,435.81	157,709.03
Prepaid Taxes	SA-10	93,264.89	69,446.42
Tax Overpayments	SA-11	19,701.59	11,300.86
Due County for Added and Omitted Taxes	SA-13	15,876.50	11,443.12
Local School District Taxes Payable	SA-14	1.00	3.00
Due to State of New Jersey:			
Marriage License Fees	SA-15	200.00	150.00
DCA Training Fees	SA-16	1,225.00	1,415.00
Accounts Payable	SA-17	2,739.05	2,739.05
Reserve for Master Plan Update	A	2,873.36	2,873.36
Reserve for Tax Appeals	SA-18		19,329.46
		<u>519,992.29</u>	<u>433,063.08</u>
Reserves for Receivables	A	519,548.22	708,638.50
Fund Balance	A-1	<u>222,757.21</u>	<u>431,000.86</u>
		<u>1,262,297.72</u>	<u>1,572,702.44</u>
Federal, State and Other Grant Fund:			
Federal, State and Other Grants-- Unappropriated	SA-20		1,473.92
Federal, State and Other Grants-- Appropriated	SA-21	583,011.03	210,549.17
Reserve for Encumbrances	SA-21	386.49	25,814.17
Due to Current Fund	SA-22	<u>122,328.06</u>	<u>313,736.23</u>
		<u>705,725.58</u>	<u>551,573.49</u>
		<u>\$ 1,968,023.30</u>	<u>\$ 2,124,275.93</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 339,150.00	\$ 519,695.00
Miscellaneous Revenues Anticipated	2,054,851.82	1,744,485.82
Receipts from Delinquent Taxes	269,887.03	361,230.65
Receipts from Current Taxes	21,820,309.89	21,011,302.97
Nonbudget Revenues	62,966.82	53,357.66
Reserve for Tax Appeals Canceled	19,329.46	
Overpayments Canceled	39.36	
Trust Reserves Canceled		550.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	48,894.42	82,332.09
Reserves Liquidated:		
Due from Federal and State Grant Fund	29,072.42	
Due from General Capital Fund		776.50
	<hr/>	<hr/>
Total Income	24,644,501.22	23,773,730.69
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,394,555.00	2,516,153.10
Other Expenses	2,980,952.00	2,718,712.48
Deferred Charges and Statutory Expenditures	617,322.58	651,860.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	5,905.62	7,292.07
Other Expenses	637,722.69	627,517.93
Capital Improvements	217,567.50	210,000.00
Municipal Debt Service	412,521.09	357,712.80
Deferred Charges and Judgments		53,840.00
County Taxes	5,807,495.40	5,380,258.84
Due County for Added and Omitted Taxes	15,876.50	11,443.12
Local District School Tax	11,361,265.00	10,987,639.50
Prior Year Senior Citizens Disallowed	500.00	
Refunds of Prior Year Revenue	4,395.67	4,339.91
Interfunds Created:		
Due from Trust Other Fund	25,069.17	28,267.85
Due from Animal Control Fund	0.07	1.18
Due from Federal, State and Other Grant Fund	28,634.09	102,802.81
Due from General Capital Fund	3,812.49	
	<hr/>	<hr/>
Total Expenditures	24,513,594.87	23,657,841.59

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2012

	Anticipated <u>Budget</u>	Special N.J.S.A. <u>40A:4-87</u>	<u>Realized</u>	Excess <u>(Deficit)</u>
Fund Balance	\$ 339,150.00		\$ 339,150.00	
Miscellaneous Revenues:				
Licenses:				
Other	2,200.00		3,921.93	\$ 1,721.93
Fees and Permits	37,692.00		35,201.98	(2,490.02)
Fines and Costs:				
Municipal Court	232,616.00		195,498.08	(37,117.92)
Interest and Costs on Taxes	64,486.00		61,421.98	(3,064.02)
Interest on Investments and Deposits	2,000.00		395.14	(1,604.86)
Cable TV Franchise Fee	92,421.00		99,068.91	6,647.91
Payments in Lieu of Taxes	52,000.00		56,562.82	4,562.82
Consolidated Municipal Property Tax Relief Aid	23,360.00		23,360.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	730,849.00		730,849.00	
Uniform Construction Code Fees	101,000.00		109,884.00	8,884.00
Uniform Fire Safety Act	16,499.00		20,184.45	3,685.45
Conrail Grass Cutting Agreement	1,225.00		1,225.00	
General Capital Fund Surplus	3,863.12		3,863.12	
Facilities Rentals	28,350.00		39,823.50	11,473.50
Recreation Fees	48,500.00		41,000.00	(7,500.00)
Reserve for Due From Grant Fund	191,656.60		191,656.60	
Public and Private Revenues Offset With Appropriations:				
Clean Communities Program		\$ 11,631.49	11,631.49	
Pedestrian And Bicycle Facilities		185,944.00	185,944.00	
Recycling Tonnage Grant		9,067.71	9,067.71	
Municipal Court Alcohol Ed & Rehab		431.70	431.70	
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		1,813.49	1,813.49	
NJ DEP Historic Grant		24,999.00	24,999.00	
Drunk Driving Enforcement Fund	1,473.92		1,473.92	
Transportation Grant - FY2012 Road Program		190,000.00	190,000.00	
Subtotal Miscellaneous Revenues	1,630,191.64	439,461.39	2,054,851.82	(14,801.21)
Receipts from Delinquent Taxes	250,000.00		269,887.03	19,887.03
Subtotal General Revenues	2,219,341.64	439,461.39	2,663,888.85	5,085.82
Amount to be Raised by Taxes for Support of				
Municipal Budget	4,671,113.33		4,693,544.46	22,431.13
Minimum Library Tax	266,275.24		266,275.24	
Subtotal Amount to be Raised by Taxes	4,937,388.57		4,959,819.70	22,431.13
Budget Totals	7,156,730.21	439,461.39	7,623,708.55	27,516.95
Nonbudget Revenues			62,966.82	62,966.82
	\$ 7,156,730.21	\$ 439,461.39	\$ 7,686,675.37	\$ 90,483.77

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2012

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

Revenue from Collections \$ 21,820,309.89

Allocated to:

School, County, and Library Taxes 17,450,912.14

Balance for Support of Municipal Budget Revenues 4,369,397.75

Add:

Appropriation: "Reserve for Uncollected Taxes" 324,146.71

Amount for Support of Municipal
Budget Appropriations \$ 4,693,544.46

Delinquent Taxes:

Receipts \$ 269,887.03

Licenses -- Other:

Raffle Licenses \$ 120.00

Board of Health 2,102.93

Registrar of Vital Statistics - Marriage Licenses 1,699.00

\$ 3,921.93

Fees and Permits -- Other:

Street Openings \$ 3,600.00

Curb and Sidewalk 3,150.00

Planning Board Fees 2,550.00

Zoning Board Fees 2,975.00

Register of Vital Statistics 15,950.00

Police Permits 1,707.23

Overnight Parking 4,060.00

Dumpster Permits 1,325.00

35,317.23

Tax Collector:

Tax Searches 16.75

35,333.98

Due From Trust - Other Fees and Permits 400.00

35,733.98

Less: Refunds (532.00)

\$ 35,201.98

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2012

Analysis of Realized Revenue: (Continued)

Analysis of Non-Budget Revenue

Sr Citizens & Vets Deduction Administration	\$ 1,988.96	
Tax Sale Costs	225.00	
Miscellaneous Tax Revenue	1,344.28	
Sewer Connections	349.27	
OPRA Fee Requests	53.87	
Canceled Checks	549.00	
Motor Vehicle Inspections	8,756.38	
Solicitor Permits	3,450.00	
NSF Check Charge	225.00	
Facilities Rental	475.00	
Scrap Metal	1,198.52	
Fence Permits	1,225.00	
JIF Rebate	2,881.00	
Hurricane Irene Reimbursements	14,773.52	
Tents and Signs	1,250.00	
Miscellaneous	<u>150.55</u>	
	\$ 38,895.35	
Other Prior Year Refunds	3,986.12	
Due From Trust Other - Payroll - Refund of Prior Year Expenditures	<u>20,085.35</u>	
		<u><u>\$ 62,966.82</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, 2012

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Operations						
Other Expense	\$ 14,500.00	\$ 17,000.00	\$ 15,094.18	\$ 1,739.20	\$ 166.62	
Postage	13,900.00	13,900.00	12,239.87	359.63	1,300.50	
Office Supplies	16,000.00	16,000.00	10,933.72	1,037.81	4,028.47	
Publication of Newsletter	2,000.00	2,800.00	2,725.56		74.44	
Municipal Clerk						
Salaries and Wages	100,250.00	75,250.00	72,722.21		2,527.79	
Other Expenses	21,193.00	24,693.00	23,211.96	84.69	1,396.35	
Financial Administration						
Salaries and Wages	48,400.00	48,415.00	48,413.96		1.04	
Other Expenses	15,050.00	10,160.00	10,159.10		0.90	
Audit Services						
Other Expenses	41,000.00	41,000.00	41,000.00			
Assessment of Taxes						
Salaries and Wages	44,580.00	44,580.00	38,034.00		6,546.00	
Other Expenses	13,745.00	9,745.00	8,841.70		903.30	
Collection of Taxes						
Salaries and Wages	82,500.00	86,400.00	82,997.66		3,402.34	
Other Expenses	7,280.00	5,780.00	4,778.67		1,001.33	
Legal Services						
Contractual	12,750.00	12,750.00	7,800.00		4,950.00	
Other Expenses	26,800.00	51,800.00	43,015.74	7,315.20	1,469.06	
Engineering Services and Costs						
Other Expenses	36,500.00	50,500.00	49,512.83		987.17	
Economic Development						
Other Expenses	1,000.00	1,000.00	794.60		205.40	
Municipal Prosecutor						
Other Expenses	7,610.00	9,010.00	8,250.00	750.00	10.00	
Public Defender						
Other Expenses	1,000.00	1,000.00			1,000.00	
Municipal Building						
Salaries and Wages	29,700.00	32,950.00	32,946.75		3.25	
Other Expenses	61,300.00	61,300.00	57,216.03	3,832.23	251.74	

(Continued)

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D)						
Insurance:						
General Liability	\$ 120,423.00	\$ 120,423.00	\$ 119,471.09		\$ 951.91	
Worker's Compensation	130,459.00	124,859.00	124,855.66		3.34	
Employee Group Insurance	1,209,232.00	1,165,847.00	1,081,937.37		83,909.63	
Unemployment Compensation	9,000.00	19,000.00	13,430.87		5,569.13	
Temporary Disability	2,000.00	2,100.00	1,965.96		134.04	
LAND USE ADMINISTRATION:						
Planning Board:						
Salaries and Wages	19,270.00	20,970.00	17,926.53		3,043.47	
Other Expenses	3,700.00	3,700.00	2,598.11	\$ 726.18	375.71	
Zoning Board of Adjustments:						
Salaries and Wages	12,500.00	13,300.00	13,294.43		5.57	
Environmental Commission						
Other Expenses	500.00	500.00	400.00		100.00	
PUBLIC SAFETY:						
Police						
Salaries and Wages	1,264,490.00	1,255,990.00	1,243,182.55		12,807.45	
Other Expenses	81,106.00	81,106.00	53,042.22	18,777.36	9,286.42	
Fire						
Salaries and Wages	147,890.00	141,890.00	132,118.30		9,771.70	
Other Expenses	49,700.00	47,700.00	26,701.05	16,817.29	4,181.66	
Fire Hydrant Service	73,000.00	73,000.00	66,511.66	6,060.40	427.94	
Fire Safety Official:						
Salaries and Wages	18,100.00	18,100.00	16,098.94		2,001.06	
Other Expenses	1,887.00	1,387.00	663.60		723.40	
Office of Emergency Management:						
Salaries and Wages	1,423.00	1,423.00	1,394.90		28.10	
Other Expenses	500.00	500.00	200.00		300.00	
Municipal Court:						
Salaries and Wages	130,310.00	130,310.00	128,657.73		1,652.27	
Other Expenses	8,074.00	7,074.00	5,834.39	130.00	1,109.61	

(Continued)

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D)					
PUBLIC WORKS:					
Public Works:					
Salaries and Wages	\$ 427,840.00	\$ 443,640.00	\$ 443,624.63	\$	15.37
Other Expenses	121,375.00	136,375.00	126,995.42	9,373.78	5.80
Garbage and Trash Removal					
Other Expenses	270,000.00	271,300.00	250,338.02		20,961.98
Vehicle Maintenance	42,200.00	45,200.00	38,172.07	6,274.17	753.76
Solid Waste Disposal	216,500.00	214,500.00	180,690.78	151.00	33,658.22
HEALTH AND WELFARE:					
Dog Regulation					
Contractual	10,500.00	10,500.00	8,683.00	1,260.00	557.00
RECREATION AND EDUCATION:					
Parks and Recreation					
Salaries and Wages	7,557.00	9,967.00	9,958.24		8.76
Other Expenses	50,713.00	30,713.00	27,022.04	2,192.50	1,498.46
CODE ENFORCEMENT AND ADMINISTRATION:					
Construction Code Official					
Salaries and Wages	64,770.00	71,370.00	70,496.00		874.00
Other Expenses	4,700.00	4,700.00	3,720.06		979.94
UNCLASSIFIED AND BULK PURCHASES:					
Utilities:					
Gasoline	69,100.00	74,600.00	63,608.67	7,300.82	3,690.51
Telephone	38,730.00	38,730.00	33,552.85	2,774.12	2,403.03
Electric Utilities	92,200.00	88,200.00	61,891.65	8,961.21	17,347.14
Street Lighting	63,700.00	74,500.00	72,068.47		2,431.53
Water Utilities	9,000.00	16,000.00	12,629.57		3,370.43
Total Operations Within "CAPS"	5,369,507.00	5,375,507.00	5,024,425.37	95,917.59	255,164.04
Total Operations Including Contingent - within "CAPS"					
Detail:					
Salaries and Wages	2,399,580.00	2,394,555.00	2,351,866.83		42,688.17
Other Expenses (Including Contingent)	2,969,927.00	2,980,952.00	2,672,558.54	95,917.59	212,475.87

(Continued)

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
	\$ 27,634.58	\$ 27,634.58	\$ 27,634.58		
	117,000.00	111,000.00	108,490.40	\$	2,509.60
	9,500.00	9,500.00	28.47		9,471.53
	131,130.00	131,130.00	122,173.64		8,956.36
	338,058.00	338,058.00	338,058.00		
	623,322.58	617,322.58	596,385.09		20,937.49
	5,992,829.58	5,992,829.58	5,620,810.46	\$ 95,917.59	276,101.53
	270,000.00	270,000.00	270,000.00		
	94,043.00	94,043.00	94,043.00		
	1,000.00	1,000.00			1,000.00
	9,600.00	9,600.00	8,811.74		788.26
	9,200.00	9,200.00	9,200.00		
	383,843.00	383,843.00	382,054.74		1,788.26
	8,850.00	8,850.00	8,064.70		785.30
	8,850.00	8,850.00	8,064.70		785.30

DEFERRED CHARGES AND STATUTORY
EXPENDITURES - MUNICIPAL WITHIN "CAPS":
STATUTORY EXPENDITURES:
Deferred Charges:
Overexpenditure of Appropriations
Contribution to:
Social Security System (O.A.S.I.)
Consolidated Police and Firemen's
Pension Fund
Public Employees Retirement System
Police and Fireman's Retirement System of NJ

17 TOTAL DEFERRED CHARGES AND STATUTORY
EXPENDITURES - MUNICIPAL WITHIN "CAPS"

TOTAL GENERAL APPROPRIATIONS FOR
MUNICIPAL PURPOSES WITHIN "CAPS"

OPERATIONS EXCLUDED FROM "CAPS"

Maintenance of Free Public Library
Employee Group Insurance
Trash Collection Services/Apartments
Recycling Tax
Length of Service Award Program
Total Other Operations Excluded from "CAPS"
Interlocal Service Agreement - N.J.S.A. 40A:
Intergovernmental Services Sewer System
Total Interlocal Municipal Service Agreements

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
OPERATIONS EXCLUDED FROM "CAPS"					
Public and Private Programs Offset by Revenues:					
Pedestrian And Bicycle Facilities (NJ 40A:4-87, \$185,944+)	\$	185,944.00	\$	185,944.00	
Recycling Tonnage Grant (NJ 40A:4-87, \$9,067.71+)		9,067.71		9,067.71	
Municipal Alliance on Alcoholism & Drug Abuse (NJ 40A:4-87, \$11,574+)		11,574.00		11,574.00	
Municipal Court Alcohol Ed & Rehab (NJ 40A:4-87, \$431.70+)		431.70		431.70	
Clean Communities (NJ 40A:4-87, \$11,631.49+)		11,631.49		11,631.49	
NJ DEP Historic (NJ 40A:4-87, \$24,999+)		24,999.00		24,999.00	
Click It or Ticket (NJ 40A:4-87, \$4,000+)		4,000.00		4,000.00	
Body Armor Grant (NJ 40A:4-87, \$1,813.49+)		1,813.49		1,813.49	
Drunk Driving Enforcement Fund	\$	1,473.92		1,473.92	
Total Public and Private Programs Offset by Revenues	1,473.92	250,935.31	250,935.31		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	394,166.92	643,628.31	641,054.75	\$	2,573.56
Detail:					
Salaries and Wages	1,473.92	5,905.62	5,905.62		
Other Expenses	392,693.00	637,722.69	635,149.13		2,573.56
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	26,325.00	27,567.50	27,567.50		
Department of Transportation Grant - FY2012 Road Program (NJ 40A:4-87, \$190,000+)		190,000.00	190,000.00		
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	26,325.00	217,567.50	217,567.50		
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	225,000.00	225,000.00	225,000.00		
Interest on Bonds	121,533.00	120,280.50	116,808.75		\$ 3,471.75
Interest on Notes	31,500.00	31,500.00	29,482.60		2,017.40
Principal on Notes	15,800.00	15,800.00	15,800.00		
Green Trust Loan Program: Loan Repayments for Principal and Interest	25,429.00	25,439.00	25,429.74		9.26
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	419,262.00	418,019.50	412,521.09		5,498.41

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2012

	Appropriations		Expended		Unexpended Balance Canceled	
	Budget	Budget After Modification	Paid or Charged	Encumbered		Reserved
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 839,753.92	\$ 1,279,215.31	\$ 1,271,143.34	\$	2,573.56	\$ 5,498.41
SUBTOTAL GENERAL APPROPRIATIONS	6,832,583.50	7,272,044.89	6,891,953.80	\$ 95,917.59	278,675.09	5,498.41
RESERVE FOR UNCOLLECTED TAXES	324,146.71	324,146.71	324,146.71			
TOTAL GENERAL APPROPRIATIONS	\$ 7,156,730.21	\$ 7,596,191.60	\$ 7,216,100.51	\$ 95,917.59	\$ 278,675.09	\$ 5,498.41
Budget	\$ 7,156,730.21					
Appropriation by NJ 40A:4-87	439,461.39					
	\$ 7,596,191.60					
Deferred Charge - Special Emergency (N.J.S. 40A:4-55)			\$ 27,634.58			
Federal, State and Other Grants -- Appropriated			440,935.31			
Reserve for Uncollected Taxes			324,146.71			
Disbursed			6,423,383.91			
			\$ 7,216,100.51			

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, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	SB-1	\$ 146.86	\$ 216.54
Other Funds:			
Cash	SB-1	439,633.06	430,631.54
Due from County of Camden:			
Community Development Block Grant Receivable	SB-4	50,300.00	76,156.63
		<u>489,933.06</u>	<u>506,788.17</u>
		<u>\$ 490,079.92</u>	<u>\$ 507,004.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due Current Fund	SB-3	\$ 1.25	\$ 1.18
Reserve for Animal Control Expenditures	SB-2	145.61	215.36
		<u>146.86</u>	<u>216.54</u>
Other Funds:			
Due to Current Fund	SB-6	39,928.51	14,859.34
Reserve for Encumbrances	SB-9	2,241.87	
Reserve for Community Development Block Grant	SB-5	36,604.07	72,615.71
Reserve for Recycling	SB-7	30,017.51	20,582.63
Reserve for Public Defender	SB-7	3,621.25	3,222.25
Reserve for Unemployment Compensation	SB-7	8,780.98	8,780.98
Reserve for Uniform Fire Safety Code - Penalties	SB-7	3,780.19	3,230.19
Reserve for Street Opening Deposits	SB-7	1,641.00	1,489.00
Reserve for Planning & Zoning Board	SB-7	18,936.77	21,556.77
Reserve for Tax Title Lien Redemptions - Outside Liens	SB-7	81,035.87	130,408.37
Reserve for Citizen Donations for Police Department	SB-7	5,286.07	10,641.66
Reserve for POAA	SB-7	2,878.28	2,030.28
Reserve for Municipal Drug Alliance Donations	SB-7	26,200.64	18,534.05
Reserve for Police Forfeiture	SB-7	2,023.14	3,055.68
Reserve for Fire Department	SB-7	579.12	654.72
Reserve for Off Duty Police	SB-7	43,865.54	15,833.00
Reserve for Memorial Clock Donations	SB-7	17,068.03	1,457.51
Reserve for Fourth of July Parade	SB-7	108.24	135.11
Reserve for Land Deposits	SB-7	129,875.84	155,000.00
Reserve for Payroll Deductions Payable	SB-8	35,460.14	22,700.92
		<u>489,933.06</u>	<u>506,788.17</u>
		<u>\$ 490,079.92</u>	<u>\$ 507,004.71</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, 2012 and 2011

<u>ASSETS</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	SC-1	\$ 454,447.59	\$ 120,559.09
Deferred Charges to Future Taxation:			
Funded	SC-3	3,270,242.83	3,517,196.85
Unfunded	SC-4	<u>2,624,167.75</u>	<u>2,116,185.25</u>
		<u>\$ 6,348,858.17</u>	<u>\$ 5,753,941.19</u>
Due to Current Fund	SC-5	\$ 4,134.12	\$ 261.63
Capital Improvement Fund	SC-6	9,376.22	9,376.22
Improvement Authorizations:			
Funded	SC-7	5,920.46	15,337.17
Unfunded	SC-7	301,624.17	172,388.96
Contracts Payable	SC-8	228,418.00	
Reserve for Encumbrances	SC-9	50,460.37	64,535.24
Bond Anticipation Notes	SC-10	2,478,682.00	1,970,982.00
Green Trust Loan Payable	SC-11	157,242.83	179,196.85
General Serial Bonds	SC-12	3,113,000.00	3,338,000.00
Fund Balance	C-1	<u>-</u>	<u>3,863.12</u>
		<u>\$ 6,348,858.17</u>	<u>\$ 5,753,941.19</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, 2012

Balance Dec. 31, 2011	\$ 3,863.12
Decreased by:	
Anticipated as Current Fund Miscellaneous Revenue	<u>\$ 3,863.12</u>

BOROUGH OF HADDON HEIGHTS
GENERAL FIXED ASSET GROUP OF ACCOUNTS
Statement of General Fixed Asset Group of Accounts
For the Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Fixed Assets:				
Land	\$ 9,494,100.00			\$ 9,494,100.00
Buildings	5,923,644.23		\$ (59,500.00)	5,864,144.23
Equipment	501,567.80	\$ 4,489.00		506,056.80
Vehicles	2,363,680.83	74,705.00		2,438,385.83
	<hr/>			
Total Fixed Assets	\$ 18,282,992.86	\$ 79,194.00	\$ (59,500.00)	\$ 18,302,686.86
	<hr/>			
Total Investment in Fixed Assets	\$ 18,282,992.86	\$ 79,194.00	\$ (59,500.00)	\$ 18,302,686.86
	<hr/>			

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, 2012

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:

James N. Alexander III Haddon Heights Public Library
608 Station Avenue
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 the 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. Buildings and Improvements are stated at assessed value when acquired. 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, and Borough of Haddon Heights Library. 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.

James N. Alexander III Haddon Heights Public Library - The municipality is required to collect library taxes required by N.J.S.A. 40:54-8 which is based on 1/3 of a mil of the Borough's equalized valuation of the prior 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash 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. 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, 2012, the Borough's bank balances of \$1,670,318.44 were exposed to custodial credit risk as follows:

Insured Under G.U.D.P.A.	
Held by Pledging Financial Institutions	\$ 1,245,945.65
FDIC Insured	<u>424,372.79</u>
Total	<u><u>\$ 1,670,318.44</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	\$2.692	\$2.586	\$2.543	\$2.553	\$2.603
Apportionment of Tax Rate:					
Municipal	\$.568	\$0.559	\$0.630	\$0.616	\$0.602
Municipal Library	.032	0.032			
County	.688	0.636	0.602	0.548	0.559
County Open Space Preservation Trust Fund	.020	0.020		0.020	0.020
Local School	1.384	1.339	1.311	1.369	1.422

Assessed Valuation

2012	\$821,236,781.00
2011	821,164,213.00
2010	820,544,102.00
2009	820,597,517.00
2008	822,692,919.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$22,168,317.66	\$21,820,309.89	98.43%
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%

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>
2012	\$682.48	\$334,680.52	\$335,363.00	1.51%
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%

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>
2012	2
2011	1
2010	1
2009	None
2008	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>			
2012	\$222,757.21	\$135,000.00	60.60%
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%

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, 2012:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$165,465.17	
Federal & State Grant Fund		\$122,328.06
Trust-- Other Funds		39,001.74
Trust-- Animal Control		1.25
General Capital Fund		4,134.12
	<u>\$165,465.17</u>	<u>\$165,465.17</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2013, 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 increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. 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>
2012	\$42,845.00	\$85,240.00	\$128,085.00	\$128,085.00
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

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>
2012	\$162,560.00	\$196,292.00	\$358,852.00	\$358,852.00
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

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, 2012, the accrued liability to the PFRS for the 1993 program was \$162,150.00 payable in approximate annual installments of \$32,430.00 to April 1, 2017.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. 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. In addition to the employee contributions, the Borough’s contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Borough of Haddon Heights adopted a Defined Contribution Retirement Program on August 19, 2008. Currently there are no participants in the program.

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/.

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, 2012, 2011, and 2010, were \$518,280.13, \$461,916.40, and \$339,267.35, respectively, which equaled the required contributions for each year. There were 34, 34, and 28 retired employees, respectively, eligible at December 31, 2012, 2011, and 2010.

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. However, effective in 2011, accumulation of sick days is no longer permitted for new employees. 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, 2012, accrued benefits for compensated absences are valued at \$178,341.22.

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, 2012, the Borough had lease agreements in effect for the following:

Capital:

Three (2) 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, 2012</u>	<u>Dec. 31, 2011</u>
Vehicles	\$67,173.00	\$95,287.32

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

<u>Year</u>	<u>Amount</u>
2013	32,978.48
2014	17,097.26
2015	17,097.26

Lease payments for the year 2012 and 2011 were \$15,881.22 and \$47,643.33, respectively.

Note 12: **CAPITAL DEBT**

Summary of Debt

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$5,591,682.00	\$5,308,982.00	\$5,308,730.00
Long---Term Loans	157,242.83	179,196.85	200,718.29
Total Issued	5,748,924.83	5,748,924.83	5,748,924.83
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	145,485.75	145,063.16	145,203.25
Total Authorized but Not Issued	145,485.75	145,063.16	145,203.25
Total Issued and Authorized but Not Issued	5,894,410.58	5,633,242.01	5,654,651.54
Deductions:			
Funds Temporarily Held To Pay Notes	----	----	6,080.62
Total Deductions	----	----	6,080.62
Net Debt	\$5,894,410.58	\$5,633,242.01	\$5,648,570.92

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 0.74%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 12,874,000.00	\$ 12,874,000.00	
General	5,894,410.58	----	\$ 5,894,410.58
	\$ \$18,768,410.58	\$ \$12,874,000.00.00	\$5,894,410.58

Net Debt \$5,894,410.58 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$796,420,055.00 equals 0.74%.

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)	\$27,874,701.93
Net Debt	<u>5,894,410.58</u>
Remaining Borrowing Power	<u><u>\$21,980,291.35</u></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>	
2013	\$267,395.30	\$120,283.72	\$367,237.74
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	357,380.73	71,309.40	428,690.13
2018-22	1,683,738.01	139,428.92	1,823,166.93
2023-25	21,031.16	422.01	21,453.17

Note 13: **JOINT INSURANCE POOL**

The Borough of Haddon Heights is a member of the Garden State Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- General Liability
- Employee Dishonesty
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicle Liability & Physical Damage
- Law Enforcement Liability
- 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, 2012, 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 14: **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>
2012	None	None	\$8,780.98
2011	None	None	8,780.98
2010	None	None	545.56

Note 15: **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 16: **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	January 15, 2013	<u>\$237,500.00</u>
			<u>\$237,500.00</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, 2012

	<u>Current Fund</u>	<u>Federal, State and Other Grant Fund</u>
Balance Dec. 31, 2011	\$ 21,911,458.09	---
Increased by Receipts:		
Taxes Receivable	93,264.89	
Prepaid Taxes	39,057.56	
Tax Overpayments	99,447.95	
Due State of New Jersey - Senior Citizens and Veterans Deductions	23,360.00	
Consolidated Municipal Property Tax Relief Aid	730,849.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	61,421.98	
Interest and Costs on Taxes	56,562.82	
Payments in Lieu of Taxes		
Reserve to Pay Debt		
Revenue Accounts Receivable	546,287.96	
Miscellaneous Revenue Not Anticipated	38,895.35	
Petty Cash	500.00	
Due to State of N.J. - Marriage License Fees	825.00	
Due to State of N.J. - DCA Training Fees	5,079.00	
Due to Federal and State Grant Fund	285,309.30	
Due to Trust-Other Fund	6,350.84	
Due to General Capital Fund		
Federal, State and Other Grants Receivable	\$ 285,309.30	
Due to Current Fund	97,901.13	
	<u>23,898,669.74</u>	<u>\$ 383,210.43</u>

Carried Forward

24,723,981.44

383,210.43

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Current Cash

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

For the Year Ended December 31, 2012

	<u>Current Fund</u>	<u>Federal, State and Other Grant Fund</u>
Brought Forward	\$ 24,723,981.44	\$ 383,210.43
Decreased by Disbursements:		
2011 Appropriation Reserves	\$ 255,950.17	
2012 Appropriations	6,423,383.91	
County Taxes	5,807,495.40	
Due County for Added and Omitted Taxes	11,443.12	
Local District School Tax	11,361,267.00	
Refund Tax Overpayments	20,640.05	
Due to State of N.J. - Marriage License Fees	775.00	
Due to State of N.J. - DCA Training Fees	5,269.00	
Refund of Prior Year Revenue	7,091.86	
Petty Cash	500.00	
Due from Federal and State Grant Fund	97,901.13	
Due from Current Fund		\$ 285,309.30
Federal, State and Other Grants -- Appropriated	23,991,716.64	97,901.13
	<u>23,991,716.64</u>	<u>383,210.43</u>
Balance Dec. 31, 2012	<u>\$ 732,264.80</u>	<u>---</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, 2012

Balance Dec. 31, 2011			\$ 10,917.66
Increased by:			
Deductions per Tax Billing:			
Senior Citizens	\$ 17,250.00		
Veterans	<u>82,000.00</u>		
	99,250.00		
Deductions Disallowed by Collector - 2012 Taxes	<u>1,185.01</u>		
	98,064.99		
Deductions Allowed by Collector - 2012 Taxes	<u>1,250.00</u>		
		\$ 99,314.99	
Less			
Deductions Disallowed by Tax Collector for 2011 Taxes		<u>500.00</u>	
			<u>98,814.99</u>
			109,732.65
Decreased by:			
Received from State of New Jersey			<u>99,447.95</u>
Balance Dec. 31, 2012			<u><u>\$ 10,284.70</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND

Statement of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2012

Year	Balance Dec. 31, 2011	Levy	Added Taxes	2011 Collections	2012 Collections	Due from State of New Jersey	Transfer to Liens	Overpayments Applied	Canceled	Balance Dec. 31, 2012
2011	\$ 269,551.94		\$ 500.00		\$ 266,878.50		\$ 162.92	\$ 3,008.53		\$ 1.99
2012		\$22,168,317.66		\$ 69,446.42	21,644,579.59	99,314.99	169.60	6,968.89	13,157.65	334,680.52
	\$ 269,551.94	\$22,168,317.66	\$ 500.00	\$ 69,446.42	\$ 21,911,458.09	\$ 99,314.99	\$ 332.52	\$ 9,977.42	\$ 13,157.65	\$ 334,682.51

Analysis of 2012 Property Tax Levy

<u>Tax Yield:</u>	
General Property Tax	\$ 22,107,694.27
Added Taxes (54:4-63.1 et. seq.)	60,623.39
PILOT	
	<u>\$ 22,168,317.66</u>
<u>Tax Levy:</u>	
Local School District Tax	\$ 11,361,265.00
County Taxes:	
County Tax	\$ 5,807,495.40
Due County for Added and Omitted Taxes	<u>15,876.50</u>
Total County Taxes	5,823,371.90
Library Tax	266,275.24
Local Tax for Municipal Purposes	4,671,113.33
Add: Additional Tax Levied	<u>46,292.19</u>
	<u>4,717,405.52</u>
	<u>\$ 22,168,317.66</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Tax Title Liens
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 324.47
Increased by:		
Transfer from Tax Receivable	\$ 332.52	
Interest and Costs accrued by Tax Sale	25.49	
		\$ 358.01
 Balance Dec. 31, 2012		\$ 682.48

Exhibit SA-5

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Schedule of Change Funds
 For the Year Ended December 31, 2012

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

BOROUGH OF HADDON HEIGHTS

CURRENT FUND

Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2012

	Balance Dec. 31, 2011	Accrued In 2012	Received In			Balance Dec. 31, 2012
			Current Fund - Treasurer	Trust Other Funds	Animal Control Fund	
Borough Clerk:						
Licenses		\$ 120.00	\$ 120.00			
Fees and Permits						
Street Opening		3,600.00	3,600.00			
Dumpster Fees		1,325.00	1,325.00			
Board of Health:						
Licenses		2,102.93	2,102.93			
Registrar of Vital Statistics:						
Licenses		1,699.00	1,699.00			
Fees & Permits		15,950.00	15,950.00			
Planning & Zoning Board:						
Fees & Permits						
Planning Board Fees		2,550.00	2,550.00			
Zoning Board Fees		2,975.00	2,975.00			
Curb & Sidewalk Fees		3,150.00	3,150.00			
Police Department						
Fees & Permits						
Overnight Parking Permits		4,060.00	4,060.00			
Police Permits		1,707.23	1,707.23			
Fire Department						
Uniform Fire Safety Act		20,184.45	20,184.45			
Tax Collector						
Fees and Permits		16.75	16.75			
Construction Code Official						
Fees & Permits		109,884.00	109,884.00			
Recreation Department						
Recreation Fees		41,000.00	41,000.00			
Cabin Rentals		39,823.50	39,823.50			
Conrail Grass Cutting Agreement		1,225.00	1,225.00			
Municipal Court						
Fines and Costs	\$ 10,832.37	202,457.00	195,498.08			\$ 17,791.29
Interest on Deposits	2.43	2.24	4.67			
Interest on Deposits		352.88	343.44	\$ 37.59	\$ 0.07	\$ 9.37
Cable Television Franchise Fees	99,068.91		99,068.91			
	\$ 109,903.71	\$ 454,184.98	\$ 546,287.96	\$ 37.59	\$ 0.07	\$ 17,791.29

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Deferred Charges
 For the Year Ended December 31, 2012

Balance Dec. 31, 2012	\$ 27,634.58
Decreased by:	
Raised by Budget Appropriation	<u>\$ 27,634.58</u>

Exhibit SA-8

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Library Tax
 For the Year Ended December 31, 2012

2012 Levy	\$ 266,275.14
Funded by Municipal Budget	<u>3,724.86</u>
Payments by Budget Appropriation	<u>\$ 270,000.00</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2012

	<u>Balance Dec. 31, 2011</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Operations Manager					
Other Expense	\$ 44.67	\$ 270.15	\$ 1,159.82	\$ 1,139.96	\$ 19.86
Postage	36.08	178.47	214.55	178.47	36.08
Office Supplies	79.95	559.15	789.10	559.15	229.95
Municipal Clerk					
Other Expenses	564.21	444.19	1,008.40	601.24	407.16
Financial Administration					
Salaries and Wages	120.95		120.95		120.95
Other Expenses	411.20		911.20	884.82	26.38
Assessment of Taxes					
Other Expenses	155.00	4,687.50	5,642.50	5,625.50	17.00
Collection of Taxes					
Other Expenses	809.19	139.90	149.09	139.90	9.19
Legal Services					
Contractual	1,291.74		1,291.74		1,291.74
Other Expenses		4,836.93	12,226.93	10,286.92	1,940.01
Engineering Services and Costs					
Other Expenses	154.07	6,480.71	64,234.78	38,623.22	25,611.56
Economic Development					
Other Expenses	62.49		382.49	375.00	7.49
Municipal Prosecutor					
Other Expenses	282.51	1,127.32	1,409.83	1,127.32	282.51
Public Defender					
Other Expenses	1,000.00				
Municipal Building					
Other Expenses		5,693.64	8,793.64	8,708.67	84.97
Planning Board:					
Other Expenses	1,315.44	54.47	449.91	429.47	20.44
Zoning Board of Adjustments:					
Salaries and Wages					
Insurance:					
General Liability	2,192.69		192.69		192.69
Worker's Compensation	2,378.10		378.10		378.10
Employee Group Insurance	33,272.19	1,447.50	10,829.69	4,656.28	6,173.41
Unemployment Compensation	15,541.13	3,001.03	9,542.16	8,945.84	596.32
Temporary Disability	122.03		122.03		122.03
PUBLIC SAFETY:					
Police					
Salaries and Wages	11,344.05		344.05		344.05
Other Expenses	1,438.92	9,547.74	9,736.66	9,463.78	272.88
Fire					
Other Expenses	2,136.90	8,683.34	9,570.24	9,091.34	478.90
Fire Hydrant Service	474.40	6,043.80	6,518.20	6,518.20	
Uniform Fire Safety Act:					
Fire Safety Official:					
Salaries and Wages	0.06		0.06		0.06
Other Expenses	155.11		155.11		155.11
Office of Emergency Management:					
Salaries and Wages	0.10		0.10		0.10
Other Expenses	400.00		400.00		400.00

(Continued)

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2012

	<u>Balance Dec. 31, 2011</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>					
<u>PUBLIC WORKS:</u>					
Public Works:					
Other Expenses		\$ 35,175.90	35,275.90	\$ 35,218.24	\$ 57.66
Vehicle Maintenance	\$ 697.30	5,620.11	5,482.41	5,228.09	254.32
Solid Waste Disposal	48,740.66	27,547.36	44,838.02	44,803.20	34.82
Municipal Services Act	349.94		349.94		349.94
<u>HEALTH AND WELFARE:</u>					
Dog Regulation					
Contractual	1,246.65	1,183.00	4,339.65	4,333.00	6.65
<u>RECREATION AND EDUCATION:</u>					
Parks and Playgrounds					
Salaries and Wages	4,663.93		63.93		63.93
Other Expenses	4.23	210.00	214.23	210.00	4.23
Municipal Court					
Other Expenses	712.90	630.00	1,342.90	630.00	712.90
<u>CODE ENFORCEMENT:</u>					
Construction Code Official					
Salaries and Wages	292.19		292.19		292.19
Other Expenses	3.54	494.00	497.54	492.00	5.54
<u>UNCLASSIFIED:</u>					
Utilities:					
Gasoline			11,100.00	8,115.14	2,984.86
Telephone	1,677.61	2,711.57	3,969.18	3,851.21	117.97
Electric Utilities		5,259.18	14,759.18	14,731.27	27.91
Street Lighting	12,494.35	5,721.29	17,215.64	17,163.50	52.14
Water Utilities	412.12	316.33	728.45	316.33	412.12
<u>STATUTORY EXPENDITURES -</u>					
<u>MUNICIPAL WITHIN "CAPS":</u>					
Contribution to:					
Social Security	6,689.90		89.90		89.90
Consolidated Police and Firemen's Pension Func	64.51		64.51		64.51
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Trash Collection Services/Apartments		17,805.35	22,505.35	22,500.00	5.35
Recycling Tax	532.29	1,320.84	1,853.13		1,853.13
Interlocal Service Agreement - N.J.S.A. 40A:					
Intergovernmental Services Sewer System	2,288.48	\$518.26	2,806.74	521.33	2,285.41
TOTAL GENERAL APPROPRIATIONS	\$ 156,653.78	\$ 157,709.03	\$ 314,362.81	\$ 265,468.39	\$ 48,894.42
Disbursed				\$255,950.17	
Encumbered				9,518.22	
				<u>\$265,468.39</u>	

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 69,446.42
Increased by:		
Collection 2013 Taxes		<u>93,264.89</u>
		162,711.31
Decreased by:		
Application to 2012 Taxes	\$ 66,672.19	
Transfer to Overpayments	<u>2,774.23</u>	
		<u>69,446.42</u>
Balance Dec. 31, 2012		<u><u>\$ 93,264.89</u></u>

Exhibit SA-11

CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 11,300.86
Increased by:		
Receipts		
Overpayments		<u>39,057.56</u>
		50,358.42
Decreased by:		
Applied to 2012 Taxes Receivable	\$ 6,968.89	
Applied to 2011 Taxes Receivable	<u>3,008.53</u>	
		9,977.42
Canceled		39.36
Refunds	<u>20,640.05</u>	
		<u>30,656.83</u>
Balance Dec. 31, 2012		<u><u>\$ 19,701.59</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of County Taxes
 For the Year Ended December 31, 2012

2012 Levy -		
County General		\$ 5,647,373.41
County Open Space		<u>160,121.99</u>
		\$ 5,807,495.40
Decreased by:		
Disbursements		<u>\$ 5,807,495.40</u>

Exhibit SA-13

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Amount Due to County for Added and Omitted Taxes
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 11,443.12
Increased by:		
County Share of 2012 Levy		
Added Taxes and Added/Omitted Taxes		<u>15,876.50</u>
		27,319.62
Decreased by:		
Disbursements		<u>11,443.12</u>
Balance Dec. 31, 2012		<u>\$ 15,876.50</u>

Exhibit SA-14

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of School Taxes Payable
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 3.00
Increased by :		
2012 Levy		<u>11,361,265.00</u>
		11,361,268.00
Decreased by:		
Disbursements		<u>11,361,267.00</u>
Balance December 31, 2012		<u>\$ 1.00</u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Due to State of New Jersey - Marriage License Fees
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011	\$ 150.00
Increased by:	
Receipts	<u>825.00</u>
	975.00
Decreased by:	
Disbursements	<u>775.00</u>
Balance Dec. 31, 2012	<u><u>\$ 200.00</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Due to State of New Jersey - DCA Fees
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011	\$ 1,415.00
Increased by:	
Receipts	<u>5,079.00</u>
	6,494.00
Decreased by:	
Disbursements	<u>5,269.00</u>
Balance Dec. 31, 2012	<u><u>\$ 1,225.00</u></u>

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Schedule of Accounts Payable
 For the Year Ended December 31, 2012

Balance Dec. 31, 2012	\$ 2,739.05
<hr/>	
<u>Analysis of Balance Dec. 31, 2012</u>	
<u>Vendor</u>	
Ricoh Business Systems	148.39
Siemens Industry, Inc.	800.00
Office Basics, Inc.	60.14
Office Basics, Inc.	226.76
Shute's Tree Service	650.00
All Industrial Safety Products	694.50
Various	58.23
Various	101.03
	<hr/>
	\$ 2,739.05
	<hr/>

Exhibit SA-18

BOROUGH OF HADDON HEIGHTS
CURRENT FUND
 Statement of Reserve for Tax Appeals
 For the Year Ended December 31, 2012

Balance Dec. 31, 2012	\$ 19,329.46
Decreased by:	
Canceled to Fund Balance	\$ 19,329.46
	<hr/>

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2012

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2012</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	40,141.00			40,141.00
DVRPC TCDI Grant	75,000.00		\$ 58,600.31	16,399.69
NJDEP Stormwater Regulation Program	2,117.00			2,117.00
Transportation Grant - 2011 Program	200,000.00		191,656.60	8,343.40
Transportation Grant - 2012 Program		\$190,000.00		190,000.00
Pedestrian And Bicycle Facilities	25,000.00	185,944.00		210,944.00
Federal Occupant Protection Grant	2,000.00			2,000.00
Total Federal Grants	428,592.88	375,944.00	250,256.91	554,279.97
State Grants:				
Clean Communities Grant		11,631.49	11,631.49	
Body Armor Fund		1,813.49	1,813.49	
Recycling Tonnage Grant	802.61	9,067.71	9,067.71	802.61
Green Communities	3,000.00			3,000.00
NJDEP Historic		24,999.00		24,999.00
Municipal Alliance on Alcoholism and Drug Abuse	2,945.00	11,574.00	8,108.00	6,411.00
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund		431.70	431.70	
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	122,280.61	63,517.39	35,052.39	150,745.61
Other Grants:				
JIF Safety Award	700.00			700.00
Total All Grants	\$ 551,573.49	\$439,461.39	\$ 285,309.30	\$ 705,725.58

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, 2012

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Grants</u> <u>Accrued</u>	<u>Realized as</u> <u>Miscellaneous</u> <u>Revenue in</u> <u>2012</u>
Federal Grants			
Transportation Grant - FY2012 Road Program		\$ 190,000.00	\$ 190,000.00
Pedestrian And Bicycle Facilities		185,944.00	185,944.00
		<u>375,944.00</u>	<u>375,944.00</u>
State Grants:			
Body Armor Fund		1,813.49	1,813.49
Clean Communities Program		11,631.49	11,631.49
Drunk Driving Enforcement Grant	\$ 1,473.92		1,473.92
Municipal Alliance on Alcoholism and Drug Abuse		11,574.00	11,574.00
Alcohol Education, Rehabilitation and Enforcement Fund		431.70	431.70
NJ DEP Historic		24,999.00	24,999.00
Recycling Tonnage Grant		9,067.71	9,067.71
Click It or Ticket		4,000.00	4,000.00
Total State Grants	<u>1,473.92</u>	<u>63,517.39</u>	<u>64,991.31</u>
Total All Grants	<u>\$ 1,473.92</u>	<u>\$ 439,461.39</u>	<u>\$ 440,935.31</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, 2012

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Contracts &</u> <u>Encumbrances</u> <u>Canceled</u>	<u>Transferred</u> <u>from</u> <u>2012</u> <u>Appropriation</u>	<u>Net Cash</u> <u>Disbursed</u>	<u>Encumbered</u>	<u>Balance</u> <u>Dec. 31, 2012</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	50,270.28					50,270.28
Transportation Grant - FY2010 Road Program	46,432.04					46,432.04
TCDI Grant	15,390.66		\$	13,641.04		1,749.62
Transportation Grant - 2011 Program	8,421.83	\$ 21,234.17	\$ 190,000.00	29,423.58		232.42
Transportation Grant - 2012				1,683.00		188,317.00
Pedestrian And Bicycle Facilities			185,944.00			185,944.00
Historic Preservation Grant	386.23					386.23
Total Federal Grants	132,654.75	21,234.17	375,944.00	44,747.62		485,085.30
State Grants:						
Body Armor Fund	6,463.42		1,813.49	2,000.00		6,276.91
Clean Communities Grant	32,520.04		11,631.49			44,151.53
Green Communities	3,000.00			3,000.00		
Community Planning Advocacy	36.66					36.66
Sustainable Jersey Small Grant	935.00			555.00		380.00
Click It or Ticket			4,000.00			4,000.00
Drunk Driving Enforcement Grant	7,153.80		1,473.92	2,908.87		7,718.85
Municipal Alliance on Alcoholism and Drug Abuse	11,937.34	2,000.00	11,574.00	9,728.84	\$ 386.49	13,396.01
Alcohol Abuse Grant - Station House	1,000.00					1,000.00
Municipal Court Alcohol Education, Rehabilitation and Enforcement Fund	2,073.10		431.70			2,504.80
Domestic Violence	25.06					25.06
Hazardous Discharge Site Remediation - Devon Ave	388.02	\$2,080.00		2,080.00		388.02
PEOSHA --Immunization of Employees	3,079.20					3,079.20
NJDEP Historic Survey			28,999.00	28,999.00		
Recycling Tonnage Grant	8,906.94	500.00	9,067.71	3,781.80		14,692.85
Total State Grants	77,518.58	4,580.00	68,991.31	53,053.51	386.49	97,649.89

(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, 2012

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Contracts &</u> <u>Encumbrances</u> <u>Canceled</u>	<u>Transferred</u> <u>from</u> <u>2012</u> <u>Appropriation</u>	<u>Net Cash</u> <u>Disbursed</u>	<u>Encumbered</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Other Grants:						
JIF Safety Award	\$ 343.15		\$	100.00	\$	243.15
Comcast Grant	32.69					32.69
Total Other Grants	375.84			100.00		275.84
Total All Grants	<u>\$ 210,549.17</u>	<u>\$ 25,814.17</u>	<u>\$ 444,935.31</u>	<u>\$ 97,901.13</u>	<u>\$ 386.49</u>	<u>\$ 583,011.03</u>
Cash Disbursed				\$ 97,901.13		
Cash Refunded				<u>(1,330.06)</u>		
Net Cash Disbursed				<u>\$ 96,571.07</u>		

BOROUGH OF HADDON HEIGHTS
FEDERAL, STATE AND OTHER GRANT FUND
 Statement of Due To Current Fund
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 313,736.23
Increased by:		
Disbursements		<u>97,901.13</u>
		411,637.36
Decreased by:		
Receipts :		
Matching Funds	4,000.00	
Grants Receivable	<u>285,309.30</u>	
		<u>289,309.30</u>
Balance Dec. 31, 2012		<u><u>\$ 122,328.06</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, 2012

	<u>Animal Control</u>	<u>Other Trust</u>
Balance Dec. 31, 2011	\$ 216.54	\$ 430,631.54
Increased by Receipts:		
Animal Control Fees	\$2,986.50	
Due to State of New Jersey - Department of Health	369.00	
Current Fund	0.07	\$ 33,868.36
Reserve for Community Development Block Grant Funds		39,120.49
Miscellaneous Trust Reserves		842,529.61
Intrafund Receipt - Due Trust		5,670.71
Payroll Deductions Payable		<u>2,542,051.65</u>
	<u>3,355.57</u>	<u>3,463,240.82</u>
	3,572.11	3,893,872.36
Decreased by Disbursements		
Expenditures under R.S. 4:19-15.11--Cash	3,056.25	
State Registration Fees	369.00	
Current Fund		8,799.19
Miscellaneous Trust Reserves		866,872.18
Payroll Deductions Payable		2,529,292.43
Reserve for Community Development Block Grant Funds		<u>49,275.50</u>
	<u>3,425.25</u>	<u>3,454,239.30</u>
Balance Dec. 31, 2012	<u>\$ 146.86</u>	<u>\$ 439,633.06</u>

BOROUGH OF HADDON HEIGHTS
ANIMAL CONTROL FUND
 Statement of Reserve for Animal Control Expenditures
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$	215.36
Increased by Receipts:			
Dog Licenses Fees	\$	2,470.50	
Cat License Fees		<u>516.00</u>	
			<u>2,986.50</u>
			3,201.86
Decreased by Disbursements:			
Expenditures under R.S. 4:19-15.11--Cash			<u>3,056.25</u>
Balance Dec. 31, 2012		\$	<u><u>145.61</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	2,883.73
2010	<u>3,225.10</u>
	<u>\$ 6,108.83</u>

BOROUGH OF HADDON HEIGHTS
ANIMAL CONTROL FUND
 Statement of Due to Current Fund
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$	1.18
Increased by:			
Receipts - Interest			<u>0.07</u>
Balance Dec. 31, 2012		\$	<u><u>1.25</u></u>

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND

Statement of Due from Camden County Community Development Block Grant Receivable
For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 76,156.63
Increased by:		
Year 34 Award		<u>23,300.00</u>
		99,456.63
Decreased by:		
Canceled	\$ 10,036.14	
Receipts	<u>39,120.49</u>	
		<u>49,156.63</u>
Balance Dec. 31, 2012		<u><u>\$ 50,300.00</u></u>
 <u>Analysis of Balance Dec. 31, 2012</u>		
Year 32		\$ 27,000.00
Year 34		<u>23,300.00</u>
		<u><u>\$ 50,300.00</u></u>

Exhibit SB-5

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND

Statement of Reserve for Community Development Block Grant
For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 72,615.71
Increased by:		
Year 34 Award		<u>23,300.00</u>
		95,915.71
Decreased by:		
Disbursements	\$ 49,275.50	
Canceled	<u>10,036.14</u>	
Disbursements		<u>59,311.64</u>
Balance Dec. 31, 2012		<u><u>\$ 36,604.07</u></u>
 <u>Analysis of Balance Dec. 31, 2012</u>		
Year 33		\$ 13,304.07
Year 34		<u>23,300.00</u>
		<u><u>\$ 36,604.07</u></u>

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 14,859.34
Increased by:		
Interest Earnings - Realized as Miscellaneous Revenue	\$ 37.59	
Receipts in Trust-Other Fund - Realized as Miscellaneous Revenue	400.00	
Receipts in Trust-Other Fund	33,430.77	
		33,868.36
		48,727.70
Decreased by:		
Disbursements	6,350.84	
Payroll Company Fees Disbursed by Trust	2,448.35	
		8,799.19
Balance Dec. 31, 2012		\$ 39,928.51
<u>Analysis of Balance Dec. 31, 2012</u>		
Payroll		\$ 39,269.04
Tax Title Lien		123.04
Trust - Other		536.43
		\$ 39,928.51

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	Paid or <u>Charged</u>	Balance <u>Dec. 31, 2012</u>
Reserve for Recycling	\$ 20,582.63	\$ 25,311.79	\$ 15,876.91	\$ 30,017.51
Reserve for Public Defender	3,222.25	2,499.00	2,100.00	3,621.25
Reserve for Unemployment Compensation	8,780.98			8,780.98
Reserve for Uniform Fire Safety Code - Penalties	3,230.19	550.00		3,780.19
Reserve for Street Opening Deposits	1,489.00	152.00		1,641.00
Reserve for Planning & Zoning Board	21,556.77	28,635.00	31,255.00	18,936.77
Reserve for Tax Title Lien Redemptions:				
Outside Liens	130,408.37	593,174.47	642,546.97	81,035.87
Reserve for Citizen Donations				
Police Department	10,641.66	2,534.00	7,889.59	5,286.07
Reserve for POAA	2,030.28	848.00		2,878.28
Reserve for Municipal Drug Alliance Donations	18,534.05	10,489.74	2,823.15	26,200.64
Reserve for Police Forfeiture	3,055.68	1,000.43	2,032.97	2,023.14
Reserve for Fire Department	654.72		75.60	579.12
Reserve for Off Duty Police	15,833.00	118,665.89	90,633.35	43,865.54
Reserve for Fourth of July Parade	135.11		26.87	108.24
Reserve for Memorial Clock Donations	1,457.51	39,340.00	23,729.48	17,068.03
Reserve for Land Deposits	155,000.00	25,000.00	50,124.16	129,875.84
	<u>\$ 396,612.20</u>	<u>\$ 848,200.32</u>	<u>\$ 869,114.05</u>	<u>\$ 375,698.47</u>
Disbursements			\$ 866,872.18	
Encumbrances			<u>2,241.87</u>	
			<u>\$ 869,114.05</u>	
Receipts		\$ 842,529.61		
Intrafund Receivable		<u>5,670.71</u>		
		<u>\$ 848,200.32</u>		

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Statement of Reserve for Payroll Deductions Payable
For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 22,700.92
Increased by:		
Receipts		
Payroll	\$ 1,693,276.62	
Payroll Deductions	<u>848,775.03</u>	
		<u>2,542,051.65</u>
		2,564,752.57
Decreased by:		
Disbursements		
Payroll	1,693,276.62	
Payroll Deductions	<u>836,015.81</u>	
		<u>2,529,292.43</u>
Balance Dec. 31, 2012		<u><u>\$ 35,460.14</u></u>
<u>Analysis of Balance Dec. 31, 2012</u>		
Unallocated		\$ (12,199.16)
Other		(148.53)
Pension		19,307.52
Federal/State Taxes		<u>28,500.31</u>
		<u><u>\$ 35,460.14</u></u>

Exhibit SB-9

BOROUGH OF HADDON HEIGHTS
TRUST OTHER FUND
Schedule of Reserve for Encumbrances
For the Year Ended December 31, 2012

Encumbrances Placed in 2012:		
Reserve for Planning and Zoning Escrow		\$ 1,095.00
Reserve for Recycling Funds		87.50
Reserve for Public Defender		525.00
Reserve for 4th of July Parade		26.87
Reserve for Land Deposits		<u>507.50</u>
Balance Dec. 31, 2012		<u><u>\$ 2,241.87</u></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, 2012

Balance Dec. 31, 2011		\$ 120,559.09
Increased by Receipts:		
Budget Appropriations:		
Capital Improvement Fund	\$ 27,567.50	
Current Fund	9.37	
Bond Anticipation Notes	<u>2,478,682.00</u>	
		<u>2,506,258.87</u>
		2,626,817.96
Decreased by Disbursements:		
Bond Anticipation Notes	1,955,182.00	
Improvement Authorizations	<u>217,188.37</u>	
		<u>2,172,370.37</u>
Balance Dec. 31, 2012		<u><u>\$ 454,447.59</u></u>

BOROUGH OF HADDON HEIGHTS
 GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2012

	Receipts				Disbursements				Balance (Deficit) Dec. 31, 2012
	Balance (Deficit) Dec. 31, 2011	Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Transfers		
							From	To	
Fund Balance	\$ 3,863.12							\$3,863.12	\$ -
Capital Improvement Fund	9,376.22	\$ 27,567.50						\$ 27,567.50	9,376.22
Reserve for Encumbrances	64,535.24							64,535.24	\$ 50,460.37
Contractis Payable									228,418.00
Current Fund	261.63			\$ 9.37					3,863.12
Improvement Authorizations:									
Ordinance									
Number									
1201 Fire Department Equipment	(584.00)								(584.00)
1212 Various Improvements									
1218 Acquisition of Ambulance and Equipment	(6,000.71)								(6,000.71)
1234/1259 Acquisition of Equipment & Various Improvements	(7,703.57)								(7,703.57)
1241 Acquisition of Signs for Public Works Dept									
1250 Fire Department Turn Out Gear	(622.31)								(622.31)
1259 Technology Upgrades				\$ 47.24				47.24	
1261 Improvements to Soccer and Recreational Fields	5,965.09							785.00	
1262 Closure of Kings Highway Pumping Station	98.68							98.68	
1280 Various Improvements	162.18								162.18
1307 Various Improvements	9,111.22							8,533.03	
1309 Acquisition of Property	(128,455.30)		\$ 1,217,106.00					\$ 1,217,106.00	(128,455.30)
333/1357/13 Various Capital Improvements	98,611.86		531,446.00		54,902.63			531,446.00	66,760.56
1344 Fire Department Command Vehicle	21.61		28,500.00					28,500.00	21.61
1368 Various Improvements	15,091.83		37,878.00		17,489.73			37,878.00	6,582.10
1369 Various Improvements	56,826.30		140,252.00		64,603.58			5,120.21	4,510.26
1382 Various Equipment and Improvements			523,500.00		70,728.48			258,662.00	221,677.02
	\$ 120,559.09	\$ 27,567.50	\$ 2,478,682.00	\$ 9.37	\$ 217,188.37	\$ 1,955,182.00	\$ 374,844.23	\$ 374,844.23	\$ 454,447.59

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2012

Balance Dec. 31, 2011	\$ 3,517,196.85
Decreased by:	
2012 Budget Appropriations:	
General Serial Bonds	\$ 225,000.00
Green Trust Loan Payable	<u>21,954.02</u>
	<u>246,954.02</u>
Balance Dec. 31, 2012	<u><u>\$ 3,270,242.83</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation - Unfunded
 For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Analysis of Balance Dec. 31, 2012						
		Balance Dec. 31, 2011	2012 Authorizations	Budget Appropriation	Balance Dec. 31, 2012	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1201	Fire Department Equipment	\$ 584.00			\$ 584.00		\$ 584.00	
1218	Acquisition of Ambulance and Equipment	6,000.71			6,000.71		6,000.71	
1234	Acquisition of Equipment & Various Improvements	7,703.57			7,703.57		7,703.57	
1250	Fire Department Turn Out Gear	622.31			622.31		622.31	
1259	Technology Upgrades	140.09			140.09		47.24	\$ 92.85
1261	Improvements to Soccer and Recreational Fields	1.00			1.00			1.00
1280	Various Improvements	0.97			0.97			0.97
1309	Acquisition of Land	1,363,056.00		15,800.00	1,347,256.00	\$ 1,217,106.00	128,455.30	1,694.70
1333/1358	Various Improvements							
	A - Repair of Municipal Building Roof	2,395.85			2,395.85	2,395.25	0.60	
	B - Office Equipment	132,150.00			132,150.00	132,150.00		
	C - Resurfacing of Various Roads	45,823.95			45,823.95	45,823.95		
	D - Public Works Equipment	26,600.00			26,600.00	26,600.00		
	E - Fuel Tank & Electronic Lift	64,622.00			64,622.00	64,622.00		
	F - Sewer Improvements	57,000.00			57,000.00	57,000.00		
	G - Sewer Truck and Hoses	14,250.00			14,250.00	14,250.00		
	H - Repair of Municipal Building Roof	52,250.00			52,250.00	52,250.00		
	I - Office Equipment	93,564.00			93,564.00	93,564.00		
	J - Resurfacing of Various Roads	7,410.00			7,410.00	7,410.00		
	K - Public Works Equipment	1,415.00			1,415.00	1,415.00		
	L - Fuel Tank & Electronic Lift	12,818.35			12,818.35	12,818.35		
	M - Sewer Improvements	21,147.45			21,147.45	21,147.45		
1344	Fire Dept. Command Vehicle	28,500.00			28,500.00	28,500.00		
1368	Various Improvements	37,878.00			37,878.00	37,878.00		
1369	Various Improvements	140,252.00			140,252.00	140,252.00		
1382	Various Equipment and Improvements		\$ 523,782.50		523,782.50	523,500.00		282.50
		\$ 2,116,185.25	\$ 523,782.50	\$ 15,800.00	\$ 2,624,167.75	\$ 2,478,682.00	\$ 143,413.73	\$ 2,072.02
Improvement Authorizations - Unfunded							\$	301,624.17
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:								
	Ordinance Number:							
	1333/1358				\$ 66,761.16			
	1344				21.61			
	1368				6,582.10			
	1369				4,510.26			
	1382				221,677.02			
								299,552.15
								\$ 2,072.02

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Due To Current Fund
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 261.63
Increased by:		
Interest Earned on Investments	\$ 9.37	
Fund Balance Anticipated as Current Fund Revenue	<u>3,863.12</u>	
		<u>3,872.49</u>
Balance Dec. 31, 2012		<u><u>\$ 4,134.12</u></u>

Exhibit SC-6

GENERAL CAPITAL FUND
 Statement of Capital Improvement Fund
 For the Year Ended December 31, 2012

Balance Dec. 31, 2011		\$ 9,376.22
Increased by:		
Budget Appropriation	<u>27,567.50</u>	
		36,943.72
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>27,567.50</u>	
Balance Dec. 31, 2012		<u><u>\$ 9,376.22</u></u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date	Ordinance Amount	December 31, 2011		2012 Authorizations	Reserve for Contracts & Encumbrances Canceled	Paid or Charged	December 31, 2012	
				Funded	Unfunded				Funded	Unfunded
1212	Various Improvements	4/4/2006	\$ 990,323.00					\$ 47.24	\$ -	\$ 92.85
1259	Technology Updates	5/6/2008	1,369,650.00	\$ 140.09				785.00	5,180.09	1.00
1261	Improvements to Soccer and Recreational Fields	5/6/2008	209,856.19	\$ 5,965.09	1.00			98.68		
1262	General Sewer Improvements	5/6/2008	186,802.50	98.68						
1280	Various Improvements	9/2/2008	398,476.00	162.18	0.97				162.18	0.97
1307	Various Capital Improvements	5/5/2009	186,873.00	9,111.22				8,533.03	578.19	
1309	Acquisition of Property	5/19/2009	1,313,000.00	1,694.70						1,694.70
1358	Various Capital Improvements	6/15/2010	599,288.00	98,612.46			\$ 38,147.49	69,998.79		66,761.16
1344	Fire Department Command Vehicle	6/15/2010	30,000.00	21.61						21.61
1368	Various Improvements	5/3/2011	37,878.00	15,091.83			8,980.00	17,489.73		6,582.10
1369	Various Improvements	5/3/2011	147,433.00	56,826.30			17,407.75	69,723.79		4,510.26
1382	Various Equipment & Improvements		551,350.00			\$ 551,350.00		329,390.48		221,959.52
				\$ 15,337.17	\$ 172,388.96	\$ 551,350.00	\$ 64,535.24	\$ 496,066.74	\$ 5,920.46	\$ 301,624.17
Deferred Charges to Future Taxation Unfunded						\$ 523,782.50				
Capital Improvement Fund						27,567.50				
						<u>\$ 551,350.00</u>				
							Disbursed	\$ 217,188.37		
							Reserve for Encumbrances	50,460.37		
							Contracts Payable	228,418.00		
								<u>\$ 496,066.74</u>		

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Schedule of Contracts Payable
For the Year Ended December 31, 2012

<u>Analysis of Balance Dec. 31, 2012</u>	<u>Ordinance No.</u>	<u>Amount</u>
Peirce Eagle Equipment Co.	1382	\$ 169,839.00
Mall Chevrolet	1382	48,399.00
Gibson Electrical & General	1382	5,680.00
Government Technologies Group	1382	<u>4,500.00</u>
Balance Dec. 31, 2012		<u><u>\$ 228,418.00</u></u>

Exhibit SC-9

GENERAL CAPITAL FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2012

Balance Dec. 31, 2011	\$ 64,535.24
Increased by:	
Transfer from Improvement Authorizations	<u>50,460.37</u>
	114,995.61
Decreased by:	
Canceled to Improvement Authorization	<u>64,535.24</u>
Balance Dec. 31, 2012	<u><u>\$ 50,460.37</u></u>

BOROUGH OF HADDON HEIGHTS
 GENERAL CAPITAL FUND
 Statement of Bond Anticipation Notes
 For the Year Ended December 31, 2012

Ord. Number	Improvement Description	Amount of Original Issue	Date of Original Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Change		Balance Dec. 31, 2012
							Increased	Decreased	
1309	Purchase of Real Property	\$1,247,350.00	06/15/09	6/9/2011 6/7/2012	1.50% 0.91%	\$1,232,906.00	\$1,217,106.00	\$1,232,906.00	\$ 1,217,106.00
1333	Various Improvements	531,446.00	7/21/2010	6/9/2011 6/7/2012	1.50% 0.91%	531,446.00	531,446.00	531,446.00	531,446.00
1344	Fire Department Command Vehicle	28,500.00	7/21/2010	6/9/2011 6/7/2012	1.50% 0.91%	28,500.00	28,500.00	28,500.00	28,500.00
1368	Various Improvements	37,878.00	6/8/2011	6/9/2011 6/7/2012	1.50% 0.91%	37,878.00	37,878.00	37,878.00	37,878.00
1369	Various Improvements	140,252.00	6/8/2011	6/9/2011 6/7/2012	1.50% 0.91%	140,252.00	140,252.00	140,252.00	140,252.00
1382	Various Equipment & Improvements	523,500.00	6/7/2012	7/26/2012	0.97%		523,500.00		523,500.00
						<u>\$1,970,982.00</u>	<u>\$2,478,682.00</u>	<u>\$1,970,982.00</u>	<u>\$2,478,682.00</u>
Renewal Budget Appropriation Issued for Cash							\$1,955,182.00	\$1,955,182.00	
							523,500.00	15,800.00	
						<u>\$2,478,682.00</u>	<u>\$1,970,982.00</u>	<u>\$1,970,982.00</u>	<u>\$2,478,682.00</u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of New Jersey Green Trust Loan Payable
For the Year Ended December 31, 2012

Balance Dec. 31, 2011	\$ 179,196.85
Decreased by:	
Principal Payments Paid by Budget Appropriation	<u>21,954.02</u>
Balance Dec. 31, 2012	<u><u>\$ 157,242.83</u></u>

Maturities of Loan Outstanding Dec. 31, 2012

	<u>Interest</u>	<u>Principal</u>
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
	<u>\$ 18,358.29</u>	<u>\$ 157,242.83</u>

BOROUGH OF HADDON HEIGHTS
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2012

<u>Ord. Number</u>	<u>Amended</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Adjustment</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2012</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	7,703.57		\$140.09		7,843.66
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				0.60
1382		Various Equipment & Improvements		\$ 523,782.50		\$ 523,500.00	282.50
1369		Various Improvements					
			<u>\$ 145,063.16</u>	<u>\$ 523,782.50</u>	<u>\$ 140.09</u>	<u>\$ 523,500.00</u>	<u>\$145,485.75</u>

BOROUGH OF HADDON HEIGHTS

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

BOROUGH OF HADDON HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2012

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. 2012-1

Criteria or Specific Requirement

The New Jersey Division of Local Government Services Local Finance Notice No. 2003-14 requires the Borough to maintain a general ledger.

Condition

The General Ledger was adequately maintained during the year, however, required significant audit adjusting entries to adequately reflect the financial condition of the Borough.

Context

Significant audit adjusting entries were required to adequately reflect balances as of December 31, 2012 for the following accounts: Current and Prior Year Taxes, Federal and State interfunds, Revenues, Appropriations and Fund Balance.

Effect

1. If the general ledger had been relied upon the status of financial condition would have been misrepresented. However, the Chief Financial Officer maintained adequate records for Cash, Revenues and Appropriations and closely monitored the Current and Prior Year Taxes with the assistance of the Tax Office and the tax records of the Borough.
2. 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 may not be known at any time during the year.

Cause

Although all documents were maintained in adequate function and year end closing entries were posted, several significant year end closing entries were not correct and required audit adjustments.

Recommendation

That the general ledger year end closing entries be completed accurately.

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, 2012

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2012-2

Criteria or Specific Requirement

Per NJSA 40A:4-57, there should not be over commitments or over expenditures of appropriation line items and transfers should only be made from and to allowable appropriations.

Condition

There were several appropriation reserve line items overcommitted prior to budget transfers and all transfers were not approved in the minutes. In addition, a transfer was made to an appropriation excluded from "CAPS" from debt service.

Context

Several line items of appropriation reserves were over-committed prior to transfers being approved. The transfer from debt service was to capital improvement fund for \$1,242.50. The amount was immaterial and if disallowed would have increased the amount of unexpended appropriation of debt service.

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 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 line items that were over-expended 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 and have all allowable transfers approved by the governing body.

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, 2012

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2012-3

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. In addition, the balance of Year 30 Community Development Block Grant Funds.

Context

The Borough currently has \$705,725.58 in grants receivable and has \$583,011.03 of grants that are unexpended. This has contributed to an interfund during the year and as a result a reduction in available cash surplus. In addition, the unspent award for Year 30 in Community Development Block Grant Funds of \$10,036.14 were canceled and withdrawn by the County due to lack of utilization.

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 previous year and the responsibility for the collection of grants and monitoring of filing for grant reimbursements was not assumed, until the latter months of 2012.

Recommendation

That the Borough continues to monitor the status of each grant.

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, 2012

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2012-4

Criteria or Specific Requirement

The payroll process should follow statutory guidelines and Borough ordinances established.

Condition

The borough did not process payroll in accordance with established guidelines as promulgated by Borough ordinance and did not withhold health benefits in accordance with state statutes.

Context

One employee was paid utilizing the 2011 salary ordinance rather than the 2012 salary ordinance.

One employee was paid in 2012, however, their position was not included in the 2012 salary ordinance.

Health benefit deductions were not calculated in accordance with established guidelines.

During the year several bank account transfers from current fund to payroll account were not for the amount required by the payroll register resulting in a year end interfunds.

Effect

The Borough may not have been reimbursed the total amount that was required from employees that contributed to health care costs. The amount that may not have been reimbursed was not material to the financial statements. In addition, two employees may not have been paid the correct amount in accordance with Borough salary ordinance.

Cause

The amount withheld from individuals required to contribute healthcare costs were not in agreement with established state guidelines and did not include the costs of prescriptions benefits in the calculation. The payroll transfers from current to payroll bank accounts were estimated on several occasions rather than be based on actual amounts required by the payroll register.

Recommendation

That the Borough review and adhere to procedures with respect to the payroll process and adhere to Borough Ordinance and Healthcare deduction guidelines.

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, 2012

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2012-5

Criteria or Specific Requirement

New Jersey statutes require certain accounting procedures for Developers Escrows.

Condition

The accounting for Developer Escrows was not properly maintained.

Context

Several accounts with deposits over \$5,000 did not have any interest posted to them. There does not appear to be a subsidiary account for individual escrows.

Effect

The subsidiary ledger was not accurately maintained.

Cause

There have been recent changes in personnel and issues with the financial institution where escrows are maintained.

Recommendation

That the escrow subsidiary ledger be accurately maintained and interest posted to individual escrows with deposits in excess of \$5,000.

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 that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

Finding No. 2011-1

Condition

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.

Current Status

This condition has been resolved.

Finding No. 2011-2

Condition

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

Current Status

This condition has been resolved.

Finding No. 2011-3

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.

Current Status

This condition still exists. See finding no. 2012-3.

Planned Corrective Action

The Chief Financial Officer and Borough Engineer will review each grant and oversee the process of expending funds and seeking reimbursement of those funds.

Finding No. 2011-4

Condition

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

Current Status

This condition has been resolved.

Finding No. 2011-5

Condition

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

Current Status

This condition has been resolved.

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 that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS (CONT'D)

Finding No. 2011-6

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.

Current Status

Although there were no specific line items over-expended in 2012, the condition continues to exist. See finding no. 2012-2.

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.

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>
Edward S. Forte, Jr.	Mayor	
Kathy Lange	Council President	
Rosemary Fitzgerald	Councilwoman	
Susan Griffith	Councilwoman	
Stephen Berryhill	Councilman	
Richard DiRenzo	Councilman	
David McCollum	Councilman	
Joan Moreland	Interim Borough Clerk, Municipal Search Officer	(A)
Jeffrey S. Kasko	Treasurer, Acting Chief Financial Officer	(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)
Kelly Santosusso	Deputy Borough Clerk and Secretary to Planning, Zoning and Assessor	
John Szczerbinski	Construction Code Official	(A)
Eileen Pollock	Construction Code Secretary	(A)
Edward P. Epstein	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, appearing to read "Robert S. Marrone". The signature is written in a cursive style with a large initial "R".

Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

