

BOROUGH OF HILLSDALE

**Financial Statements With
Supplementary Information
December 31, 2007**

(With Independent Auditor's Report Thereon)

BOROUGH OF HILLSDALE

TABLE OF CONTENTS

Part I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
<u>FINANCIAL STATEMENTS</u>		
<u>Current Fund</u>		
A	Comparative Balance Sheet - Regulatory Basis	3
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	5
A-2	Statement of Revenues - Regulatory Basis	7
A-3	Statement of Expenditures - Regulatory Basis	9
<u>Trust Funds</u>		
B	Comparative Balance Sheet - Regulatory Basis	15
<u>General Capital Fund</u>		
C	Comparative Balance Sheet - Regulatory Basis	17
<u>Swimming Pool Utility Fund</u>		
D	Comparative Balance Sheet - Regulatory Basis	18
D-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	19
D-2	Statement of Revenues - Regulatory Basis	20
D-3	Statement of Expenditures - Regulatory Basis	21
<u>Public Assistance Fund</u>		
E	Comparative Balance Sheet - Regulatory Basis	22
<u>General Fixed Assets Account Group</u>		
F	Comparative Statement of General Fixed Assets - Regulatory Basis	23

BOROUGH OF HILLSDALE

TABLE OF CONTENTS, (continued)

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	Notes to Financial Statements	24
	Supplementary Data	43
<u>SUPPLEMENTARY INFORMATION</u>		
<u>Current Fund</u>		
A-4	Schedule of Cash - Treasurer	49
A-5	Schedule of Change Fund	50
A-6	Schedule of Due from/(to) State of New Jersey – Senior Citizens’ and Veterans’ Deductions	50
A-7	Schedule of Other Accounts Receivable	51
A-8	Schedule of Taxes Receivable and Analysis of 2007 Property Tax Levy	52
A-9	Schedule of Tax Title Liens	53
A-10	Schedule of Property Acquired for Taxes (at Assessed Valuation)	53
A-11	Schedule of Revenue Accounts Receivable	54
A-12	Schedule of Deferred Charges N.J.S.A. 40A:4-55 – Special Emergency	55
A-13	Schedule of Deferred Charges - Emergency Authorizations	55
A-14	Schedule of Appropriation Reserves	56
A-15	Schedule of Encumbrances Payable	59
A-16	Schedule of Local District School Taxes Payable	60
A-17	Schedule of Regional High School Taxes Payable	60
A-18	Schedule of County Taxes	61
A-19	Schedule of Tax Overpayments	62
A-20	Schedule of Prepaid Taxes	63
A-21	Schedule of Due to State of New Jersey for Marriage License/ Domestic Partnership Fees	63
A-22	Schedule of Due to State of New Jersey DCA Fees	64
A-23	Schedule of Interfunds	65
A-24	Schedule of Various Reserves	66
A-25	Schedule of Due from/(to) Federal and State Grant Fund	67
A-26	Schedule of Grants Receivable - Federal and State Grant Fund	68
A-27	Schedule of Appropriated Reserves for Federal and State Grant Fund	69
A-28	Schedule of Unappropriated Reserves for Federal and State Grant Fund	70

BOROUGH OF HILLSDALE

TABLE OF CONTENTS, (continued)

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Trust Funds</u>	
B-1	Schedule of Cash – Collector – Treasurer	71
B-2	Schedule of Reserve for Animal License Trust Fund Expenditures	72
B-3	Schedule of Prepaid Animal Licenses - Animal License Trust Fund	73
B-4	Schedule of Amount Due to State of New Jersey - Department of Health - Animal License Trust Fund	73
B-5	Schedule of Interfunds	74
B-6	Schedule of Reserve for Other Trust Funds	75
B-7	Schedule of Reserve for Escrow Deposits	76
B-8	Schedule of Reserve for Recreation Expenditures	76
B-9	Statement of Service Award Contributions Receivable - Emergency Services Volunteer Length of Service Award Program	77
B-10	Statement of Net Assets Available for Benefits - Emergency Services Volunteer Length of Service Award Program	77
	<u>General Capital Fund</u>	
C-1	Schedule of Cash	78
C-2	Analysis of Cash	79
C-3	Schedule of Deferred Charges to Future Taxation - Unfunded	80
C-4	Schedule of Bond Anticipation Notes Payable	81
C-5	Schedule of Improvement Authorizations	82
C-6	Schedule of Reserve for Capital Improvements	83
C-7	Schedule of Capital Improvement Fund	84
C-8	Schedule of Encumbrances Payable	84
C-9	Schedule of Down Payments on Improvements	85
C-10	Schedule of Due to/(from) Current Fund	86
C-11	Schedule of Premiums - Bond Anticipation Notes	87
C-12	Schedule of Reserve for Municipal Open Space Fund	87
C-13	Schedule of Bonds and Notes Authorized But Not Issued	88
	<u>Swimming Pool Utility Fund</u>	
D-4	Schedule of Analysis of Cash	89
D-5	Schedule of Cash - Collector - Treasurer	90
D-6	Schedule of 2006 Reserves - Operating Fund	91
D-7	Schedule of Interfund Receivables/(Payable)	92
D-8	Schedule of Accrued Interest	93
D-9	Schedule of Fixed Capital	94
D-10	Schedule of Fixed Capital Authorized and Uncompleted	95
D-11	Schedule of Bond Anticipation Notes Payable	96
D-12	Schedule of Improvement Authorizations	97

BOROUGH OF HILLSDALE

TABLE OF CONTENTS, (continued)

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Swimming Pool Utility Fund, (continued)</u>	
D-13	Schedule of Reserve for Amortization	98
D-14	Schedule of Reserve for Swim Team Expenditures	98
D-15	Schedule of Capital Improvement Fund	99
D-16	Schedule of Reserve for Improvements	99
D-17	Schedule of Deferred Reserve for Amortization	100
D-18	Schedule of Bonds and Notes Authorized but not Issued	101
	<u>Public Assistance Fund</u>	
E-1	Schedule of Cash – Treasurer	102
E-2	Schedule of Public Assistance Cash and Reconciliation Per N.J.S.A. 40A:5-5	103
E-3	Schedule of Public Assistance Cash and Reconciliation	104
E-4	Schedule of Reserve for Public Assistance Expenditures	105
E-5	Schedule of Revenues – Cash Basis	106
E-6	Schedule of Expenditures – Cash Basis	106
E-7	Schedule of Due to Current Fund	107

Part II

	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	108
	General Comments	110
	Recommendations	113
	Status of Prior Years Audit Findings/Recommendations	114
	Acknowledgment	114

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Hillsdale
County of Bergen, New Jersey

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

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

The Length of Service Awards Program of the Borough of Hillsdale has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



Honorable Mayor and
Members of the Borough Council
Page 2.

In our opinion, because of the Borough of Hillsdale's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Hillsdale, New Jersey as of December 31, 2007 and 2006 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Hillsdale, New Jersey at December 31, 2007 and 2006, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2007, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2008 on our consideration of the Borough of Hillsdale's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

June 9, 2008



BOROUGH OF HILLSDALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2007 and 2006

<u>Assets</u>	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Regular Fund			
Cash	A-4	\$ 4,800,601	4,007,593
Cash - change funds	A-5	250	250
Other accounts receivable	A-7	284,788	325,058
		<u>5,085,639</u>	<u>4,332,901</u>
Due from state:			
Senior citizens' and veterans' deductions	A-6	337	
Receivables and other assets with full reserves:			
Delinquent property tax receivable	A-8	297,243	256,163
Tax title liens receivable	A-9	25,568	23,206
Foreclosed property - property acquired for taxes - assessed valuation	A-10	655,700	655,700
Revenue accounts receivable	A-11	20,796	22,657
Interfund Receivables:			
Other Trust Fund	A-23	12,037	196
General Capital Fund	A-23		179
		<u>1,011,344</u>	<u>958,101</u>
Deferred charges:			
Special emergency authorizations (40A:4-55)	A-12	102,000	153,000
Emergency Authorizations	A-13	39,500	
		<u>141,500</u>	<u>153,000</u>
		<u>6,238,820</u>	<u>5,444,002</u>
Federal and State Grant Fund:			
Cash	A-4	3,021	3,011
Due from Current Fund	A-25	25,378	20,359
Grants Receivable	A-26	171,257	118,170
		<u>199,656</u>	<u>141,540</u>
		<u>\$ 6,438,476</u>	<u>5,585,542</u>

BOROUGH OF HILLSDALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Regular Fund			
Liabilities:			
Appropriation reserves	A-3/A-14	595,080	467,409
Reserve for encumbrances	A-15	213,229	397,787
Senior citizens' and veterans' deductions	A-6		2,666
Local School District taxes payable	A-16	500	500
Regional High School taxes payable	A-17	2,163,916	1,835,746
County taxes payable	A-18	3,508	26,627
Tax Overpayments	A-19	13,581	26,379
Prepaid taxes	A-20	218,559	226,223
Open Space Tax Payable		115	
State Fees payable:			
Marriage License/Domestic Partnership	A-21	375	200
DCA Fees	A-22	3,062	2,257
Interfund Payables:			
Animal Trust Fund	A-23	5,000	
General Capital Fund	A-23	487,392	
Federal and State Grant Fund	A-25	25,378	20,359
Reserve for:			
Various reserves	A-24	178,502	135,420
		<u>3,908,197</u>	<u>3,141,573</u>
Reserve for receivables		1,011,344	958,101
Fund balance	A-1	1,319,279	1,344,328
		<u>6,238,820</u>	<u>5,444,002</u>
Federal and State Grant Fund:			
Appropriated reserves	A-27	135,579	113,594
Encumbrances Payable	A-27		1,500
Unappropriated reserves	A-28	64,077	26,446
		<u>199,656</u>	<u>141,540</u>
		<u>\$ 6,438,476</u>	<u>5,585,542</u>

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenue and other income realized:		
Fund balance utilized	\$ 712,698	700,000
Miscellaneous revenue anticipated	3,627,489	3,489,444
Receipts from delinquent taxes	256,163	231,315
Receipts from current taxes	34,860,456	32,287,584
Non-budget revenues	125,114	46,769
Other credits to income:		
Unexpended balance of appropriation reserves	143,837	110,789
Interfund returned	188	
Liabilities cancelled	65	13,509
Grant received		40,000
Total income	<u>39,726,010</u>	<u>36,919,410</u>
Expenditures:		
Appropriations		
Salaries and wages	4,086,515	3,995,418
Other expenses	5,822,770	5,132,516
Deferred charges and statutory expenditures	216,000	244,723
Capital improvements	24,500	326,150
Municipal debt service	509,764	450,202
County taxes	3,549,699	3,273,911
Amount due County for added and omitted taxes	3,508	26,627
Local district school tax	15,715,433	14,803,032
Regional high school tax	8,931,912	7,828,423
Local open space tax	196,560	85,691
Interfunds advanced	13,878	14,000
Tax overpayment refunds	6,022	10,375
Revenue refunds	1,300	2,833
Total expenditures	<u>39,077,861</u>	<u>36,193,901</u>
Excess in Revenues	648,149	725,509

BOROUGH OF HILLSDALE

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred		
Charges to Budget of Succeeding Year	<u>39,500</u>	<u> </u>
	<u>39,500</u>	<u> </u>
Statutory Excess to Surplus	687,649	725,509
Fund balance, January 1	<u>1,344,328</u>	<u>1,318,819</u>
	2,031,977	2,044,328
Decreased by utilization as anticipated revenue	<u>712,698</u>	<u>700,000</u>
Fund balance, December 31	<u>\$ 1,319,279</u>	<u>1,344,328</u>

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2007

	Antici- pated	Realized	Excess or (deficit)
Fund balance anticipated	\$ 712,698	712,698	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverage	14,250	18,050	3,800
Other	13,064	19,066	6,002
Fees and permits:			
Construction code official	198,400	216,008	17,608
Other	55,600	66,698	11,098
Fines - Municipal Court	96,000	101,928	5,928
Interest and costs on taxes	50,000	84,022	34,022
Parking Fees	32,300	55,667	23,367
Interest on Investments and Deposits	252,000	236,741	(15,259)
Anticipated Utility Operating Surplus	160,000	160,000	
Sewer Agreement Revenue	17,300	17,111	(189)
Payments in Lieu of Taxes - Senior Housing	44,700	43,607	(1,093)
Host Community Fees	2,500	4,497	1,997
Communication Tower and Cable	125,000	128,855	3,855
Consolidated Municipal Property Tax Relief Act	267,801	267,801	
Legislative Initiative Municipal Block Grant	42,663	42,663	
Energy Receipts Tax	1,201,190	1,201,190	
Supplemental Energy Receipts Tax	57,317	57,317	
Homeland Security	70,000	70,000	
Water Shed Aid	2,303	2,303	
Municipal Property Tax Assistance	30,640	30,640	
Pistol Range Rental - River Vail	2,000	2,000	
Public and Private Programs offset by appropriations:			
Municipal Alliance	11,500	11,500	
Bergen County Open Space	60,000	60,000	
Hillsdale BOE - COPS in School	5,000	5,000	
Municipal Recycling Assistance Act	6,638	6,638	
COPS in School - Pascack Regional High School	32,000	32,000	
County of Bergen - Willowbrook Storm Sewer	13,850	13,850	
County of Bergen - Hillsdale Avenue Culvert	85,000	85,000	
NJ Transportation Trust Fund Authority Act	150,000	150,000	
Body Armor Grant	68	68	
Body Armor Grant	1,895	1,895	
Recycling Tonnage Grant	8,124	8,124	
Drunk Driving Enforcement Fund	4,200	4,200	
Clean Communities	10,762	10,762	
FAIU Grant	1,826	1,826	
Stormwater Grant	2,551	2,551	

BOROUGH OF HILLSDALE
Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2007

	<u>Antici- pated</u>	<u>Realized</u>	<u>Excess or (deficit)</u>
Miscellaneous revenues (cont.):			
Uniform Fire Safety Act	8,000	8,126	126
Recycling Revenue	40,000	58,931	18,931
Reserve for Premium on Bond Anticipation Notes			
Anticipation Notes - Capital	51,854	51,854	
Meadowbrook School Paving Reimbursements	14,000	15,000	1,000
Reimbursement - Bergen County Open Space	<u>274,000</u>	<u>274,000</u>	
	3,516,296	3,627,489	111,193
Receipts from delinquent taxes	<u>256,000</u>	<u>256,163</u>	<u>163</u>
Subtotal - general revenues	4,484,994	4,596,350	111,356
Municipal budget - local tax for municipal purposes	<u>6,636,745</u>	<u>6,963,344</u>	<u>326,599</u>
Budget totals	\$ <u>11,121,739</u>	11,559,694	<u>437,955</u>
Non-budget revenues		<u>125,114</u>	
		\$ <u>11,684,808</u>	
Analysis of realized revenues:			
Current tax collections		<u>34,860,456</u>	
Allocated to:			
Local district school		15,715,433	
Regional high school		8,931,912	
County (including added county taxes)		3,553,207	
Municipal Open Space		<u>196,560</u>	
		<u>28,397,112</u>	
Balance for support of municipal budget appropriation		6,463,344	
Add appropriation reserve for uncollected taxes		<u>500,000</u>	
Amount for support of municipal budget appropriation		\$ <u>6,963,344</u>	
Receipts from delinquent taxes - delinquent tax collections		<u>\$ 231,315</u>	
Analysis of non-budget revenues:			
Miscellaneous revenue not anticipated:			
Flood Reimbursement		78,007	
Miscellaneous		<u>47,107</u>	
		\$ <u>125,114</u>	

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2007

	<u>Budget</u>	Total for 2007 as Modified by <u>all Transfers</u>	<u>Expended 2007</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Operations-within "CAPS"					
General government:					
Mayor and Council					
Salaries and wages	\$ 45,000	45,000	45,000		
Other expenses	13,500	13,500	9,166	4,334	
Administrative and executive:					
Salaries and wages	204,575	202,575	197,339	5,236	
Miscellaneous other expenses	35,400	35,400	33,584	1,816	
Public Information	31,000	28,000	21,000	7,000	
Financial administration					
Salaries & Wages	121,207	121,207	120,425	782	
Other expenses	32,450	32,450	28,298	4,152	
Audit Services					
Other expenses	23,000	23,000	20,000	3,000	
Collection of taxes					
Salaries and wages	41,556	39,856	34,606	5,250	
Other expenses	12,775	11,275	7,392	3,883	
Assessment of taxes					
Salaries and wages	29,000	29,000	28,572	428	
Other expenses	9,200	8,000	4,870	3,130	
Clerk's Office					
Salaries and wages	62,769	62,769	62,769		
Other expenses	28,500	28,500	27,631	869	
Legal services and costs:					
Other expenses	123,500	108,400	104,616	3,784	
Train Station:					
Salaries and wages	16,000	16,000	15,292	708	
Other expenses	14,300	15,300	14,162	1,138	
Municipal Land Use Law (NJSA40:55D-1)					
Planning Board:					
Other expenses	40,000	37,000	34,404	2,596	
Insurance:					
Unemployment Compensation	10,000	16,000	14,627	1,373	
Public safety:					
Police:					
Salaries and wages	2,366,493	2,365,493	2,345,204	20,289	
Other expenses	142,809	137,809	128,713	9,096	
Emergency management services:					
Salaries and wages	1,500	1,500	1,500		
Other expenses	7,550	6,550	3,341	3,209	
First Aid Organization:					
Aid and maintenance other expenses	32,500	32,500	29,653	2,847	

BOROUGH OF HILLSDALE
Statement of Expenditures - Regulatory Basis
Current Fund
Year Ended December 31, 2007

	<u>Budget</u>	<u>Total for 2007 as Modified by all Transfers</u>	<u>Expended 2007</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Fire:					
Salaries and wages	22,895	22,895	20,083	2,812	
Other expenses	80,917	80,917	72,044	8,873	
Fire Prevention Bureau:					
Salaries and wages	37,700	36,700	32,710	3,990	
Other expenses	8,215	8,215	6,495	1,720	
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and wages	576,801	576,801	571,396	5,405	
Other expenses	92,550	87,950	87,909	41	
Sanitation:					
Garbage and Trash Removal:					
Salaries and wages	9,000	13,000	9,576	3,424	
Other expenses	707,500	686,500	618,103	68,397	
Recycling:					
Other expenses	102,500	117,500	63,532	53,968	
Public Buildings and Grounds:					
Salaries and wages	62,230	77,230	77,230		
Other expenses	32,000	34,500	34,443	57	
Environmental Commission:					
Other expenses	1,800	1,800	796	1,004	
Municipal Court					
Salaries & Wages	79,000	79,000	78,125	875	
Other expenses	32,428	32,428	28,954	3,474	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	3,800	3,800	3,679	121	
Insurance:					
General Liability Premiums	145,719	145,719	111,294	34,425	
Workers' Compensation Insurance	830,125	830,125	812,465	17,660	
Group Insurance for Employees	163,122	163,122	140,233	22,889	
Health and Welfare:					
Board of Health					
Salaries and wages	75,500	75,500	75,427	73	
Other expenses	52,000	52,000	50,297	1,703	
Animal welfare					
Other expenses	5,000	5,000	5,000		
Administration of Public Assistance					
Salaries and wages	12,800	12,800	12,725	75	
Other expenses	3,000	3,000		3,000	

BOROUGH OF HILLSDALE

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2007

	<u>Budget</u>	Total for 2007 as Modified by all Transfers	<u>Expended 2007</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Parks and Recreation:					
Board of Recreation:					
Salaries and wages	49,500	49,500	49,458	42	
Other expenses	60,200	60,200	55,276	4,924	
Senior Citizen Committee:					
Salaries and wages	20,000	20,000	19,207	793	
Other expenses	27,000	27,000	23,127	3,873	
Parks and Playgrounds:					
Other expenses	84,000	84,000	82,707	1,293	
Other Common Unclassified:					
Celebration of Public Events, Anniversary or Holidays:					
Other expenses	16,000	16,000	15,834	166	
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Bloodborne Pathogens					
Other Expenses	3,500	3,500	3,320	180	
Uniform Construction Code Officials:					
Salaries and wages	138,572	136,572	135,748	824	
Other expenses	31,000	30,000	18,521	11,479	
Telephone	4,600	4,600	3,874	726	
Gasoline	6,100	6,100	4,590	1,510	
Vehicle maintenance	900	900	712	188	
Insurance					
Employee	34,330	34,330	30,651	3,679	
Workers' Compensation	1,500	1,500	1,500		
Liability	1,500	1,500	1,500		
Unclassified:					
Utilities:					
Gas and Electricity	253,500	267,500	233,463	34,037	
Telephone	52,050	52,050	47,631	4,419	
Water	125,000	128,900	119,405	9,495	
Gasoline	69,650	67,150	56,924	10,226	
Vehicle Maintenance	56,150	56,150	49,418	6,732	
Total Operations within "CAPS"	<u>7,616,238</u>	<u>7,611,038</u>	<u>7,197,546</u>	<u>413,492</u>	

BOROUGH OF HILLSDALE
Statement of Expenditures - Regulatory Basis
Current Fund
Year Ended December 31, 2007

	<u>Budget</u>	<u>Total for 2007 as Modified by all Transfers</u>	<u>Expended 2007</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Detail:					
Salaries & Wages	3,975,898	3,987,198	3,936,071	51,127	
Other Expenses (Including Contingent)	3,640,340	3,623,840	3,261,475	362,365	
Deferred Charges					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>165,000</u>	<u>165,000</u>	<u>160,644</u>	<u>4,356</u>	
Total Deferred Charged and Statutory Expenditures- Municipal within "CAPS"	<u>165,000</u>	<u>165,000</u>	<u>160,644</u>	<u>4,356</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>7,781,238</u>	<u>7,776,038</u>	<u>7,358,190</u>	<u>417,848</u>	
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library	644,314	644,314	624,300	20,014	
LOSAP	75,000	75,000		75,000	
Flood Emergency	48,000	68,200	67,792	408	
Group Insurance Plan for Employees	28,824	28,823	28,291	532	
Police and Firemen's Retirement System	271,717	271,717	271,717		
Public Employees' Retirement System	69,398	69,398	69,398		
Bergen County Utilities Authority					
Service Charges- Contractual	667,189	667,189	667,189		
Storm Water:					
Salaries and Wages	62,317	62,317	62,317		
Other expenses	13,000	13,000	6,305	6,695	
Interlocal Municipal Service Agreements					
Pistol Range Rental - River Vale	2,000	2,000		2,000	
Public and Private Programs Offset by Revenues					
Municipal Alliance on Alcohol & Drug Abuse					
State Share	11,500	11,500	11,500		
Municipal Share	2,875	2,875	2,875		

BOROUGH OF HILLSDALE

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2007

	<u>Budget</u>	<u>Total for 2007 as Modified by all Transfers</u>	<u>Expended 2007</u>		<u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Bergen County Utilities Authority					
Recycling					
Other expenses	6,638	6,638	6,638		
Recycling Tonnage					
Other Expenses	8,124	8,124	8,124		
FAIU Grant					
Other expenses	1,826	1,826	1,826		
Clean Communities					
Other expenses	10,762	10,762	10,762		
Body Armor Replacement Program	68	68	68		
Body Armor Replacement Program	1,895	1,895	1,895		
Cops in Schools					
Salaries and wages	5,000	5,000	5,000		
Open Space Grant-Bergen County	60,000	60,000	60,000		
Stormwater Assistance	2,551	2,551	2,551		
Willowbrook Sewer Project	13,850	13,850	13,517	333	
Hillsdale Ave Culvert - Design Services	85,000	85,000	12,750	72,250	
Drunk Driving Enforcement Program	4,200	4,200	4,200		
Department of Transportation	150,000	150,000	150,000		
COPS in School - Pascack Valley	32,000	32,000	32,000		
	<u>2,278,048</u>	<u>2,298,247</u>	<u>2,121,015</u>	<u>177,232</u>	
Total Operations-Excluded from "CAPS"					
Detail:					
Salaries and Wages	67,317	67,317	67,317		
Other Expenses	2,210,731	2,230,930	2,053,698	177,232	
Capital Improvements - Excluded from "CAPS"					
Down Payments on Improvements		24,500	23,348		1,152
Total Capital Improvements Excluded from "CAPS"		24,500	23,348		1,152
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Anticipation Notes	317,617	317,617	317,617		
Interest on Notes	193,836	193,837	193,298		539
Total Municipal Debt Service-Excluded from "CAPS"	<u>511,453</u>	<u>511,454</u>	<u>510,915</u>		<u>539</u>

BOROUGH OF HILLSDALE
Statement of Expenditures - Regulatory Basis
Current Fund
Year Ended December 31, 2007

	<u>Budget</u>	<u>Total for 2007 as Modified by all Transfers</u>	<u>Expended 2007</u>		
			<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Deferred Charges:					
Emergency Authorization					
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>		
Total Deffered Charges-Municipal-Excluded from "CAPS"	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,840,501</u>	<u>2,885,201</u>	<u>2,706,278</u>	<u>177,232</u>	<u>1,691</u>
Total General Appropriations-Excluded from "CAPS"	<u>2,840,501</u>	<u>2,885,201</u>	<u>2,706,278</u>	<u>177,232</u>	<u>1,691</u>
Subtotal General Appropriations	10,621,739	10,661,239	10,064,468	595,080	1,691
Reserve for Uncollected Taxes	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>		
Total General Appropriations	<u>\$ 11,121,739</u>	<u>11,161,239</u>	<u>10,564,468</u>	<u>595,080</u>	<u>1,691</u>
		Adopted Budget 11,022,889			
		Amended by N.J.S.A. 40A:4-87 98,850			
		Emergency Appropriations <u>39,500</u>			
		<u>\$ 11,161,239</u>			
		Encumbrances \$ 213,229			
		Grants 234,564			
		Special Emergency 51,000			
		Reserve for uncollected taxes 500,000			
		Cash <u>9,565,675</u>			
			<u>\$ 10,564,468</u>		

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-1	8,391	11,557
Due from Current Fund	B-5	<u>5,000</u>	<u> </u>
		<u>13,391</u>	<u>11,557</u>
Other Trust Fund:			
Cash	B-1	<u>662,427</u>	<u>552,621</u>
Recreation Trust Fund:			
Cash	B-1	<u>75,033</u>	<u>93,627</u>
Emergency Services Volunteer Length of of Service Award program (unaudited):			
Cash in Plan	B-1	489,149	412,890
Contributions Receivable	B-9	<u>71,820</u>	<u>70,675</u>
		<u>560,969</u>	<u>483,565</u>
		<u>\$ 1,311,820</u>	<u>1,141,370</u>

BOROUGH OF HILLSDALE

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	\$ 8,910	7,368
Prepaid Animal Licenses	B-3	4,246	4,030
Due to New Jersey Dept. of Health	B-4	<u>235</u>	<u>159</u>
		<u>13,391</u>	<u>11,557</u>
Other Trust Fund:			
Due to Current Fund	B-5	12,037	196
Reserve for:			
Other Trust Deposits	B-6	326,380	275,843
Escrow Deposits	B-7	<u>324,010</u>	<u>276,582</u>
		<u>662,427</u>	<u>552,621</u>
Recreation Trust Fund:			
Reserve for Recreation Expenditures	B-8	<u>75,033</u>	<u>93,627</u>
Emergency Services Volunteer Length of of Service Award program (unaudited):			
Net Assets available for benefits	B-10	<u>560,969</u>	<u>483,565</u>
		<u>\$ 1,311,820</u>	<u>1,141,370</u>

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2007 and 2006

<u>Assets</u>	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	C-2,3	\$ 854,063	1,449,000
Due from Current Fund	C-11	487,392	
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>5,624,900</u>	<u>6,007,517</u>
		<u>\$ 6,966,355</u>	<u>7,456,517</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-5	5,571,781	5,347,473
Improvement Authorizations:			
Funded	C-6	7,375	26,200
Unfunded	C-6	1,123,912	1,912,315
Reserve for Capital Improvements	C-7	45,222	80,321
Capital Improvement Fund	C-8	21	21
Encumbrances Payable	C-9	89,235	
Down Payments on Improvements	C-10	3,000	3,000
Due to Current Fund	C-11		179
Premium on Bond Anticipation Notes	C-12		51,854
Reserve for Municipal Open Space Fund	C-13	<u>125,809</u>	<u>35,154</u>
		<u>\$ 6,966,355</u>	<u>7,456,517</u>

There were \$466,923 of Bonds and Notes Authorized But Not Issued on December 31, 2007,
(Exhibit C-14).

See accompanying notes to the financial statements.

BOROUGH OF HILLSDALE
Comparative Balance Sheet - Regulatory Basis
Swimming Pool Utility Fund
Years ended December 31, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 240,245	396,020
Cash - Stonybrook Swim Team	D-5	1,078	16,895
		<u>241,323</u>	<u>412,915</u>
Petty Cash		200	200
Grants Receivable:			
Community Development Block Grant	D-2	46,000	
Due from Swimming Pool Utility Capital Fund	D-7		2,592
		<u>46,200</u>	<u>2,792</u>
Total Operating Fund		<u>287,523</u>	<u>415,707</u>
Capital Fund:			
Cash	D-4,D-5	19,372	560,394
Due from Swimming Pool Operating Fund	D-7	29,680	
Fixed capital	D-9	4,557,147	3,403,792
Fixed capital authorized and uncompleted	D-10	111,642	1,136,642
Total Capital Fund		<u>4,717,841</u>	<u>5,100,828</u>
		<u>\$ 5,005,364</u>	<u>5,516,535</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-3,D-6	\$ 22,441	67,953
Encumbrances Payable	D-3,D-6	31,617	153,500
Due to Swimming Pool Capital Fund	D-7	29,680	
Accrued Interest	D-8	20,759	14,999
Reserve for Swim Team expenditures	D-14	1,078	16,895
Fund Balance	D-1	181,948	162,360
Total Operating Fund		<u>287,523</u>	<u>415,707</u>
Capital Fund:			
Bond Anticipation Notes Payable	D-11	902,467	612,800
Improvement Authorizations:			
Funded	D-12	4,526	55,142
Unfunded	D-12	74,000	894,314
Reserve for Amortization	D-13	3,662,322	3,441,434
Capital Improvement Fund	D-15	108	108
Reserve for Improvements	D-16	44,418	14,738
Deferred Reserve for Amortization	D-17	30,000	79,700
Due to Swimming Pool Operating Fund	D-7		2,592
Total Capital Fund		<u>4,717,841</u>	<u>5,100,828</u>
		<u>\$ 5,005,364</u>	<u>5,516,535</u>

There were bonds and notes authorized but not issued on December 31, 2007 in the amount of \$74,000 (per Exhibit D-18).

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

**Comparative Statement of Operations and
Changes in Fund Balance - Regulatory Basis**

Swimming Pool Utility Fund

For the Years Ended December 31,

	<u>2007</u>	<u>2006</u>
Revenue and other income realized:		
Fund balance utilized	\$ 62,485	282,500
Membership fees	775,916	703,701
Use of Facility	57,079	48,847
Interest on Investments	39,865	52,282
Special Activities	51,877	49,166
Community Development Block Grant	46,000	
Non-budget revenues	25	
Other credits to income:		
Unexpended balance of appropriation reserves	4,466	1,810
Total income	<u>1,037,713</u>	<u>1,138,306</u>
Expenditures:		
Operations:		
Salaries and wages	260,000	241,000
Other expenses	323,548	264,138
Capital Outlay/Improvements	136,000	285,000
Debt service	76,092	67,497
Deferred charges and statutory expenditures		18,000
Surplus (General Budget)	160,000	155,000
Total expenditures	<u>955,640</u>	<u>1,030,635</u>
Excess	82,073	107,671
Fund balance, January 1	<u>162,360</u>	<u>337,189</u>
	244,433	444,860
Decreased by utilization as anticipated revenue	<u>62,485</u>	<u>282,500</u>
Fund balance, December 31	<u><u>\$ 181,948</u></u>	<u><u>162,360</u></u>

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

Statement of Revenues-Regulatory Basis

Swimming Pool Utility Fund

Year ended December 31, 2007

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 62,485	62,485	
Membership fees	703,701	775,916	72,215
Use of Facility	48,847	57,079	8,232
Interest on Investments	45,442	39,865	(5,577)
Special Activities	49,165	51,877	2,712
Community Development Block Grant	<u>46,000</u>	<u>46,000</u>	
	<u>\$ 955,640</u>	<u>1,033,222</u>	<u>77,582</u>
		Surplus Anticipated 62,485	
		Cash Receipts 924,737	
		Community Development Block Grant Receivable <u>46,000</u>	
		<u>1,033,222</u>	
		Non-Budget revenues <u>25</u>	
		<u>\$ 1,033,247</u>	
		<u>Analysis of non-budget revenues:</u>	
		Miscellaneous revenue not anticipated:	
		Prior year voided check \$ <u>25</u>	

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE
Statement of Expenditures-Regulatory Basis
Swimming Pool Utility Fund
Year ended December 31, 2007

	Appropriations		Expended	
	Budget	Budget after modification	Paid or charged	Reserved
Operating:				
Salaries and wages	\$ 260,000	260,000	256,486	3,514
Other expenses	323,548	323,548	322,898	650
Capital Improvements:				
Capital Improvement Fund	90,000	90,000	88,923	1,077
Community Development Block Grant	46,000	46,000	28,800	17,200
Debt Service:				
Payment of Bond Anticipation Notes	42,833	42,833	42,833	
Interest on Notes	33,259	33,259	33,259	
Surplus (General Budget)	160,000	160,000	160,000	
	<u>\$ 955,640</u>	<u>955,640</u>	<u>933,199</u>	<u>22,441</u>
	Adopted Budget	909,640		
	Amended by N.J.S.A. 40A:4-87	46,000		
	<u>\$ 955,640</u>			
		Encumbrances	31,617	
		Accrued Interest	33,259	
		Cash Disbursed	<u>868,323</u>	
		<u>\$</u>	<u>933,199</u>	

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Fund

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash - Public Assistance	\$ 11,932	5,247
Petty Cash	<u>100</u>	<u>100</u>
	<u>\$ 12,032</u>	<u>5,347</u>
 <u>Liabilities</u>		
Reserve for Public Assistance	\$ <u>12,032</u>	<u>5,347</u>
	<u>\$ 12,032</u>	<u>5,347</u>

See accompanying notes to the financial statements.

BOROUGH OF HILLSDALE

Comparative Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

Year Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Land	\$ 48,447,800	48,447,800
Buildings and Improvements	13,037,200	13,037,200
Vehicles and Equipment	<u>6,807,367</u>	<u>5,926,474</u>
	<u>\$ 68,292,367</u>	<u>67,411,474</u>
Investment in General Fixed Assets	<u>\$ 68,292,367</u>	<u>67,411,474</u>

See accompanying notes to financial statements.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

A. Reporting Entity

The Borough of Hillsdale (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Volunteer Fire Department, First Aid Organization or Public Library which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Swimming Pool Utility Fund - This fund is used to account for the operations and acquisition of these capital facilities and municipally-owned utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Hillsdale. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

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

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund and Swimming Pool Utility Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

- General Capital Fund
- Trust Fund
- Public Assistance Fund
- Swimming Pool Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2007, the Mayor and Council approved additional grant revenues and appropriations of \$98,850 and emergency appropriations of \$39,500, along with several budget transfers.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair market and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of Hillsdale has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

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

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

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning January 1, 2008. This statement will require governmental entities to report the future costs of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The Borough does not expect the adoption of the GASB statement to have a material effect on the Borough's financial position or results of operations.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2007, \$-0- of the Borough's bank balance of \$6,770,711 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2007 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Other Liabilities:					
Compensated Absences Payable	\$219,502	\$52,103	\$5,800	265,805	\$-0-
	<u>\$219,502</u>	<u>\$52,103</u>	<u>\$5,800</u>	<u>\$265,805</u>	<u>\$-0-</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Year 2005</u>
Issued:			
- General - Bonds and Notes	\$5,571,781	\$5,347,473	\$5,196,473
- Swimming Pool Bonds and Notes	902,467	612,800	642,800
Authorized But Not Issued:			
- General - Bonds and Notes	466,923	660,044	575,842
- Swimming Pool Bonds and Notes	<u>74,000</u>	<u>406,500</u>	<u>74,000</u>
	7,015,171	7,026,817	6,489,115
Less Deductions	<u>976,467</u>	<u>1,019,300</u>	<u>716,800</u>
Net bonds and Notes Issued and Authorized But Not Issued	<u>\$6,038,704</u>	<u>\$6,007,517</u>	<u>\$5,772,315</u>

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 indicates a statutory net debt of 0.32%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming Pool Utility Debt	\$976,467	\$976,467	\$0
Local School District Debt	16,306,870	16,306,870	0
General Debt	<u>6,038,704</u>	<u> </u>	<u>6,038,704</u>
	<u>\$23,322,041</u>	<u>\$17,283,337</u>	<u>\$6,038,704</u>

Net debt of \$6,038,704 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$1,880,027,410 equals 0.32%.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$65,800,959
Net Debt	<u>6,038,704</u>
Remaining Borrowing Power	<u>\$59,762,255</u>

At December 31, 2007, the Borough had authorized but not issued debt as follows:

General Capital Fund	\$466,923
Swim Pool Capital Fund	74,000

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2007, the Borough had \$5,571,781 in general capital fund bond anticipation notes outstanding. The general capital note of \$5,571,781 was renewed in the amount of \$5,161,737 due on March 27, 2009.

On December 31, 2007, the Borough had \$902,467 in swimming pool utility fund bond anticipation notes outstanding. The swimming pool note of \$902,467 was renewed in the amount of \$862,467 due on March 27, 2009.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2007.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
JP Morgan Chase Bank	<u>\$5,960,273</u>	<u>\$6,474,248</u>	<u>\$5,960,273</u>	<u>\$6,474,248</u>
Total Bonds Payable	<u>\$5,960,273</u>	<u>\$6,474,248</u>	<u>\$5,960,273</u>	<u>\$6,474,248</u>

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 5. PENSION PLANS

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Description of Systems, Contribution Information and Funding Policies:

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. The System's Board of Trustees is primarily responsible for the administration of the System.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death and disability benefits, as well as medical benefits for certain qualified members. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation referred to below, are generally determined to be 1/55 of final average salary for each year of service credit (as defined). Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

The System provides specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 5. PENSION PLANS, (continued)

Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Two pieces of legislation passed during 2001 have a significant impact on the System's benefit provisions: Chapter 133, Public Law of 2001, increases retirement benefits for service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increases the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, Public Law of 2001, establishes an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the retiree's death) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. From January 1, 1998 to December 31, 1999, the contribution rate was 4.5% of base salary. In accordance with Chapter 415, P.L. 1999, the member rate was lowered to 3.0% effective January 1, 2000. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits are funded on a pay-as-you-go basis plus an additional contribution that will ensure an increase in the Post-Retirement Medical Reserve Fund equal to ½ of 1% of the salary of active state employees.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 5. PENSION PLANS, (continued)

Chapter 133, P.L. 2001, provides for increased benefits for certain types of retirement. Under this legislation, the cost of the increased benefits will be funded using excess assets. To fund the initial accrued liability, the actuarial value of assets for the valuation period ending June 30, 1999, will be the full market value of the assets as of that date. The required normal contributions on behalf of active members will also be funded using available excess assets. A benefit enhancement fund will be established and maintained from which required normal contributions for the benefit enhancements will be charged. The legislation requires that the assets of the benefit enhancement fund shall not exceed the present value of the expected additional normal contribution over the expected working lives of the active members for the valuation period. If excess assets are not available when contributions are required, the legislation further provides that the state shall be responsible for the cost of the increased benefits for both State and local members. The amount of excess assets that can be utilized is also limited to the employee contributions for the year in which a payment is required. If the required funding in any year exceeds the employee contributions, the State shall also be responsible for funding the excess amount.

Legislation passed in 1997 (Chapter 115, P.L. 1997) provided for the use of excess actuarial valuation assets to offset the required normal contributions of the State of New Jersey and the local participating employers.

Through FY 2002, excess assets may be used to the extent possible to offset normal contributions. Thereafter, a certain percentage of available excess assets may be used as specified in the legislation.

As a result of Chapter 115, for the years ended June 30, 2004, 2003 and 2002, contributions by the State of New Jersey were limited to funding for post-retirement medical benefits while local employer contributions were limited to funding for early retirement incentive benefits. Employer contributions for basic pension benefits, noncontributory death benefits and cost-of-living adjustments were funded by excess assets for both the State and local employers.

The Borough's contribution to the public employee's retirement system, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2007	\$69,398
2006	36,893
2005	13,148

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 5. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for substantially all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944. The System's Board of Trustees is primarily responsible for its administration.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The System provides retirement as well as death and disability benefits. All benefits vest after ten years of service except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

Widow/widowers of members retired since December 18, 1967 receive 50% of the retiree's final compensation. The minimum annual widow/widower's benefits of an accidental disability retiree prior to December 18, 1967 and of all retirees since December 18, 1967 is \$4,500.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions providing no survivor death benefits are payable.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The cost-of-living increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions.

Legislation passed during the year (Chapter 4, P.L. 2001) provides increased benefits to certain members who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65% to 70% of final compensation.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 5. PENSION PLANS, (continued)

Contributions - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

As a result of legislation passed in 2001 (Chapter 44, P.L. 2001), local employer contributions payable in FY 2001 were reduced by \$150 million to approximately \$75 million. This legislation requires that the savings realized by counties and municipalities as a result of this reduction be used for property tax relief.

The contribution policy was modified in FY 2000 by legislation (Chapter 8, P.L. 2000) which required that the System's excess valuation assets be used to fund certain benefit enhancements provided under Chapter 428, P.L. 2000. This legislation also required that the calculation of the actuarial value of assets for the June 30, 1998 valuation be based on 100% for the State and up to 57% for local employers of the difference between the expected value of assets in the system and the full-market value of the assets. In addition, this legislation required the State to fund the additional employer contributions attributable to Chapter 428 should excess assets be insufficient to cover this pension liability. Finally, due to the recognition of the surplus market assets, this legislation eliminated the unfunded accrued liability for local employers, which reduces their required contributions by \$45 million in FY 2000.

Required state contributions were offset by \$99.6 million and \$29.7 million in FY 2001 and 2000, respectively, under Chapter 115, PL 1997, which provides for the use of excess valuation assets to fund required normal pension contributions. Through fiscal year 2002, excess assets may be used to the extent possible to offset normal contributions. Thereafter, a certain percentage of available excess assets may be used as specified in the legislation.

The Borough's contribution to the police and firemen's retirement system plans, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2007	\$271,717
2006	177,076
2005	89,019

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 6. FUND BALANCE APPROPRIATED

Fund balance at December 31, 2007 which were appropriated as revenue in the 2007 and 2008 budget were as follows:

	<u>2008</u>	<u>2007</u>
Current Fund	\$700,000	\$712,698
Swimming Pool Utility	65,000	62,485

NOTE 7. RETROACTIVE RESTATEMENT DUE TO UPDATED FIXED ASSET INVENTORY

During 2007, the Borough conducted a physical inventory review of its fixed assets. This resulted in the following restatement of fixed assets as of December 31, 2007.

December 31, 2006	\$27,176,974
Restatement of Fixed Assets	<u>40,234,500</u>
December 31, 2006	<u>\$67,411,474</u>

NOTE 8. FIXED ASSETS

During 2007, the Borough conducted a complete physical inventory of all its fixed assets, buildings and building improvements. The adjustment shown below has been made to reflect the change in fixed asset values based on this inventory.

	Restated Balance <u>Dec.31, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec.31, 2007</u>
Land	\$48,447,800	\$	\$	\$48,447,800
Buildings and Building Improvements	13,037,200			13,037,200
Machinery and Equipment	<u>5,926,474</u>	<u>1,048,078</u>	<u>167,185</u>	<u>6,807,367</u>
	<u>\$67,411,474</u>	<u>\$1,048,078</u>	<u>\$167,185</u>	<u>\$68,292,367</u>

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 9. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick time which may be used in the event of an extended illness. It is estimated that the current cost of such unpaid compensation would approximate \$265,805 as of December 31, 2007. This amount is not reported either as an expenditure or liability.

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other fund at December 31, 2007 consist of the following:

\$12,037	Due to the Current Fund from the Other Trust fund for tax title lien premiums and interest earned on investments.
25,378	Due to the Federal and State Grant Fund from the Current Fund for grants received.
5,000	Due to the Animal License Trust Fund from the Current Fund for budget appropriations.
487,392	Due to the General Capital Fund from the Current Fund for budget appropriations.
<u>29,680</u>	Due to the Swimming Pool Utility Capital Fund from the Swimming Pool Utility Operating Fund for reserves used to fund capital ordinances.
<u>\$559,487</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On August 17, 1999, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln National Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

Lincoln National Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$300 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2007 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur.. During the 2007 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Hillsdale is a member of the Bergen County Joint Insurance Fund (BCJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The BCJIF and MEL coverage amounts are on file with the Borough.

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

BOROUGH OF HILLSDALE
Notes to Financial Statements
Years Ended December 31, 2007 and 2006
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

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

NOTE 13. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2007</u>	<u>Balance</u> <u>Dec 31, 2006</u>
Prepaid Taxes	<u>\$218,559</u>	<u>\$226,223</u>
Cash Liability for Taxes Collected in Advance	<u>\$218,559</u>	<u>\$226,223</u>

NOTE 14. LITIGATION

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would either be funded by insurance or raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

The Borough is a defendant in various tax appeal proceedings. These appeals, if successful, would be funded by either budget appropriation or the authorization of refunding bonds.

SUPPLEMENTARY DATA

BOROUGH OF HILLSDALE

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax rate	\$ <u>1.79</u>	<u>3.80</u>	<u>3.52</u>
Apportionment of tax rate:			
Municipal	0.354	0.761	0.654
County	0.181	0.375	0.354
Local school	0.800	1.742	1.631
Regional School	<u>0.455</u>	<u>0.922</u>	<u>0.881</u>

Assessed valuation

2007	\$ 1,964,439,900
2006	849,534,947
2005	847,398,387

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collections could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2007	\$ 35,198,460	34,860,456	99.04%
2006	32,550,971	32,287,584	99.19%
2005	29,945,639	29,678,205	99.11%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

<u>Dec. 31,</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2007	\$ 24,274	297,243	321,517	0.91%
2006	23,206	256,163	279,369	0.86%
2005	21,260	233,285	254,545	0.85%

BOROUGH OF HILLSDALE

Supplementary Data

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2007 by foreclosure or deed as a result of liquidation of tax title liens.

The value of properties acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2007	\$	655,700
2006		655,700
2005		655,700

Comparative Schedule of Fund Balances

	<u>Year</u>		<u>Balance, Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund:	2007	\$	1,319,279	700,000
	2006		1,344,328	712,698
	2005		1,318,820	700,000
	2004		1,462,582	887,000
	2003		1,812,026	970,786
Swimming Pool Utility Fund:	2007	\$	181,948	65,000
	2006		162,360	62,485
	2005		337,189	282,500
	2004		229,259	
	2003		277,095	48,000

Comparison of Swimming Pool Utility Fees

<u>Year</u>		<u>Member- ship fees levied</u>	<u>Cash collection</u>
2007	\$	703,701	775,916
2006		629,990	703,701
2005		596,000	629,990

BOROUGH OF HILLSDALE

Supplementary Data

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Dennis S. Deutsch	Mayor	
Kenneth R. Rush	Council President	
Max Arnowitz	Councilman	
Donna Schiavone	Councilwoman	
Frank Prospero III	Councilman	
Andrew Weinstein	Councilman	
John Sapanara	Councilman	
Harold Karns	Administrator	\$ 100,000
Colleen Ennis	Chief Financial Officer	100,000
	Tax Collector	
Robert P. Sandt	Borough Clerk	
Clementina McDonald	Assistant Tax Collector	150,000
Richard Mohr	Assessor	
Lawrence Meyerson	Municipal Court Judge	10,000
John Kindergan	Court Administrator/Violations Clerk	15,000
Maureen Adkinson	Deputy Court Administrator	15,000
Elwood "Chip" Stalter	Police Chief	
Richard Odierna	Recreation Director	
Ginna Sapanara	Registrar of Vital Statistics	
Michelle Wood	Construction Official	
Keith Durie	DPW Superintendent	
Katherine Elgert	Welfare Director	
Patty Hughes	Swim Pool Manager/Community Activity Director	1,000,000

Individual bonds were written by the Selective Insurance Company and were in force for the period under audit. All other listed officials are covered by an employee blanket position bond provided through the Bergen County Municipal Joint Insurance Fund.

Swimming Pool Commission employees were covered by Public Employees Blanket Bond in the amount of \$1,000,000 by the Aetna Casualty and Surety Company.

BOROUGH OF HILLSDALE

Schedule of Expenditures of State Awards

Year ended December 31, 2007

State grantor	Program	Grant number	Grant year	Grant award	Balance Dec. 31, 2006	Cash Received	Expended	Balance Dec. 31, 2007	MEMO Cumulative Expenditures
Department of Transportation	Highway Planning and Construction Program Knickerbocker Avenue, Section 2	6320-480-078-6320-AJQ-TCAP-6010 6320-480-078-6320-AJQ-TCAP-6010	2006	\$ 130,000	(39,120)	90,861	148,790	(39,120)	130,000
			2007	150,000	(39,120)	90,861	148,790	(57,929)	148,790
					(97,049)			(97,049)	278,790
Administrative Office of the Courts	Alcohol Education and Rehabilitation	1110-448-031020-22 9735-760-098-Y900 9735-760-098-Y900	PY	354	1,491	1,087	1,300	191	1,300
			2006	1,087	354	1,087	354	354	354
			2007	1,845	1,845	1,087	1,632	1,632	1,632
Division of Criminal Justice	Body Armor	1020-718-066-1020-001-YCJS 1020-718-066-1020-001-YCJS 1020-718-066-1020-001-YCJS	PY	1,895	1,122	1,895	1,404	(282)	2,554
			2006	1,895	1,895	639	1,256	639	639
			2007	1,895	3,017	1,895	2,043	1,895	1,895
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400 6400-100-078-6400 6400-100-078-6400	PY	10,973	121	4,200	121	4,200	10,973
			2006	4,200	4,200	2,407	1,793	2,407	2,407
			2007	4,200	4,321	4,200	2,528	5,993	13,380
Division of Highway Safety	NJ State Police SLA HEOP Grant	4900-765-042-4900-004 4900-765-042-4900-004 4900-765-042-4900-004	PY	925	925	925	925	925	925
			2006	31,550	31,550	9,400	22,150	18,293	
			2007	10,762	9,325	10,762	10,762	10,762	
Department of Environmental Protection	Clean Communities Act	4900-752-042-4900-001 4900-752-042-4900-001 4900-752-042-4900-001	PY	5,000	2,500	5,297	5,297	2,500	5,297
			2006	2,755	2,755	8,124	8,124	8,124	
			2007	237	59,550	237	14,697	66,259	23,590
Department of the Treasury	Watershed Moratorium Grant	7550-150-158010-60	2005	2,303	2,303	2,303	2,303	2,303	
			2007	18,200	18,200	11,515	6,685	11,515	
Department of Human Services	Public Assistance	7550-150-158010-60	2005	2,303	2,303	2,303	2,303	2,303	
			2007	18,200	18,200	11,515	6,685	11,515	

BOROUGH OF HILLSDALE

Schedule of Expenditures of State Awards

Year ended December 31, 2007

State grantor	Program	Grant number	Grant Year	Grant award	Balance Dec. 31, 2006	Cash Received	Expended	Balance Dec. 31, 2007	MEMO Cumulative Expenditures	
County of Bergen (1)	Municipal Alliance on Alcoholism and Drug Abuse		PY 2005	11,500	11,301			11,301		
			2006	11,500	8,500			8,500	3,000	
			2006	1,000	(1,000)			(1,000)	(2,350)	
			2006	1,000					(1,000)	
			2007	11,500			3,495	3,804	(309)	1,000
					<u>16,451</u>	<u>3,495</u>	<u>3,804</u>	<u>16,142</u>	<u>3,804</u>	
					49,292	141,144	186,980	3,456	352,175	
					Total State Financial Assistance					
Other Financial Assistance County of Bergen	Municipal Recycling Assistance Program		PY 2006	6,289	(10,829)			(10,829)	10,867	
			2007	6,638	6,289			6,638	6,289	
			2007	186				186		
	Open Space Trust Fund Centennial Field Recreation Improvements Saddlewood Open Space Flood Mitigation Acquisitions Ralph Avenue Park Improvements Centennial Field Access Improvements		006-910-785-20-31	2005	40,600	(36,000)			(36,000)	40,600
			Ord. 2003-1: 006-910-785-20-31	2004	274,000	(274,000)			(274,000)	36,000
			006-910-785-20-31	2006	25,000	(1,208)			(1,208)	274,000
				2006	47,500	(27,800)			(27,800)	25,000
Bergen County Direct Contribution:	Willowbrook/Ruckman Rd. Drainage Imps. Broadway Bridge Design		2005	160,000	(146,150)			(146,150)	146,150	
			PY		(55,080)			(55,080)	55,080	
FAIU Grant			PY 2006	1,826	3,651		950	2,701	950	
			2006	5,730	1,825			1,826	1,826	
			2007					5,730	5,730	
					<u>(539,302)</u>	<u>12,555</u>	<u>7,239</u>	<u>(533,986)</u>	<u>622,736</u>	
					\$ (490,010)	153,699	194,219	(530,530)	974,911	
					Total Other Financial Assistance					

Note: This schedule was not subject to an audit in accordance with N.J.OMB 04-04.

(1) - Passed Through the State of New Jersey
A - Accounts Receivable of \$12,555, appropriated reserves of \$28,697

BOROUGH OF HILLSDALE
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2007

Federal grantor	Program	C.F.D.A. Number	Grant year	Grant award	Balance Dec. 31, 2006	Cash Received	Expended	Balance Dec. 31, 2007	MEMO Cumulative Expenditures
Federal Emergency Management Agency	Assistance to Firefighters Grant Program	83.554	2003	141,509 \$	3,895			3,895	137,614
U.S. Department of Justice	COPS in School		PY 2006 2007	35,000 62,000	(40,772) (5,000)	5,000 62,000	5,000 23,617	(45,772) 38,383	30,000 23,617
					(45,772)	67,000	28,617	(7,389)	53,617
(1) Department of Environmental Protection	Municipal Stormwater Regulation Program	66.605 66.605 66.605	PY 2006 2006 2007	10,208 7,655 2,552	(6,721) 7,655	2,552 2,552	772 486	(7,493) 7,169	10,208 486
					934	2,552	1,258	2,228	10,694
U. S. Department of Housing and Urban Development Community Development Block Grant Pass Through Funds: County of Bergen	ADA Improvements at Smith School	14.218	2006	50,000	(13,057) (13,057)	14,057 14,057		1,000 1,000	47,385 47,385
Law and Public Division of Highway Traffic Safe State and Community Highway State Incentive Grants (DRE Co-Ordinator)		20.600	2005		(13,477)			(13,477)	B
				\$	(67,477)	83,609	29,875	(13,743)	249,310

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

(1) Passed through the State of New Jersey

A - Accounts Receivable of \$45,775; appropriated reserve of \$3.

B - Accounts Receivable of \$26,031; appropriated reserve of \$12,554

BOROUGH OF HILLSDALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2007

	Current <u>Fund</u>	Federal and State Grant <u>Fund</u>
Balance, December 31, 2006	\$ 4,007,593	3,011
Increased by receipts:		
Tax Overpayments	13,581	
Interest earned		10
State of New Jersey - Veterans and Senior Citizens	136,651	
Other Accounts Receivable	199,120	
Prepaid taxes	218,559	
Taxes receivable	34,753,558	
Revenue accounts receivable	3,182,221	
Marriage license fees	950	
DCA Fees	10,192	
Interfunds	324,632	
Various Reserves	103,614	
Non-budget revenue	125,114	
Grants Receivable	168,909	
Unappropriated Reserves	50,199	
	<u>39,287,300</u>	<u>10</u>
	43,294,893	3,021
Decreased by disbursements:		
Appropriation reserves	721,359	
Budget appropriations	9,565,675	
County taxes	3,576,326	
Local district school taxes	15,715,433	
Regional high school taxes	8,603,742	
Tax Overpayments	20,357	
Marriage license fees	775	
DCA fees	10,192	
Various Reserves	60,532	
Tax Refunds	6,022	
Revenue Refunds	1,300	
Appropriated Reserves	212,579	
	<u>38,494,292</u>	<u>3,021</u>
Balance, December 31, 2007	<u>\$ 4,800,601</u>	<u>3,021</u>

BOROUGH OF HILLSDALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2007

Balance, December 31, 2006	\$ <u>250</u>
Balance, December 31, 2007	\$ <u><u>250</u></u>
Analysis of balance:	
Tax collector	50
Municipal court	<u>200</u>
	\$ <u><u>250</u></u>

**Schedule of Due from/(to) State of New Jersey -
Senior Citizens' and Veterans' Deductions**

Current Fund

Year ended December 31, 2007

Balance, December 31, 2006	\$ (2,666)
Increased by:	
Senior Citizen Deductions per tax duplicate	\$ 20,750
Veteran Deductions per tax duplicate	113,250
Deductions allowed by tax collector	<u>5,654</u>
	<u>139,654</u>
	136,988
Decreased by:	
Cash Receipts	<u>136,651</u>
Balance, December 31, 2007	\$ <u><u>337</u></u>

BOROUGH OF HILLSDALE

Schedule of Other Accounts Receivable

Current Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	<u>Accrued</u>	<u>Received</u>	Balance, Dec. 31, <u>2007</u>
Due from Bergen County:				
Broadway Bridge Design	55,080			55,080
Willowbrook/Ruckman Road Drainage Project	146,150	13,850	160,000	
Hillsdale Avenue Culvert		85,000		85,000
	<u>201,230</u>	<u>98,850</u>	<u>160,000</u>	<u>140,080</u>
Due from State of New Jersey (DOT):				
Knickerbocker Avenue, Sec. 2	39,120		39,120	
	<u>39,120</u>		<u>39,120</u>	
Due from Bergen County Open Space Trust Fund:				
Reimbursement - Saddlewood	36,000			36,000
Ralph Avenue Tot Park	1,208			1,208
Centennial Field Access Improvements	47,500			47,500
Hillsdale Avenue Culvert		60,000		60,000
	<u>84,708</u>	<u>60,000</u>		<u>144,708</u>
	<u>\$ 325,058</u>	<u>158,850</u>	<u>199,120</u>	<u>284,788</u>

BOROUGH OF HILLSDALE

**Schedule of Taxes Receivable and
Analysis of 2007 Property Tax Levy**

Current Fund

Year ended December 31, 2007

Year	Balance, Dec. 31, 2006	Total 2007 Levy	2006 Collections	2007 Collections	Veterans and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2007
2006	\$ 256,163		223,407	256,163				
2007		35,198,460	223,407	34,497,395	139,654	1,068	39,693	297,243
	\$ 256,163	35,198,460	223,407	34,753,558	139,654	1,068	39,693	297,243

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	\$ 35,163,474
Added taxes (54:4-63.12 et seq.)	34,986
	<u>\$ 35,198,460</u>

Tax levy:	
Regional high school tax	8,931,912
Local district school tax	15,715,433
County tax	3,549,699
Amount due county/added taxes	3,508
Local open space tax	196,590
Local tax/municipal purposes	6,463,344
Additional tax levied	339,974
	<u>35,200,460</u>

BOROUGH OF HILLSDALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2007

Balance, December 31, 2006	\$ 23,206
Increased by:	
Transfers from taxes receivable	<u>1,068</u>
Balance, December 31, 2007	<u><u>\$ 24,274</u></u>

**Schedule of Property Acquired for Taxes
at Assessed Valuation**

Current Fund

Year ended December 31, 2007

Balance, December 31, 2006	\$ <u>655,700</u>
Balance, December 31, 2007	<u><u>\$ 655,700</u></u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	
1106	4.01	233,900
1106	4.02	145,400
1106	4.03	138,200
1106	4.04	<u>138,200</u>
		<u><u>\$ 655,700</u></u>

BOROUGH OF HILLSDALE

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2007

	Antici- pated	Realized	Realized	Excess or (deficit)
Licenses:				
Alcoholic beverage	\$	18,050	18,050	
Other		19,066	19,066	
Fees and permits:				
Construction code official		216,008	216,008	
Other		66,698	66,698	
Fines - Municipal Court	8,657	100,067	101,928	6,796
Interest and costs on taxes		84,022	84,022	
Parking Fees		55,667	55,667	
Interest on Investments and Deposits		236,741	236,741	
Anticipated Utility Operating Surplus		160,000	160,000	
Sewer Agreement Revenue		17,111	17,111	
Payments in Lieu of Taxes - Senior Housing		43,607	43,607	
Host Community Fees		4,497	4,497	
Communication Tower and Cable		128,855	128,855	
Consolidated Municipal Property Tax Relief Act		267,801	267,801	
Legislative Initiative Municipal Block Grant		42,663	42,663	
Energy Receipts Tax		1,201,190	1,201,190	
Supplemental Energy Receipts Tax		57,317	57,317	
Homeland Security		70,000	70,000	
Water Shed Aid		2,303	2,303	
Municipal Property Tax Assistance		30,640	30,640	
Pistal Range Rental - River Vale		2,000	2,000	
Bergen County Open Space		60,000	60,000	
County of Bergen - Willowbrook Storm Sewer		13,850	13,850	
County of Bergen - Hillsdale Avenue Culvert		85,000	85,000	
Uniform Fire Safety Act		8,126	8,126	
Recycling Revenue		58,931	58,931	
Reserve for Premium on Bond				
Anticipation Notes - Capital		51,854	51,854	
Meadowbrook School Paving Reimbursements	14,000	15,000	15,000	14,000
Reimbursement - Bergen County Open Space		274,000	274,000	
	\$ 22,657	3,391,064	3,392,925	20,796
			158,850	
			51,854	
			3,182,221	
			\$ 3,392,925	

BOROUGH OF HILLSDALE
Schedule of Deferred Charges
N.J.S. 40A:4-55 Special Emergency

Current Fund

Year ended December 31, 2007

	Net Amount <u>Authorized</u>	1/5th of Net Amount <u>Authorized</u>	Balance <u>Dec. 31, 2006</u>	Decreased by: 2007 Budget <u>Appropriation</u>	Balance, Dec. 31, <u>2007</u>
Revaluation Program	\$ 255,000	51,000	153,000	51,000	102,000
	<u>\$ 255,000</u>	<u>51,000</u>	<u>153,000</u>	<u>51,000</u>	<u>102,000</u>

Schedule of Deferred Charges
Emergency Authorizations

Current Fund

Year ended December 31, 2007

	Balance <u>Dec. 31, 2006</u>	Amount Resulting from <u>2007</u>	Dec. 31, <u>2007</u>
Emergency Authorization		39,500	39,500
		<u>39,500</u>	<u>39,500</u>

BOROUGH OF HILLSDALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages:				
Within "CAPS":				
Administrative & Executive	\$ 1,024	1,024	485	539
Administration of Finance	5,764	5,764		5,764
Collection of Taxes	3,434	434	293	141
Assessment of Taxes	1,605	1,270	250	1,020
Clerk's Office	1,414	1,414		1,414
Police Department	566	5,866	5,846	20
Fire Department	22	22		22
Fire Prevention	1,045	1,045	571	474
Streets and Roads	1,121	1,121	829	292
Public Buildings and Grounds	35	35		35
Board of Health	3,188	3,188	618	2,570
Administration of Public Assistance	96	96		96
Board of Recreation	31	131	105	26
Senior Citizens	1,259	1,259		1,259
Municipal Court	1,559	1,559	436	1,123
Public Defender	28	28		28
Construction Official	1,473	1,473	487	986
Salaries and Wages:				
Excluded from "CAPS":				
Storm Water	1	1		1
Other Expenses:				
Within "CAPS":				
Mayor and Council	2,104	6,500	4,412	2,088
Administrative & Executive:				
Public Information	978	1,652	513	1,139
Miscellaneous	1,330	6,711	4,615	2,096
Administration of Finance	12,841	13,976	10,586	3,390
Audit Services	14,500	22,500	8,000	14,500
Assessment of Taxes	482	2,338	2,336	2
Collection of Taxes	2,242	3,521	1,224	2,297
Clerk's Office	980	6,534	6,065	469
Legal and Engineering Services	27,876	16,335	9,870	6,465
Train Station	385	482	187	295
Municipal Land Use:				
Planning Board	16,413	9,207	2,794	6,413

BOROUGH OF HILLSDALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Insurance:				
Unemployment	1,361	1,361		1,361
Police	3,112	14,727	14,094	633
Emergency Management	1,483	4,874	3,391	1,483
Aid to Ambulance Squad	4,900	2,900		2,900
Fire Department	5,233	31,677	30,642	1,035
Fire Prevention	358	1,417	1,414	3
Streets and Roads	45	52,560	51,045	1,515
Garbage and Trash Removal	16,829	56,134	54,985	1,149
Recycling Costs- Other Expense	8,551	33,658	33,657	1
Public Buildings and Grounds	1,513	5,580	4,393	1,187
Environmental Comm (RS40:56A-et,seq)				
Other Expenses	747	747		747
Board of Health	692	1,231	1,011	220
Administration of Public Assistance	7,000	7,000		7,000
Board of Recreation	1,285	2,568	2,113	455
Senior Citizen Program	3,859	6,267	3,758	2,509
Parks and Playgrounds	2	7,135	6,281	854
Anniversary/Holiday-Other Expenses	66	66		66
Municipal Court	5,698	8,333	3,682	4,651
Blood Borne Pathogens:				
Other Expenses	1	300	299	1
Construction Code Official:				
Other Expenses	11,282	5,607	1,283	4,324
Telephone	1,210	1,341	692	649
Gasoline	886	886	738	148
Vehicle Maintenance	333	900	567	333
Utilities:				
Gas and Electric	27,698	47,574	40,544	7,030
Telephone	3,368	5,769	5,267	502
Water	24,891	29,986	15,718	14,268
Gasoline	14,954	15,018	14,870	148
Vehicle Maintenance:				
Other Expenses	2,393	7,536	6,183	1,353
Other Expenses:				
Excluded from "CAPS":				
Contribution to:				
Social Security System (O.A.S.I.)	5,884	5,884		5,884
Maintenance of Free Public library	15,754	15,809	15,809	
LOSAP Expenses	72,000	72,000	70,675	1,325

BOROUGH OF HILLSDALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Insurance:				
General Liability	37,568	38,068	25,624	12,444
Workers Compensation Insurance	48,668	48,668	47,302	1,366
Group Insurance for Employees	2,960	45,340	43,876	1,464
UCC Employee Group Health	4,775	4,775	2,587	2,188
UCC Workers Compensation Insurance	1,300	1,300	1,300	
UCC Liability	1,300	1,300	1,300	
Police and Fireman's Retirement System	1	1		1
Sanitation:				
Bergen County Utilities Authority	1	1		1
Storm Water	1,077	8,057	7,493	564
Municipal Alliance on Alcohol & Drug Abuse				
Municipal Share	2,875	2,875	500	2,375
Open Space Grant - Bergen County	19,700	22,480	17,744	4,736
Capital Improvements - Excluded from "CAPS"				
Knickerbocker Ave - Section 2		<u>130,000</u>	<u>130,000</u>	
Total Expenditures	\$ <u>467,409</u>	<u>865,196</u>	<u>721,359</u>	<u>143,837</u>
Appropriation Reserves	\$ 467,409			
Encumbrances		<u>397,787</u>		
		<u>\$ 865,196</u>		

BOROUGH OF HILLSDALE
Schedule of Encumbrances Payable
Current Fund
Year ended December 31, 2007

Balance, December 31, 2006	\$	397,787
Increased by:		
Charges to 2006 Appropriations		<u>213,229</u>
		611,016
Decreased by:		
Transferred to Appropriation Reserves		<u>397,787</u>
Balance, December 31, 2007	\$	<u><u>213,229</u></u>

BOROUGH OF HILLSDALE
Schedule of Local District School Taxes Payable
Current Fund
Year ended December 31, 2007

Balance, December 31, 2006	\$	500
Increased by:		
2007 Levy		<u>15,715,433</u>
		15,715,933
Decreased by:		
Cash Disbursements		<u>15,715,433</u>
Balance, December 31, 2007	\$	<u><u>500</u></u>

Schedule of Regional High School Taxes Payable
Current Fund
Year ended December 31, 2007

Balance, December 31, 2006	\$	1,835,746
Increased by:		
2007 Levy		<u>8,931,912</u>
		10,767,658
Decreased by:		
Payments		<u>8,603,742</u>
Balance, December 31, 2007	\$	<u><u>2,163,916</u></u>

BOROUGH OF HILLSDALE

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2007

Balance, December 31, 2006		\$	26,379
Increased by:			
2007 Overpaid Taxes			<u>13,581</u>
			39,960
Decreased by:			
Operations	\$	6,022	
Cash Disbursements		<u>20,357</u>	
			<u>26,379</u>
Balance, December 31, 2007		\$	<u><u>13,581</u></u>

BOROUGH OF HILLSDALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2007

Balance, December 31, 2006	\$ 226,223
Increased by:	
2008 Taxes Received in 2007	<u>218,559</u>
	444,782
Decreased by:	
Applied to 2007	<u>226,223</u>
Balance, December 31, 2007	<u><u>\$ 218,559</u></u>

**Schedule of Due to State of New Jersey
for Marriage License/Domestic Partnership Fees**

Current Fund

Year ended December 31, 2007

December 31, 2006	\$ 200
Increased by:	
Cash Receipts	<u>950</u>
	1,150
Decreased by:	
Cash Disbursements	<u>775</u>
December 31, 2007	<u><u>\$ 375</u></u>

BOROUGH OF HILLSDALE

Schedule of Due to State of New Jersey DCA Fees

Current Fund

Year ended December 31, 2007

December 31, 2006	\$	2,257
Increased by:		
Cash Receipts		<u>10,997</u>
		13,254
Decreased by:		
Cash Disbursements		<u>10,192</u>
Balance, December 31, 2007	\$	<u><u>3,062</u></u>

BOROUGH OF HILLSDALE

Schedule of Interfunds

Current Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2007</u>
Federal and State Grant Fund	\$ (20,359)	209,060	214,079	(25,378)
Animal Trust Fund			5,000	(5,000)
Other Trust Fund	196	11,911	71	12,036
General Capital Fund	<u>179</u>	<u>97,941</u>	<u>585,511</u>	<u>(487,391)</u>
	<u>(19,984)</u>	<u>318,912</u>	<u>804,661</u>	<u>(505,733)</u>
Amount Due From	375	11,911	250	12,036
Amount Due To	<u>(20,359)</u>	<u>307,001</u>	<u>804,411</u>	<u>(517,769)</u>
	<u>\$ (19,984)</u>	<u>318,912</u>	<u>804,661</u>	<u>(505,733)</u>
Interest on Investments		57,998		
Budget Revenue Realized		260,914		
Budget Charges			480,029	
Receipts			<u>324,632</u>	
		<u>\$ 318,912</u>	<u>804,661</u>	

BOROUGH OF HILLSDALE

Schedule of Various Reserves

Current Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2007</u>
Reserve for:				
Open Space - Centennial	\$ 12,323			12,323
Open Space - Land Acquisition, 2002	23,000			23,000
Broadway Bridge	55,080		26,032	29,048
Flood Mitigation - Brook Revaluation	10,517 34,500		34,500	10,517
Water Shed Aid		2,304		2,304
Open Space - Pascack Bridge		41,310		41,310
Open Space - Bergen County		60,000		60,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 135,420</u>	<u>103,614</u>	<u>60,532</u>	<u>178,502</u>

BOROUGH OF HILLSDALE
Schedule of Due from/(to) Current Fund
Federal and State Grant Fund
Year Ended December 31, 2007

Balance - December 31, 2006		\$	20,359
Increased by:			
Grants Received - Appropriated	\$	158,861	
Grants Received - Unappropriated		50,199	
			209,060
			(188,701)
Decreased by:			
Budget Charges		212,579	
Prior year encumbrances paid		1,500	
			214,079
Balance - December 31, 2007		\$	25,378

BOROUGH OF HILLSDALE

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	2007 Budget Revenue <u>Realized</u>	Decreased by: <u>Received</u>	Balance, Dec. 31, <u>2007</u>
DRE Co-ordinator	\$ 26,031			26,031
Body Armor Replacement Fund	282			282
Environmental Grant	2,500			2,500
Municipal Recycling Assistance	10,867	6,638	6,638	10,867
Stormwater Management Grant	7,493			7,493
COPS in School	45,775			45,775
COPS in School	5,000	5,000	5,000	5,000
Municipal Alliance	4,550	11,500	3,495	12,555
Community Development Block Grant Accessibility Imps. - Smith School	15,672		14,057	1,615
Body Armor Replacement Fund		1,963	1,963	
Stormwater Management Grant		2,551	2,551	
COPS in School - Pascack Valley HS		32,000	32,000	
NJ DOT		150,000	90,861	59,139
Recycling Tonnage Grant		8,124	8,124	
Drunk Driving Enforcement Fund		4,200	4,200	
Clean Communities Grant		10,762	10,762	
FAIU Grant		1,826	1,826	
	<u>\$ 118,170</u>	<u>234,564</u>	<u>181,477</u>	<u>171,257</u>
		Cash Receipts	168,909	
		Unappropriated Reserves	<u>12,568</u>	
			<u>\$ 181,477</u>	

BOROUGH OF HILLSDALE

Schedule of Appropriated Reserves for

Federal and State Grant Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	Transferred from 2007 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2007</u>
DRE Co-ordinator	\$ 12,554			12,554
Assistance to Firefighters Grant	3,894			3,894
Drunk Driving Enforcement Fund				
Clean Communities	31,550		9,400	22,150
Tree Planting Program	2,755			2,755
Municipal Alliance	21,001	11,500	3,804	28,697
Stormwater Management Grant	772		772	
Municipal Recycling Assistance Grant	38			38
Alcohol, Education and Rehabilitation	1,264		1,264	
COPS in School	5,003		5,000	3
COPS in School		5,000		5,000
FAIU Grant	126		126	
Watershed Moritorium Aid	2,303		2,303	
OEM Grant	925			925
Environmental Grant	5,000			5,000
Body Armor Replacement Fund	2,554	68	2,043	579
Drunk Driving Enforcement Fund	121	4,200	2,528	1,793
Clean Communities		10,762		10,762
Stormwater Management Grant	5,104	2,551	486	7,169
Municipal Recycling Assistance Grant	6,289		6,289	
Alcohol, Education and Rehabilitation	227		36	191
FAIU Grant	3,525	1,826	824	4,527
Community Development Block Grant - Smith School				
Accessibility Improvements	2,615			2,615
Body Armor Replacement Fund	677			677
Body Armor Replacement Fund		1,895		1,895
Recycling Tonnage Grant	5,297	8,124	5,297	8,124
NJ DOT		150,000	148,790	1,210
COPS in School Pascack Valley		32,000	23,617	8,383
BCUA Recycling		6,638		6,638
	<u>\$ 113,594</u>	<u>234,564</u>	<u>212,579</u>	<u>135,579</u>
		Budget \$ <u>234,564</u>		
			Cash Disbursed \$ <u>212,579</u>	

BOROUGH OF HILLSDALE
Schedule of Unappropriated Reserves for
Federal and State Grant Fund
Year ended December 31, 2007

<u>Grant</u>	Balance, Dec. 31, <u>2006</u>	Transferred to 2007 <u>Budget</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2007</u>
Municipal Alliance	\$			
Alcohol Education and Rehabilitation	354		1,087	1,441
Drunk Driving Enforcement Fund	4,200			4,200
Clean Communities Grant	9,324		10,407	19,731
COPS in School Pascack Valley			30,000	30,000
FAIU Grant	1,825	1,825	5,730	5,730
Recycling Tonnage Grant	8,124	8,124	237	237
Body Armor Replacement Fund	68	68		
Stormwater Management Grant	2,551	2,551	2,552	2,552
BCUA Recycling			186	186
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	\$ 26,446	12,568	50,199	64,077

BOROUGH OF HILLSDALE

Schedule of Cash - Collector-Treasurer

Trust Funds

Year ended December 31, 2007

	Animal License Fund	Other Trust Funds	Recreation Trust	Emergency Services LOSAP Trust
Balance - December 31, 2006	\$ <u>11,557</u>	<u>552,621</u>	<u>93,627</u>	<u>412,890</u>
Increased by receipts:				
Animal License fees	4,166			
State Fees	1,410			
Prepaid Animal License fees	4,246			
Interfunds	446	10,061	4,733	
Other Trust receipts		234,107		
Escrow deposits		226,196		
Recreation receipts			274,587	
Borough Contributions				72,014
Investment Income				35,575
	<u>10,268</u>	<u>470,364</u>	<u>279,320</u>	<u>107,589</u>
	21,825	1,022,985	372,947	520,479
Decreased by disbursements:				
Animal License expenditures	11,654			
State Fees	1,334			
Interfunds	446	10,131	4,733	
Other Trust fund disbursements		171,659		
Escrow disbursements		178,768		
Recreation disbursements			293,181	
Withdrawals				28,431
Account Charges/Tax Withholdings				2,899
	<u>13,434</u>	<u>360,558</u>	<u>297,914</u>	<u>31,330</u>
Balance - December 31, 2007	\$ <u><u>8,391</u></u>	<u><u>662,427</u></u>	<u><u>75,033</u></u>	<u><u>489,149</u></u>

BOROUGH OF HILLSDALE
Schedule of Reserve for Animal
License Trust Fund Expenditures

Trust Funds

Year ended December 31, 2007

Balance - December 31, 2006	\$	7,368
Increased by:		
Cat License Fees	\$	560
Dog License Fees		2,646
Late Fees		960
Transferred from Prepaid Animal Licenses		4,030
Budget Appropriation		<u>5,000</u>
		<u>13,196</u>
		20,564
Decreased by:		
Expenditures		<u>11,654</u>
Balance - December 31, 2007	\$	<u><u>8,910</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2005	12,328
2006	<u>4,264</u>
	<u><u>\$ 16,592</u></u>

BOROUGH OF HILLSDALE
Schedule of Prepaid Animal Licenses
Animal License Trust Fund
Trust Funds
Year ended December 31, 2007

Balance - December 31, 2006	\$	4,030
Increased by:		
Dog License fees collected	\$	3,454
Cat License fees collected		<u>792</u>
		<u>4,246</u>
		8,276
Decreased by:		
Transferred to Reserve for Animal Licenses		<u>4,030</u>
Trust Expenditures		<u>4,030</u>
Balance - December 31, 2007	\$	<u><u>4,246</u></u>

Schedule of Amount Due to
State of New Jersey - Department of Health
Animal License Trust Fund
Trust Funds
Year ended December 31, 2007

Balance - December 31, 2006	\$	159
Increased by:		
Fees Collected		<u>1,410</u>
		1,569
Decreased by:		
Paid to State		<u>1,334</u>
Balance - December 31, 2007	\$	<u><u>235</u></u>

BOROUGH OF HILLSDALE

Schedule of Interfunds

Trust Funds

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2007</u>
Animal License Trust:				
Current Fund	\$	5,446	446	5,000
Other Trust Fund:				
Current Fund	(196)	10,131	21,972	(12,037)
Recreation Trust Fund:				
Current Fund		<u>4,733</u>	<u>4,733</u>	
	<u>(196)</u>	<u>20,310</u>	<u>27,151</u>	<u>(7,037)</u>
Due from		5,000		5,000
Due to	<u>(196)</u>	<u>15,310</u>	<u>27,151</u>	<u>(12,037)</u>
	\$ <u>(196)</u>	<u>20,310</u>	<u>27,151</u>	<u>(7,037)</u>
			15,240	
			11,911	
		5,000		
		<u>15,310</u>		
		\$ <u>20,310</u>	<u>27,151</u>	

BOROUGH OF HILLSDALE

Schedule of Reserve for Other Trust Funds

Trust Funds

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2007</u>
Prescription Plan	\$ 5			5
Street Lighting Fund	5,199			5,199
UCA/Fire Penalties	19,601	7,850	3,655	23,796
BOE Gasoline	2,230	4,207	5,932	505
Dedicated Fire Penalties	1,800			1,800
Art Program	3,680	7,440	6,820	4,300
POAA	2,558	442		3,000
DARE Program	4,990	1,350	425	5,915
Robot Replacement	91			91
Tax Title Lien Premiums	11,911	66,200	11,911	66,200
Recreation	145		145	
Tax Map Revision	848	400		1,248
Memorial Day Parade	2,831	1,470	1,250	3,051
Trees - Memorial	415			415
Community Development - Senior Citizens	6,679	2,475	595	8,559
Centennial	1,454	95	70	1,479
Misc.	1,101			1,101
Stonybrook Police Donation	5,490		1,213	4,277
2002 Disability	57,254	1,157		58,411
Developer's Contributions	45,476	10,000	10,465	45,011
Paterson Bridge Design	47,408		6,098	41,310
Pascack Valley Regional High School	23,372		15,000	8,372
Town Celebration	4,920	600	1,290	4,230
Curbs/Roads Sidewalks		8,650	6,971	1,679
Solicitor		1,350	700	650
Police Reserves	<u>26,385</u>	<u>120,421</u>	<u>111,030</u>	<u>35,776</u>
	<u>\$ 275,843</u>	<u>234,107</u>	<u>183,570</u>	<u>326,380</u>
		Cash Receipts		
		Interfunds	11,911	
		Cash Disbursements	171,659	
		\$ <u>234,107</u>	<u>183,570</u>	

BOROUGH OF HILLSDALE
Schedule of Reserve for Escrow Deposits

Trust Funds

Year ended December 31, 2007

Balance - December 31, 2006	\$	276,582
Increased by:		
Escrow deposits received		226,196
		502,778
Decreased by:		
Cash disbursements		178,768
Balance - December 31, 2007	\$	324,010

Schedule of Reserve for Recreation Expenditures

Trust Funds

Year ended December 31, 2007

Balance - December 31, 2006	\$	93,627
Increased by:		
Cash Receipts		274,587
		368,214
Decreased by:		
Cash Disbursements		293,181
Balance - December 31, 2007	\$	75,033

BOROUGH OF HILLSDALE
Statement of Service Award Contributions Receivable
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2007

Balance - December 31, 2006	\$	70,675
Increased by:		
2007 Contribution	\$	<u>71,820</u>
		142,495
Decreased by:		
Receipts	\$	<u>70,675</u>
Balance - December 31, 2007	\$	<u><u>71,820</u></u>

Statement of Net Assets Available for Benefits
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2007

Balance - December 31, 2006	\$	483,565
Increased by:		
Borough Contribution	\$	71,820
Borough Contribution - Prior Year		1,339
Investment Income		<u>35,575</u>
		<u>108,734</u>
		592,299
Decreased by:		
Withdrawals		28,431
Account Charges/Tax Withholdings		<u>2,899</u>
		<u>31,330</u>
Balance - December 31, 2007	\$	<u><u>560,969</u></u>

BOROUGH OF HILLSDALE

Schedule of Cash

General Capital Fund

Year Ended December 31, 2007

Balance - December 31, 2006		\$ 1,449,000
Increased by Receipts:		
Bond Anticipation Notes	\$ 5,571,781	
Due to Current Fund	46,087	
Open Space Tax Levy	196,400	
Open Space - Added Taxes	160	
Interest on Investments - Open Space	<u>5,765</u>	
		<u>5,820,193</u>
		<u>7,269,193</u>
Decreased by Disbursements:		
Interest on Bond Anticipation Note	193,298	
Bond Anticipation Notes	5,347,473	
Note Interest paid by Municipal Open Space	46,670	
Improvement Authorizations	776,440	
Due to/(from) Current Fund	<u>51,249</u>	
		<u>6,415,130</u>
Balance - December 31, 2007		<u><u>\$ 854,063</u></u>

BOROUGH OF HILLSDALE

Analysis of Cash

General Capital Fund

Year Ended December 31, 2007

Due to Current Fund	(487,392)
Reserve for Open Space	125,809
Reserve for Down Payments on Improvements	3,000
Reserve for Capital Improvements	45,222
Capital Improvement Fund	21
Excess Note Proceeds	413,804
Encumbrances Payable	89,235

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
03-1	Acq. of Real Property for Open Space and Recreation	480,129
04-21	Various Capital Improvements	36,223
06-14	Acquisition of Fire Pumper Truck	140,637
07-27	Various Capital Improvements	7,375
		<hr/>
		\$ <u><u>854,063</u></u>

BOROUGH OF HILLSDALE
Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2007

Ordinance Number	Improvement Description	Balance Dec. 31, 2006	2007 Authorizations	Decreased	Balance Dec. 31, 2007	Analysis of Balance - Dec. 31, 2007	
						Bond Anticipation Notes	Unexpended Improvement Authorization
	<u>Improvement Description:</u>						
93-10/96-4	Renovation of Fire Truck and Improvements to Firehouse	\$ 203,614		137,835	65,779	65,779	
97-20/98-18	DWP Equipment	78,357		17,218	61,139	61,139	
98-23	Purchase of Fire Equipment	304,616		36,579	268,037	268,037	
01-13	Library Renovations	1,256,000		75,000	1,181,000	1,181,000	
03-1	Acq. of Real Property for Open Space and Recreation	1,040,000		65,000	975,000	975,000	
03-9	Various Capital Improvements	995,005		182,773	812,232	811,961	271
04-21	Various Capital Improvements	1,523,000		334,864	1,188,136	1,188,136	
06-8	Sidewalk Improvement Project	83,125		83,125		83,125	
06-14	Acquisition of a Fire Pumper Truck	523,800		523,800		523,800	
07-27	Various Capital Improvements		466,652		466,652		466,652
		<u>\$ 6,007,517</u>	<u>466,652</u>	<u>849,269</u>	<u>5,624,900</u>	<u>5,157,977</u>	<u>466,923</u>

Cancelled
 Budget Appropriation 466,652
 Reserve for Open Space 317,617
65,000
\$ 849,269

Bond Anticipation Notes Issued 5,571,781
 Less: Excess Note Proceeds
 Ord. 03-9 (78,940)
 Ord. 04-21 (334,864)
\$ 5,157,977

Improvement Authorizations-Unfunded \$ 1,123,912
 Less: Unexpended Note Proceeds
Ordinance Number
 03-1 480,129
 04-21 36,223
 06-14 140,637
656,989
\$ 466,923

BOROUGH OF HILLSDALE
Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2007

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance	
						Dec. 31, 2006	Dec. 31, 2007
96-4/93-10	Road Impr. & Parking Facilities/Fire Equipment & Renovations	04/11/97	03/30/07	03/28/08	3.60%	203,614	203,614
98-23	Acquisition of a Fire Truck	01/29/99	03/30/07	03/28/08	3.60%	304,616	304,616
98-18/97-15/	Public Improvements	12/29/98	03/30/07	03/28/08	3.60%	78,357	61,139
97-16/97-20	Renovation of Library	04/04/02	03/30/07	03/28/08	3.60%	1,256,000	1,181,000
01-13	Acq. of Real Property for Open Space and Recreation	04/05/03	03/30/07	03/28/08	3.60%	1,040,000	975,000
03-1	Various Capital Improvements	04/05/03	03/30/07	03/28/08	3.60%	941,886	890,901
03-9	Various Capital Improvements	04/01/05	03/30/07	03/28/08	3.60%	1,000,000	1,000,000
04-21	Various Capital Improvements	03/31/06	03/30/07	03/28/08	3.60%	523,000	523,000
04-21	Sidewalk Improvement Project	03/30/07	03/30/07	03/28/08	3.60%	83,125	83,125
06-08	Acquisition of a Fire Pumper Truck	03/30/07	03/30/07	03/28/08	3.60%	523,800	523,800
06-14							
						\$ 5,347,473	\$ 5,571,781

Cash \$	606,925
Budget Appropriation	317,617
Reserve for Open Space	65,000
Renewed	4,964,856
	\$ 5,571,781
	\$ 5,347,473

BOROUGH OF HILLSDALE

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2007

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2006		2007 Authorizations	Cancelled	Paid or Charged	Balance Dec. 31, 2007	
			Funded	Unfunded				Funded	Unfunded
03-1	Acquisition of Real Property for Open Space and Recreation	\$		487,988			7,859		480,129
03-9	Various Capital Improvements			150,441		(131,788)	18,382		271
04-21	Various Capital Improvements	1,600,000		750,086		(334,864)	378,999		36,223
06-14	Acquisition of a Fire Pumper Truck	550,000	26,200	523,800			409,363		140,637
07-27	Various Capital Improvements	490,000			490,000		15,973		466,652
		\$	26,200	1,912,315	490,000	(466,652)	830,576	7,375	1,123,912

Capital Improvement Fund \$ 23,348
 Deferred Charges to Future Taxation 466,652
\$ 490,000

Encumbrances Payable 54,136
 Cash Disbursements 776,440
\$ 830,576

BOROUGH OF HILLSDALE

Schedule of Reserve for Capital Improvements

General Capital Fund

Year Ended December 31, 2007

	<u>Balance,</u> <u>Dec. 31, 2006</u>	<u>Paid/</u> <u>Charged</u>	<u>Balance,</u> <u>Dec. 31, 2007</u>
Acquisition of Fire Apparatus and	\$		
Renovation of Firehouse	5,625		5,625
Recreation Improvements	2,590		2,590
Office of Emergency Management	4,161		4,161
Road Program/Bridges	26,040		26,040
Centennial Park Development	807		807
Municipal Building Improvement	5,999		5,999
Landfill Closure	<u>35,099</u>	<u>35,099</u>	
	<u>\$ 80,321</u>	<u>35,099</u>	<u>45,222</u>
		<u>Encumbrances Payable</u>	<u>35,099</u>

BOROUGH OF HILLSDALE
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2007

Balance - December 31, 2006	\$	<u>21</u>
Balance - December 31, 2007	\$	<u><u>21</u></u>

Schedule of Encumbrances Payable
General Capital Fund
Year Ended December 31, 2007

Increased by:		
Charges to Improvement Authorizations	\$	54,136
Charges to Reserve for Improvements		<u>35,099</u>
		<u>89,235</u>
Balance - December 31, 2007	\$	<u><u>89,235</u></u>

BOROUGH OF HILLSDALE

Schedule of Down Payments on Improvements

General Capital Fund

Year Ended December 31, 2007

Balance - December 31, 2006	\$ 3,000
Increased by:	
Budget Appropriation	<u>23,348</u>
	26,348
Appropriated to finance	
Improvement Authorizations	<u>23,348</u>
Balance - December 31, 2007	<u><u>\$ 3,000</u></u>

BOROUGH OF HILLSDALE
Schedule of Due to/(from) Current Fund
General Capital Fund
Year Ended December 31, 2007

Balance - December 31, 2006		\$ <u>179</u>
Increased by:		
Cash Disbursements - Prior Year Interfund	179	
Down payments on Improvements	23,348	
Budget Appropriation -		
Bond Anticipation Note Principal	317,617	
Bond Anticipation Note Interest	193,298	
Interest transferred to Current	<u>51,070</u>	
		585,512
		(585,333)
Decreased by:		
Interest earned - Checking	\$ 42,648	
Interest earned - NJCM	3,436	
Interest earned - Community Development	3	
Budget revenue realized	<u>51,854</u>	
		<u>97,941</u>
Balance - December 31, 2007		\$ <u><u>(487,392)</u></u>

<u>Analysis of Balance</u>	
Due from Current - General Capital	(481,406)
Due from Current - Reserve for Open Space	<u>(5,986)</u>
	\$ <u><u>(487,392)</u></u>

BOROUGH OF HILLSDALE

Schedule of Premiums - Bond Anticipation Notes

General Capital Fund

Year Ended December 31, 2007

Balance - December 31, 2006	\$ <u>51,854</u>
Decreased by:	
Due to Current - Budget Revenue Realized	\$ <u><u>51,854</u></u>

Schedule of Reserve for Municipal Open Space Fund

General Capital Fund

Year Ended December 31, 2007

Balance - December 31, 2006	\$ 35,154
Increased by:	
Open Space Levy	\$ 196,400
Added Taxes	160
Interest on Investments	<u>5,765</u>
	<u>202,325</u>
	237,479
Decreased by:	
Interest on Bond Anticipation Notes	46,670
Paydown on Bond Anticipation Note	<u>65,000</u>
	<u>111,670</u>
Balance - December 31, 2007	\$ <u><u>125,809</u></u>

BOROUGH OF HILLSDALE

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2007

Ordinance Number	<u>Improvement Description</u>	Balance <u>Dec. 31, 2006</u>	2007 <u>Authorizations</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2007</u>
03-9	General Improvements	\$ 53,119		52,848	271
06-8	Sidewalk Improvement Project	83,125		83,125	
06-14	Acquisition of a Fire Pumper Truck	523,800		523,800	
07-27	Various Capital Improvements	<u> </u>	466,652	<u> </u>	<u>466,652</u>
		<u>\$ 660,044</u>	<u>466,652</u>	<u>659,773</u>	<u>466,923</u>
			Cancelled	52,848	
			Bond Anticipation Notes Issued	<u>606,925</u>	
			\$	<u><u>659,773</u></u>	

BOROUGH OF HILLSDALE

Schedule of Analysis of Cash

Swimming Pool Utility Capital Fund

December 31, 2007

Capital Improvement Fund	\$	108
Due to Swim Pool Operating Reserve for Improvements		(29,680)
		44,418

Improvement authorizations:

Ordinance

number

Improvement description

95-9

Capital Improvement to Stonybrook

		4,526
\$		<u>19,372</u>

BOROUGH OF PALISADES PARK

Schedule of Cash - Collector-Treasurer

Swimming Pool Utility Fund

Year ended December 31, 2007

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2006	\$ <u>412,915</u>	<u>560,394</u>
Increased by receipts:		
Membership Fees	775,916	
Use of Facility	57,079	
Interest on Investments	39,865	
Special Activities	51,877	
Swim Team	9,637	
Miscellaneous revenue not anticipated	25	
Bond Anticipation Notes		332,500
Interfund	2,592	
	<u>936,991</u>	<u>332,500</u>
	1,349,906	892,894
Decreased by disbursements:		
2007 Appropriations	868,323	
Appropriation Reserves	187,307	
Reserve for Swim Team	25,454	
Interfund		2,592
Improvement Authorizations		870,930
Accrued Interest	27,499	
	<u>1,108,583</u>	<u>873,522</u>
Balance - December 31, 2007	\$ <u><u>241,323</u></u>	<u><u>19,372</u></u>

BOROUGH OF HILLSDALE

Schedule of 2006 Reserves - Operating Fund

Swimming Pool Utility Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	Balance after <u>transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Operating:				
Salaries and Wages	\$ 10,367	367		367
Other Expenses	4,281	21,086	16,987	4,099
Capital Improvements:				
Capital Improvement Fund	<u>53,305</u>	<u>200,000</u>	<u>200,000</u>	<u> </u>
	<u>\$ 67,953</u>	<u>221,453</u>	<u>216,987</u>	<u>4,466</u>
Appropriation Reserves		67,953		
Encumbrances		<u>153,500</u>		
		<u>\$ 221,453</u>		

BOROUGH OF HILLSDALE

Schedule of Interfund Receivables/(Payable)

Swimming Pool Utility Fund

Year ended December 31, 2007

	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2006	\$ <u>2,592</u>	<u>(2,592)</u>
Increased by:		
Reserve for Improvements	29,680	
Cash Receipts	<u>2,592</u>	
	32,272	
	(29,680)	(2,592)
Decreased by:		
Transfer balance of Reserve		29,680
Cash Disbursements		<u>2,592</u>
		32,272
Balance - December 31, 2007	\$ <u><u>(29,680)</u></u>	<u><u>29,680</u></u>

BOROUGH OF HILLSDALE

Schedule of Accrued Interest

Swimming Pool Utility Fund

Year ended December 31, 2007

Balance - December 31, 2006	\$ 14,999
Increased by:	
Budget Appropriations	<u>33,259</u>
	48,258
Decreased by:	
Cash Disbursements	<u>27,499</u>
Balance - December 31, 2007	<u>\$ 20,759</u>

Principal Outstanding December 31, <u>2007</u>	Interest Rate	<u>From</u>	<u>To</u>	<u>Period</u>	Required Amount
Bond Anticipation Notes \$902,467	3.6%	3/30/07	12/31/07	9 months	<u>\$ 32,489</u>

BOROUGH OF HILLSDALE

Schedule of Fixed Capital

Swimming Pool Utility Capital Fund

Year ended December 31, 2007

	Balance, Dec. 31, <u>2006</u>	Increased by: Budget Capital <u>Outlay</u>	Transferred from Authorized and Uncompleted	Balance, Dec.31, <u>2007</u>
General Equipment	\$ 6,649	10,323		16,972
Renovations of Main Clubhouse	75,000			75,000
Improvements to Stonybrook Field Club	204,588			204,588
Reconstruction of Swim Pool	493,724			493,724
Acquisition of Land	1,100,000			1,100,000
Redevelopment of Stonybrook	23,785			23,785
Capital Improvements at Stonybrook	1,353,351	63,673		1,417,024
Barrier-Free Improvements		28,800		28,800
Landscaping Improvements		8,584		8,584
Construction of a lap pool	146,695	16,975		163,670
Construction of a new swim pool (Ord. 04-12/06-9)			1,025,000	1,025,000
	<u>\$ 3,403,792</u>	<u>128,355</u>	<u>1,025,000</u>	<u>4,557,147</u>

2006 Budget Appropriations	23,625
2007 Budget Appropriations	<u>104,730</u>
	<u>\$ 128,355</u>

BOROUGH OF HILLSDALE

Schedule of Fixed Capital Authorized and Uncompleted

Swimming Pool Utility Capital Fund

Year ended December 31, 2007

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance, Dec. 31, 2006</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2007</u>
95-9	Capital Improvements at Stonybrook	July 11, 1995	530,000 \$	111,642		111,642
04-12	Construction of a new Swim Pool	April 1, 2005	675,000	675,000	675,000	
06-09	Construction of a new Swim Pool	Aug. 1, 2006	350,000	350,000	350,000	
				<u>\$ 1,136,642</u>	<u>1,025,000</u>	<u>111,642</u>

BOROUGH OF HILLSDALE
Schedule of Bond Anticipation Notes Payable
Swimming Pool Utility Capital Fund
Year ended December 31, 2007

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of issue of original notes</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2006</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2007</u>
04-12	Construction of a new Swim Pool	April 1, 2005	Mar. 30, 2007	Mar. 28, 2008	3.60%	\$ 612,800	599,967	642,800	569,967
06-09	Construction of a new Swim Pool	Mar. 30, 2007	Mar. 30, 2007	Mar. 28, 2008	3.60%		332,500		332,500
						<u>\$ 612,800</u>	<u>932,467</u>	<u>642,800</u>	<u>902,467</u>
							Cash 332,500		
							Paydown via Budget Appropriation	42,833	
							Renewals	599,967	
							<u>\$ 599,967</u>	<u>642,800</u>	

BOROUGH OF HILLSDALE
Schedule of Improvement Authorizations
Swimming Pool Utility Capital Fund

Year ended December 31, 2007

Ordinance number	Improvement description	Date	Ordinance Amount	Balance December, 31, 2006		Paid or Charged	Balance December 31, 2007	
				Funded	Unfunded		Funded	Unfunded
95-9	Capital Improvement to Stonybrook	July 11, 1995	530,000	\$ 37,642	74,000	33,116	4,526	74,000
04-12	Construction of a new Swim Pool	Mar. 9, 2004	675,000		487,814	487,814		
06-09	Construction of a new Swim Pool	Aug. 1, 2006	350,000	17,500	332,500	350,000		
				\$ 55,142	894,314	870,930	4,526	74,000

BOROUGH OF HILLSDALE
Schedule of Reserve for Amortization
Swimming Pool Utility Capital Fund
Year ended December 31, 2007

Balance - December 31, 2006	\$	3,441,434
Increased by:		
Capital Outlay:		
Operating Budgets	\$	128,355
Transfer from Deferred Reserve for Amortization		49,700
Bond Anticipation Notes paid via Budget Appropriation		<u>42,833</u>
		<u>220,888</u>
Balance - December 31, 2007	\$	<u><u>3,662,322</u></u>

Schedule of Reserve for Swim Team Expenditures
Swimming Pool Utility Operating Fund
Year ended December 31, 2007

Balance - December 31, 2006	\$	16,895
Increased by:		
Interest earnings	\$	801
Cash receipts		<u>8,836</u>
		<u>9,637</u>
		26,532
Decreased by:		
Cash Disbursements		<u>25,454</u>
Balance - December 31, 2007	\$	<u><u>1,078</u></u>

BOROUGH OF HILLSDALE
Schedule of Capital Improvement Fund
Swimming Pool Utility Capital Fund
Year ended December 31, 2007

Balance - December 31, 2006	\$ <u>108</u>
Balance - December 31, 2007	\$ <u><u>108</u></u>

Schedule of Reserve for Improvements
Swimming Pool Utility Capital Fund
Year ended December 31, 2007

Balance - December 31, 2006	\$ 14,738
Increased by:	
Balance of 2006 Appropriation Reserves	
Capital Outlay	<u>29,680</u>
Balance - December 31, 2007	\$ <u><u>44,418</u></u>

BOROUGH OF HILLSDALE

Schedule of Deferred Reserve for Amortization

Swimming Pool Utility Capital Fund

Year ended December 31, 2007

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2006</u>	<u>To Reserve for Amoritization Fixed Capital</u>	<u>Balance Dec. 31, 2007</u>
	Prior years'		30,000		30,000
2004-12	Construction of a new Swim Pool	Mar. 9, 2004	32,200	32,200	
2006-09	Construction of a new Swim Pool	Aug. 1, 2006	17,500	17,500	
			<u>\$ 79,700</u>	<u>49,700</u>	<u>30,000</u>

BOROUGH OF HILLSDALE

Schedule of Bonds and Notes Authorized but not Issued

Swimming Pool Utility Capital Fund

Year ended December 31, 2007

<u>Ordinance number</u>	<u>Improvement description</u>	Balance Dec. 31, <u>2006</u>	Decreased by:	Balance Dec. 31, <u>2007</u>
95-9	Capital Improvements to Stonybrook	\$ 74,000		74,000
06-9	Construction of a new Swim Pool	<u>332,500</u>	<u>332,500</u>	<u> </u>
		<u>\$ 406,500</u>	<u>332,500</u>	<u>74,000</u>
			<u>Bond Anticipation Notes Issued</u>	<u>332,500</u>

BOROUGH OF HILLSDALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2007

	<u>Total</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2006	\$ <u>5,247</u>	<u>5,247</u>
Increased by Receipts:		
State Aid	18,200	18,200
Interest Earned	<u>532</u>	<u>532</u>
	<u>18,732</u>	<u>18,732</u>
	23,979	23,979
Decreased by Disbursements:		
Public Assistance - 2007	11,515	11,515
Interest earnings paid to Current	<u>532</u>	<u>532</u>
	<u>12,047</u>	<u>12,047</u>
Balance - December 31, 2007	\$ <u><u>11,932</u></u>	<u><u>11,932</u></u>

BOROUGH OF HILLSDALE

**Schedule of Public Assistance Cash and Reconciliation
Per N.J.S.A. 40A:5-5**

Public Assistance Fund

Year Ended December 31, 2007

Balance - December 31, 2007		\$	11,932
Increased by:			
State Aid	\$	1,600	
Interest Earned on Investments		<u>63</u>	
			<u>1,663</u>
			13,595
Decreased by:			
Public Assistance - 2008	\$	5,997	
Interest earnings paid to Current		<u>63</u>	
			<u>6,060</u>
Balance - March 31, 2008		\$	<u><u>7,535</u></u>

Reconciliation - March 31, 2008	<u>PATF I</u> <u>Account</u>	<u>PATF II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$	8,165	8,165
Less: Outstanding Checks	<u> </u>	<u>630</u>	<u>630</u>
Balance - March 31, 2008	\$ <u><u> </u></u>	<u><u>7,535</u></u>	<u><u>7,535</u></u>

BOROUGH OF HILLSDALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2007

Balance - December 31, 2006		\$	5,247
Increased by:			
State Aid	\$	18,200	
Interest Earned on Investments		<u>532</u>	
			<u>18,732</u>
			23,979
<u>Decreased by:</u>			
Public Assistance 2007	\$	11,515	
Interest earnings paid to Current		<u>532</u>	
			<u>12,047</u>
Balance - December 31, 2007		\$	<u><u>11,932</u></u>

<u>Reconciliation - December 31, 2007</u>	<u>PATF I</u> <u>Account</u>	<u>PATF II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ <u> </u>	<u>11,932</u>	<u>11,932</u>

BOROUGH OF HILLSDALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2007

	<u>Total</u>	<u>Petty Cash</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2006	\$ <u>5,347</u>	<u>100</u>	<u>5,247</u>
Increased by:			
State Aid	<u>18,200</u>	<u> </u>	<u>18,200</u>
	23,547	100	23,447
Decreased by:			
Public Assistance - 2007	<u>11,515</u>	<u> </u>	<u>11,515</u>
Balance - December 31, 2007	\$ <u><u>12,032</u></u>	<u><u>100</u></u>	<u><u>11,932</u></u>

BOROUGH OF HILLSDALE
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2007

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 18,200		18,200
Less: Refunds to the State			
Net State Aid Payments	<u>18,200</u>		<u>18,200</u>
 Total Revenues (P.A.T.F.)	 <u>\$ 18,200</u>		 <u>18,200</u>

Schedule of Expenditures - Cash Basis
Public Assistance Fund
Year Ended December 31, 2007

	<u>Total</u>	<u>Petty Cash</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 11,515		11,515
Total Payments Reported	<u>11,515</u>		<u>11,515</u>
 Non-Reimbursable Assistance			
 Total Disbursements (P.A.T.F.)	 <u>\$ 11,515</u>		 <u>11,515</u>

BOROUGH OF HILLSDALE
Schedule of Due to Current Fund
Public Assistance Fund
Year Ended December 31, 2007

Increased by:	
Interest earned on investments	\$ <u>532</u>
Decreased by:	
Paid to Current Fund	\$ <u><u>532</u></u>

BOROUGH OF HILLSDALE

PART II

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORT AND ON COMPLIANCE AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2007

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

Honorable Mayor and
Members of the Borough Council
Borough of Hillsdale
County of Bergen, New Jersey

We have audited the financial statements-regulatory basis of the Borough of Hillsdale in the County of Bergen as of and for the year ended December 31, 2007, and have issued our report thereon dated June 9, 2008. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Hillsdale prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.



Honorable Mayor and
Members of the Borough Council
Page 2.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Hillsdale's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Hillsdale in the accompanying comments and recommendations section of this report.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

June 9, 2008



BOROUGH OF HILLSDALE

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500. On July 1, 2005 the bid threshold was increased to \$21,000.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500 or \$21,000 after July 1, 2005 the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 or \$21,000.00 after July 1, 2005 within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

BOROUGH OF HILLSDALE

GENERAL COMMENTS, (CONTINUED)

The minutes indicate that bids were requested by public advertising for the following items:

Dump Truck	Vacuum Leaf Collector
Landscaping	Road Improvements
Tree Removal	Snow Plowing
Seasonal Pool Work	Barrier Free Improvements
Fire Engine	

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 7, 2007 adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

"NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Hillsdale, that taxes due the Borough shall be payable February 1st, May 1st, August 1st and November 1st each year, after which dates, if unpaid, shall become delinquent and from and after the respective dates herein before provided for taxes to become delinquent, the taxpayer or property assessed shall be subject to interest at 8% per annum on the first \$1,500 and 18% on any amount in excess of \$1,500;

ALSO, BE IT RESOLVED, that in the event said taxes shall be paid within ten days from due date the interest shall be waived except if the office of the Tax Collector is closed on the tenth day of February, May, August or November then the grace period shall be extended to include the first business day thereafter; and,

BE IT FURTHER RESOLVED that the interest rates so stated will revert back to the due date of any installment of taxes or assessments received after the expiration of the ten-day grace period or as otherwise provided in this Resolution."

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

BOROUGH OF HILLSDALE

GENERAL COMMENTS, (CONTINUED)

Delinquent Taxes and Tax Title Liens

A tax sale was held on October 3, 2007 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of liens</u>
2007	8
2006	8
2005	8

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

OTHER COMMENTS

Finance/Accounts Payable

1. Some expenditures were charged to the incorrect budget year.
- *2. Some orders were made prior to being encumbered.

Swimming Pool Utility

1. Some expenditures were charged to the incorrect budget year.

Departments:

Municipal Court

1. Analysis of open bail does not agree to the reconciled cash balance.
2. There are 155 tickets assigned over 180 days.
3. There was one ticket that was not entered into the ATS system.

BOROUGH OF HILLSDALE

RECOMMENDATIONS

Finance/Accounts Payable

1. All invoices be charged to the budget year in which the services were rendered.
- *2. All orders be encumbered prior to purchase.

Swimming Pool Utility

1. All invoices be charged to the budget year in which the services were rendered.

Departments:

Municipal Court

1. That the analysis of open bail be reconciled to the bank balance on a monthly basis.
2. That tickets assigned over 180 days be recalled and reassigned.
3. That all tickets be entered into the system upon issuance.

BOROUGH OF HILLSDALE

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior year recommendations and corrective action was taken on all, except for the findings/recommendations marked with an "*".

Acknowledgment

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted



Steven D. Wielkotz
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

June 9, 2008