

**BOROUGH OF HILLSDALE
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2008

BOROUGH OF HILLSDALE
BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council

We have audited the accompanying balance sheets –regulatory basis of various funds of the Borough of Hillsdale (the “Borough”), State of New Jersey, as of and for the year ended December 31, 2008, and the related statements of operations and changes in fund balance – regulatory basis, and statement of revenue and expenditures – regulatory basis of accounts for the year ended December 31, 2008. These financial statements are the responsibility of the Borough’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The regulatory financial statements as of and for the year ended December 31, 2007 were audited by other auditors whose report thereon dated June 9, 2008, expressed an unqualified opinion on those statements in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the *Division of Local Government Services, Department of Community Affairs, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

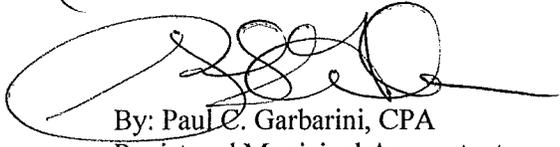
As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the *Division of Local Government Services, Department of Community Affairs, State of New Jersey*, that demonstrates compliance with the modified accrual basis,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

In our opinion, because of the effects on the financial statements of the requirement that the Borough prepare its financial statements in accordance with accounting practices 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 various funds of the Borough as of December 31, 2008, or the results of its operations and changes in fund balance for the year then ended.

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Borough as of December 31, 2008, and the results of its operations and the changes in fund balance of such funds for the year then ended, and revenues and expenditures of the various funds for the year ended December 31, 2008, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated on June 10, 2009 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the Borough's basic financial statements. The accompanying schedules of expenditures of federal awards and/or state financial assistance are presented for the purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey, and are not a required part of the financial statements. In addition, such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.


Garbarini & Co. P.C. CPA's

By: Paul E. Garbarini, CPA
Registered Municipal Accountant
License No. 120

June 10, 2009
Carlstadt, New Jersey

BOROUGH OF HILLSDALE
CURRENT FUND

COMPARATIVE BALANCE SHEET

A

| | Reference | <u>At December 31:</u> | |
|--|-----------|-------------------------------|-------------------------------|
| | | <u>2008</u> | <u>2007</u> |
| ASSETS | | | |
| Current Assets: | | | |
| Cash | A-4 | \$ 4,115,850.30 | \$ 4,800,601.15 |
| Change Fund | A-5 | 250.00 | 250.00 |
| Other Accounts Receivable | A-7 | <u>337,038.00</u> | <u>284,788.00</u> |
| | | <u>4,453,138.30</u> | <u>5,085,639.15</u> |
| Due from State; Senior Citizen and Veterans' deductions | A-6 | 1,331.96 | 336.99 |
| Receivable and Other Assets with Full Reserves: | | | |
| Delinquent Taxes Receivable | A-8 | 314,113.25 | 297,242.67 |
| Tax Title Liens Receivable | A-9 | 29,840.29 | 25,568.00 |
| Property Acquired for Taxes - Assessed Valuations | A-10 | 655,700.00 | 655,700.00 |
| Revenue Accounts Receivable | A-11 | 21,524.70 | 20,796.00 |
| Interfunds Receivable | | | |
| Assessment Trust Fund | A-23 | 199.72 | |
| Trust Fund | A-23 | 18,729.43 | 12,037.40 |
| General Capital Fund | A-23 | <u>23,605.26</u> | |
| | Contra | <u>1,063,712.65</u> | <u>1,011,344.07</u> |
| Deferred Charges : | | | |
| Special Emergency Authorizations NJSA 40A:4-53 | A-12 | 51,000.00 | 102,000.00 |
| Emergency Authorizations | A-13 | <u>98,200.00</u> | <u>39,500.00</u> |
| | | <u>5,667,382.91</u> | <u>6,238,820.21</u> |
| Federal and State Grant Fund: | | | |
| Cash | A-4 | 3,020.59 | 3,020.59 |
| Due from Current Fund | A-25 | 63,687.40 | 25,378.00 |
| Grants Receivable | A-26 | <u>99,136.55</u> | <u>171,256.50</u> |
| | | <u>165,844.54</u> | <u>199,655.09</u> |
| TOTAL ASSETS | | <u><u>\$ 5,833,227.45</u></u> | <u><u>\$ 6,438,475.30</u></u> |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND

**COMPARATIVE BALANCE SHEET
(CONTINUED)**

A

| | Reference | <u>At December 31:</u> | |
|---|-----------|------------------------|------------------------|
| | | <u>2008</u> | <u>2007</u> |
| LIABILITIES, RESERVES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3,14 | \$ 403,461.63 | \$ 595,079.73 |
| Encumbrances Payable | A-15 | 209,412.43 | 213,229.07 |
| Local School District Taxes Payable | A-16 | 499.98 | 499.98 |
| Regional High School Taxes Payable | A-17 | 2,369,438.11 | 2,163,916.30 |
| County Taxes Payable | A-18 | | 3,508.33 |
| Open Space Taxes Payable | A-18 | | 115.89 |
| Tax Overpayments | A-19 | 94,758.11 | 13,580.73 |
| Prepaid Taxes | A-20 | 192,178.43 | 218,559.98 |
| State Fees Payable | | | |
| Marriage License/ Domestic Partnership | A-21 | 125.00 | 375.00 |
| DCA Fees | A-22 | 1,101.00 | 3,062.00 |
| Interfund Payable: | | | |
| Animal Trust Fund | A-23 | | 5,000.00 |
| Recreation Trust Fund | A-23 | 19,814.88 | |
| General Capital Fund | A-23 | | 487,391.28 |
| Federal and State Grant Fund | A-25 | 63,687.40 | 25,378.00 |
| Reserve for: | | | |
| Various Reserves | A-24 | 243,501.02 | 178,501.02 |
| | | <u>3,597,977.99</u> | <u>3,908,197.31</u> |
| Reserve for Receivable and Other Assets | Contra | 1,063,712.65 | 1,011,344.07 |
| Fund Balance | A-1 | <u>1,005,692.27</u> | <u>1,319,278.83</u> |
| | | <u>5,667,382.91</u> | <u>6,238,820.21</u> |
| Federal and State Grant Fund : | | | |
| Appropriated Reserve for Grants | A-27 | 133,998.12 | 135,579.00 |
| Unappropriated Reserves | A-28 | 31,846.42 | 64,076.09 |
| | | <u>165,844.54</u> | <u>199,655.09</u> |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | <u>\$ 5,833,227.45</u> | <u>\$ 6,438,475.30</u> |

BOROUGH OF HILLSDALE
CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

A-1

| | Reference | <u>For the Years Ended December 31.</u> | |
|---|-----------|---|-------------------------------|
| | | <u>2008</u> | <u>2007</u> |
| Revenue and Other Income Realized: | | | |
| Fund Balance Utilized | A-2 | \$ 700,000.00 | \$ 712,698.00 |
| Miscellaneous Revenue Anticipated | A-2 | 3,361,921.92 | 3,627,489.00 |
| Receipts from Delinquent Taxes | A-2 | 309,036.57 | 256,163.00 |
| Receipts from Current Taxes | A-2 | 36,496,754.59 | 34,860,456.10 |
| Non-Budget Revenues | A-2 | 53,800.85 | 125,113.75 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-14 | 247,892.63 | 143,837.05 |
| Interfunds Returned | | | 188.48 |
| County Open Space Taxes Payable Canceled | A-18 | 115.89 | |
| Liabilities Canceled | | | <u>64.50</u> |
| Total Revenues and Other Income | | <u>41,169,522.45</u> | <u>39,726,009.88</u> |
| Expenditures: | | | |
| Budget and Emergency Appropriations | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | 4,300,645.00 | 4,086,515.00 |
| Other Expenses | A-3 | 6,671,199.36 | 5,822,770.00 |
| Capital Improvements | A-3 | 0.00 | 24,500.00 |
| Municipal Debt Service | A-3 | 509,608.76 | 509,764.00 |
| Deferred Charges and Statutory Expenditures - Municipal | A-3 | 272,114.88 | 216,000.00 |
| County Taxes including Added Taxes | A-18 | 3,677,625.96 | 3,553,207.14 |
| Local District School Taxes | A-16 | 16,288,031.00 | 15,715,433.00 |
| Regional High School Taxes | A-17 | 8,895,807.39 | 8,931,912.46 |
| Local Open Space Taxes | A-2 | 196,756.43 | 196,559.88 |
| Interfund Advanced | | 23,523.57 | 13,878.00 |
| Tax Overpayment Refunds | A-19 | 42,491.63 | 6,021.53 |
| Prior Year Senior Citizens' and Veterans' Deductions Disallowed | A-6 | 3,505.03 | |
| Revenue Refunds | | | <u>1,300.00</u> |
| Total Expenditures | | <u>40,881,309.01</u> | <u>39,077,861.01</u> |
| Excess/(Deficit) in Revenue | | 288,213.44 | 648,148.87 |
| Adjustments to Income before Surplus: | | | |
| Expenditures included above which are by Statute Deferred | | | |
| Charges to Budget of Succeeding Year | A-13 | <u>98,200.00</u> | <u>39,500.00</u> |
| Statutory Excess to Fund Balance | | 386,413.44 | 687,648.87 |
| Fund Balance January 1 | A | <u>1,319,278.83</u> | <u>1,344,327.96</u> |
| | | 1,705,692.27 | 2,031,976.83 |
| Decreased by: | | | |
| Fund Balance Utilizes as Budget Revenue | A-2 | <u>700,000.00</u> | <u>712,698.00</u> |
| Fund Balance December 31 | A | <u><u>\$ 1,005,692.27</u></u> | <u><u>\$ 1,319,278.83</u></u> |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF REVENUES

A-2

| | <u>Reference</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|--|------------------|-------------------------------|---------------------|--------------------------------|
| Surplus Anticipated | A-1 | <u>\$700,000.00</u> | <u>\$700,000.00</u> | <u>\$0.00</u> |
| Miscellaneous Revenues: | | | | |
| Licenses | | 18,000.00 | 18,000.00 | 0.00 |
| Alcoholic Beverages | | 19,000.00 | 16,419.00 | (2,581.00) |
| Other | | | | |
| Fees and Permits | | 216,000.00 | 164,802.00 | (51,198.00) |
| Construction Code | | 66,000.00 | 75,552.92 | 9,552.92 |
| Other | | 101,900.00 | 99,901.74 | (1,998.26) |
| Fines and Costs - Municipal Court | | 64,700.00 | 61,297.68 | (3,402.32) |
| Interest and Costs on Taxes | | 55,000.00 | 63,399.82 | 8,399.82 |
| Parking Meters | | 240,000.00 | 86,608.43 | (153,391.57) |
| Interest on Investments and Deposits | | 160,000.00 | 160,000.00 | 0.00 |
| Anticipated Utility Operating Surplus | | 17,000.00 | 20,656.27 | 3,656.27 |
| Sewer Agreement Revenue | | 43,000.00 | 48,832.34 | 5,832.34 |
| Payments in Lieu of Taxes- Senior Housing | | 5,000.00 | 552.08 | (4,447.92) |
| Host Community Fees | | 133,000.00 | 149,151.43 | 16,151.43 |
| Communication Tower and Cable | | 195,481.00 | 195,481.00 | 0.00 |
| Consolidated Municipal Property Tax Relief Act | | 1,325,986.00 | 1,325,986.00 | 0.00 |
| Energy Receipts Tax | | 2,303.00 | 2,303.00 | 0.00 |
| Water Shed Aid | | 4,000.00 | 4,000.00 | 0.00 |
| Pistol Range Rental - River Vale | | 15,000.00 | 13,198.00 | (1,802.00) |
| River Vale Daycare | | | | |
| Public and Private Revenues: | | 11,500.00 | 11,500.00 | 0.00 |
| Municipal Alliance | | 425,000.00 | 425,000.00 | 0.00 |
| Bergen County Open Space | | 5,000.00 | 5,000.00 | 0.00 |
| Hillsdale BOE- COP in School | | 33,600.00 | 33,600.00 | 0.00 |
| Cops in School - Pascack Valley Regional High School | | 150,000.00 | 150,000.00 | 0.00 |
| N.J. Transportation Trust Fund Authority Act | | | | |
| Grant Reserves: | | 237.04 | 237.04 | 0.00 |
| Recycling Tonnage | | 10,406.30 | 10,406.30 | 0.00 |
| Clean Communities | | 5,729.69 | 5,729.69 | 0.00 |
| FAIU Grant | | 2,552.00 | 2,552.00 | 0.00 |
| Stormwater Grant | | 1,086.95 | 1,086.95 | 0.00 |
| Alcohol Education & Rehabilitation Grant | | 186.26 | 186.26 | 0.00 |
| BCUA Recycling Grant | | 8,100.00 | 8,100.00 | 0.00 |
| Recycling Grant | | 65,000.00 | 65,000.00 | 0.00 |
| Memorial Field Grant | | | | |
| Special Items of Revenue Anticipated with Prior Written Consent of the Director of Local Government Services: | | | | |
| Uniform Fire Safety Act | | 8,797.81 | 8,081.45 | (716.36) |
| Recycling Revenue | | 60,000.00 | 113,800.52 | 53,800.52 |
| Meadowbrook School Paving Reimbursements | | <u>15,000.00</u> | <u>15,500.00</u> | <u>500.00</u> |
| Total Miscellaneous Revenues | A-1 | 3,483,566.05 | 3,361,921.92 | (121,644.13) |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF REVENUES
(CONTINUED)

A-2

| | <u>Reference</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|------------------|-------------------------------|------------------------|--------------------------------|
| Receipts from Delinquent Taxes | A-1, Next Pg. | <u>294,000.00</u> | <u>309,036.57</u> | <u>15,036.57</u> |
| Subtotal General Revenues | | 4,477,566.05 | 4,370,958.49 | (106,607.56) |
| Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes | Next Pg. | <u>7,677,801.95</u> | <u>7,938,533.81</u> | <u>260,731.86</u> |
| Total General Revenues - Adopted | | <u>\$12,155,368.00</u> | 12,309,492.30 | <u>\$154,124.30</u> |
| Non-Budget Revenues | A-1, Next Pg. | | <u>53,800.85</u> | |
| | | | <u>\$12,363,293.15</u> | |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF REVENUES
(CONTINUED)

A-2

| | <u>Reference</u> | <u>2008</u> |
|---|-------------------|------------------------|
| Analysis of Realized Revenues | | |
| Allocation of Current Tax Collections | | |
| Revenue from Collections | A-1, A-8 | \$ 36,496,754.59 |
| Allocated to School and County Taxes | A-8 | 28,861,464.35 |
| Allocated to Municipal Open Space Taxes | A-8 | <u>196,756.43</u> |
| Balance for Support of Municipal Appropriations | | 7,438,533.81 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>500,000.00</u> |
| Amount for Support of Municipal Budget Appropriations | Previous Pg. | <u>\$ 7,938,533.81</u> |
| Receipts from Delinquent Taxes Prior Year Taxes | Previous Pg. | <u>\$ 309,036.57</u> |
| Analysis of Miscellaneous Revenues | | |
| Cash Received - Treasurer | A-4 | \$ 3,107,123.68 |
| Grant Receivable - Grant Fund | A-26 | 169,600.00 |
| Grants - Reserve Transfer | A-28 | 20,198.24 |
| Grants Receivable - Current Fund - Bergen County | A-7 | <u>65,000.00</u> |
| | | <u>\$ 3,361,921.92</u> |
| Analysis of Non-Budget Revenues | | |
| Miscellaneous Revenues Not Anticipated: | | |
| Telephone Refunded | | \$ 905.40 |
| Motor Vehicle Inspections | | 877.00 |
| County Snow Plowing Reimbursement 2007 | | 6,400.00 |
| BCUA Sewage Reimbursement | | 1,977.69 |
| Sale of Municipal Properties | | 18,194.00 |
| Cable Franchise Fee | | 100.00 |
| Miscellaneous Refunds/Reimbursements | | 5,904.20 |
| Flood Reimbursements | | 16,907.56 |
| Senior & Vets 2% Administrative Fees | | 2,535.00 |
| | A-1, Previous Pg. | <u>\$ 53,800.85</u> |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | | EXPENDED | | | Over- Expenditure |
|--|----------------|------------------------------|--------------------|-----------|----------|------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | | |
| OPERATIONS - WITHIN "CAPS" | | | | | | | |
| GENERAL GOVERNMENT: | | | | | | | |
| Mayor and Council | \$ 45,000.00 | \$ 45,000.00 | \$ 45,000.00 | \$ - | \$ - | \$ - | |
| Salaries and Wages | 11,300.00 | 9,300.00 | 8,917.55 | 382.45 | - | - | |
| Other Expenses | | | | | | | |
| Administrative and Executive Salaries and Wages | 165,075.00 | 168,875.00 | 167,587.50 | 1,287.50 | - | - | |
| Other Expenses | 21,000.00 | 16,052.00 | 15,095.11 | 956.89 | - | - | |
| Public Information Miscellaneous | 41,850.00 | 43,650.00 | 37,979.81 | 5,670.19 | - | - | |
| Financial Administration Salaries and Wages | 120,848.00 | 130,148.00 | 129,315.56 | 832.44 | - | - | |
| Other Expenses | 32,700.00 | 35,000.00 | 33,007.47 | 1,992.53 | - | - | |
| Auditing and Accounting Services | 24,600.00 | 48,100.00 | 22,937.50 | 25,162.50 | - | - | |
| Collection of Taxes Salaries and Wages | 44,417.00 | 32,617.00 | 32,318.26 | 298.74 | - | - | |
| Other Expenses | 10,350.00 | 10,650.00 | 9,745.03 | 904.97 | - | - | |
| Assessment of Taxes Salaries and Wages | 29,500.00 | 29,500.00 | 29,031.08 | 468.92 | - | - | |
| Other Expenses | 7,950.00 | 4,650.00 | 4,619.02 | 30.98 | - | - | |
| Clerk's Office Salaries and Wages | 67,743.00 | 67,143.00 | 67,015.00 | 128.00 | - | - | |
| Other Expenses | 28,750.00 | 33,350.00 | 32,946.29 | 403.71 | - | - | |
| Legal & Engineering Other Expenses | 113,300.00 | 139,800.00 | 130,994.62 | 8,805.38 | - | - | |
| Train Station Salaries and Wages | 16,000.00 | 16,000.00 | 15,048.98 | 951.02 | - | - | |
| Other Expenses | 11,300.00 | 8,457.00 | 7,714.50 | 742.50 | - | - | |

See Accompanying Notes to Financial Statements.

(Continued Next Page)

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | | EXPENDED | | | Over- Expenditure |
|---|----------------|------------------------------|--------------------|-------------|----------|------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | | |
| OPERATIONS - WITHIN "CAPS" (CONTD) | | | | | | | |
| MUNICIPAL LAND USE: | | | | | | | |
| Planning Board | \$ 40,580.00 | \$ 41,680.00 | \$ 36,389.18 | \$ 5,290.82 | \$ - | \$ - | |
| Other Expenses | | | | | | | |
| Building and Grounds | 82,300.00 | 93,500.00 | 93,500.00 | - | - | - | |
| Salaries and Wages | 34,500.00 | 24,500.00 | 23,952.40 | 547.60 | - | - | |
| Other Expenses | | | | | | | |
| Environmental Commission | 1,800.00 | 1,023.00 | 1,003.15 | 19.85 | | | |
| Other Expenses | | | | | | | |
| Municipal Court | 85,071.00 | 85,571.00 | 83,864.42 | 1,706.58 | | | |
| Salaries and Wages | 35,340.00 | 33,140.00 | 30,078.34 | 3,061.66 | | | |
| Other Expenses | | | | | | | |
| Public Defender | 3,950.00 | 3,950.00 | 3,789.00 | 161.00 | | | |
| Salaries and Wages | | | | | | | |
| Insurance | 10,000.00 | 12,300.00 | 11,321.68 | 978.32 | | | |
| Unemployment Compensation | | | | | | | |
| PUBLIC SAFETY: | | | | | | | |
| Police | 2,482,300.00 | 2,551,300.00 | 2,538,549.72 | 12,750.28 | | | |
| Salaries and Wages | 126,335.00 | 114,335.00 | 112,159.93 | 2,175.07 | | | |
| Other Expenses | | | | | | | |
| Emergency Management | 1,500.00 | 1,500.00 | 1,500.00 | - | | | |
| Salaries and Wages | 4,650.00 | 4,150.00 | 3,101.84 | 1,048.16 | | | |
| Other Expenses | | | | | | | |
| First Aid Organization - Other Expenses | 32,000.00 | 29,500.00 | 29,300.00 | 200.00 | | | |
| Fire | 23,232.00 | 19,632.00 | 19,473.25 | 158.75 | | | |
| Salaries and Wages | 82,185.00 | 74,805.00 | 72,352.32 | 2,452.68 | | | |
| Other Expenses | | | | | | | |
| Fire Prevention | 35,000.00 | 32,700.00 | 31,148.27 | 1,551.73 | | | |
| Salaries and Wages | 8,475.00 | 7,850.00 | 7,193.72 | 656.28 | | | |
| Other Expenses | | | | | | | |

See Accompanying Notes to Financial Statements.

(Continued Next Page)

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | EXPENDED | | | Over- |
|---|----------------|------------------------------|--------------------|-----------|----------|-------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | Expenditure |
| OPERATIONS - WITHIN "CAPS" (CONTD) | | | | | | |
| STREETS AND ROADS: | | | | | | |
| Road Repair and Maintenance | | | | | | |
| Salaries and Wages | 610,659.00 | 577,034.00 | 571,064.09 | 5,969.91 | - | - |
| Other Expenses | 120,550.00 | 131,150.00 | 122,693.77 | 8,456.23 | - | - |
| SANITATION: | | | | | | |
| Garbage and Trash Removal | | | | | | |
| Salaries and Wages | 13,000.00 | 14,200.00 | 14,067.81 | 132.19 | - | - |
| Other Expenses | 689,500.00 | 688,300.00 | 682,977.23 | 5,322.77 | - | - |
| Recycling | | | | | | |
| Other Expenses | 106,000.00 | 109,000.00 | 108,212.05 | 787.95 | - | - |
| Insurance | | | | | | |
| General Liability Premiums | 163,183.00 | 165,183.00 | 151,979.51 | 13,203.49 | - | - |
| Group Insurance Plan for Employees | 986,556.00 | 994,056.00 | 981,975.10 | 12,080.90 | - | - |
| Workers Compensation | 155,935.00 | 157,535.00 | 141,909.86 | 15,625.14 | - | - |
| HEALTH AND WELFARE: | | | | | | |
| Board of Health | | | | | | |
| Salaries and Wages | 80,800.00 | 81,100.00 | 80,237.22 | 862.78 | - | - |
| Other Expenses | 51,667.00 | 55,667.00 | 55,467.37 | 199.63 | - | - |
| Animal Control Services | | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | 5,000.00 | - | - | - |

(Continued Next Page)

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | | EXPENDED | | | |
|---|----------------|--------------------------------------|----------------------------|-----------------|-----------------|------------------------------|--|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Canceled</u> | <u>Over- Expenditure</u> | |
| OPERATIONS - WITHIN "CAPS" (CONTD) | | | | | | | |
| Administration of Public Assistance | | | | | | | |
| Salaries and Wages | \$ 13,200.00 | \$ 13,200.00 | \$ 13,107.00 | \$ 93.00 | \$ - | \$ - | |
| Other Expenses | 6,000.00 | 5,200.00 | 5,000.00 | 200.00 | - | - | |
| PARKS AND RECREATION: | | | | | | | |
| Recreation Commission | | | | | | | |
| Salaries and Wages | 53,500.00 | 50,600.00 | 50,277.45 | 322.55 | - | - | |
| Other Expenses | 51,300.00 | 47,800.00 | 41,363.20 | 6,436.80 | - | - | |
| Senior Citizens Committee | | | | | | | |
| Salaries and Wages | 22,000.00 | 22,750.00 | 22,750.00 | - | - | - | |
| Other Expenses | 28,000.00 | 23,500.00 | 22,290.51 | 1,209.49 | - | - | |
| Parks and Playgrounds | | | | | | | |
| Other Expenses | 89,050.00 | 78,150.00 | 77,619.21 | 530.79 | - | - | |
| Celebration of Public Events | | | | | | | |
| Other Expenses | 16,000.00 | 16,000.00 | 15,977.36 | 22.64 | - | - | |
| UNIFORM CONSTRUCTION CODE: | | | | | | | |
| Construction Code Official | | | | | | | |
| Salaries and Wages | 144,471.00 | 161,071.00 | 160,056.04 | 1,014.96 | - | - | |
| Other Expenses | 27,200.00 | 23,018.00 | 22,454.80 | 563.20 | - | - | |
| Telephone | 4,600.00 | 4,600.00 | 776.51 | 3,823.49 | - | - | |
| Gasoline | 6,100.00 | 6,100.00 | 4,788.46 | 1,311.54 | - | - | |
| Vehicle Maintenance | 900.00 | 900.00 | 641.33 | 258.67 | - | - | |
| Insurance: | | | | | | | |
| Employee | 40,552.00 | 37,552.00 | 35,893.20 | 1,658.80 | - | - | |
| Workers Compensation | 1,500.00 | 1,500.00 | 1,500.00 | - | - | - | |
| Liability | 1,500.00 | 1,500.00 | 1,500.00 | - | - | - | |

(Continued Next Page)

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | | EXPENDED | | | Over- Expenditure |
|--|------------------------|------------------------------|------------------------|----------------------|-------------|-------------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | | |
| OPERATIONS - WITHIN "CAPS" (CONTD) | | | | | | | |
| UNCLASSIFIED: | | | | | | | |
| Gas and Electricity | \$ 252,185.12 | \$ 273,185.12 | \$ 253,042.02 | \$ 20,143.10 | \$ - | \$ - | |
| Street Lighting | 51,450.00 | 53,250.00 | 50,179.35 | 3,070.65 | - | - | |
| Telephone and Telegraph | 136,332.00 | 138,332.00 | 126,072.74 | 12,259.26 | - | - | |
| Water | 65,850.00 | 84,050.00 | 78,080.65 | 5,969.35 | - | - | |
| Gas | | | | | | | |
| Vehicle Maintenance | 57,150.00 | 48,150.00 | 46,414.19 | 1,735.81 | - | - | |
| Other Expenses | 1,000.00 | 1,000.00 | 987.84 | 12.16 | - | - | |
| Blood Borne Pathogens | | | | | | | |
| TOTAL OPERATIONS WITHIN "CAPS" | \$ 7,933,591.12 | \$ 8,039,361.12 | \$ 7,834,306.37 | \$ 205,054.75 | \$ - | \$ - | |
| Detail: | | | | | | | |
| Salaries and Wages | 4,139,566.00 | 4,197,391.00 | 4,168,700.65 | 28,690.35 | - | - | |
| Other Expenses (Including Contingent) | 3,794,025.12 | 3,841,970.12 | 3,665,605.72 | 176,364.40 | - | - | |
| DEFERRED CHARGES | | | | | | | |
| Deficit in Reserve for Day Camp Fees | 19,814.88 | 19,814.88 | 19,814.88 | - | - | - | |
| STATUTORY EXPENDITURES: | | | | | | | |
| Social Security System (O.A.S.I.) | 170,000.00 | 161,800.00 | 161,340.45 | 459.55 | - | - | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | 189,814.88 | 181,614.88 | 181,155.33 | 459.55 | - | - | |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | 8,123,406.00 | 8,220,976.00 | 8,015,461.70 | 205,514.30 | - | - | |

(Continued Next Page)

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | EXPENDED | | | Over- Expenditure |
|--|--------------------------|--------------------------------------|-----------------------------|--------------------------|-----------------|----------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Canceled</u> | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | | |
| Maintenance of Free Public Library With State Aid (P.L. 1985, Chap. 82&541) | \$ 660,341.00 | \$ 660,341.00 | \$ 652,698.53 | \$ 7,642.47 | \$ - | \$ - |
| Emergency Services Volunteer Length of Services Award (P.L. 1997, c.388) | 74,000.00 | 74,000.00 | | 74,000.00 | | |
| Bergen County Utilities Authority Service Charges - Contractual | 706,974.00 | 706,974.00 | | 12,463.81 | | |
| Public Employees' Retirement System Police and Firemen's Retirement System of N.J. | 128,009.00 428,749.00 | 128,639.00 428,749.00 | | 128,638.80 428,749.00 | | - - |
| NJ Meadowlands Commission Tax Sharing | 110,853.00 | 110,853.00 | | 103,544.30 | | |
| Reserve for Tax Appeals | | | | | | |
| Stormwater Regs. NJSA 40A:4-45.3(cc) Salaries and Wages Other Expenses | 64,654.00 18,000.00 | 64,654.00 18,000.00 | | 64,607.45 18,000.00 | | 46.55 - |
| TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS" | <u>\$ 2,191,580.00</u> | <u>\$ 2,192,210.00</u> | <u>\$ 1,994,512.67</u> | <u>\$ 197,697.33</u> | <u>\$ -</u> | <u>\$ -</u> |
| Interlocal Municipal Service Agreements: Pistol Range Rental - River Vale River Vale Daycare | 4,000.00 15,000.00 | 4,000.00 15,000.00 | \$ 3,750.00 \$ 15,000.00 | | | 250.00 - |

(Continued Next Page)

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | | EXPENDED | | | Over-Expenditure |
|---|------------------------|---------------------------|------------------------|----------------------|-------------|-------------|------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | | |
| Grant Reserves | \$ 1,086.95 | \$ 1,086.95 | \$ 1,086.95 | \$ - | \$ - | \$ - | |
| Alcohol Education and Rehabilitation | 2,552.00 | 2,552.00 | 2,552.00 | - | - | - | |
| Stormwater | 237.04 | 237.04 | 237.04 | - | - | - | |
| Recycling Tonnage | 5,729.69 | 5,729.69 | 5,729.69 | - | - | - | |
| FAIU Grant | 10,406.30 | 10,406.30 | 10,406.30 | - | - | - | |
| Clean Communities | 186.26 | 186.26 | 186.26 | - | - | - | |
| BCUA Recycling | | | | | | | |
| Hillsdale BOE - Cops in School Salaries and Wages | 5,000.00 | 5,000.00 | 5,000.00 | - | - | - | |
| Open Space Grant - Bergen County | 65,000.00 | 65,000.00 | 65,000.00 | - | - | - | |
| Bergen County Open Space Grant | 425,000.00 | 425,000.00 | 425,000.00 | - | - | - | |
| Municipal Alliance | 11,500.00 | 11,500.00 | 11,500.00 | - | - | - | |
| Municipal Alliance - Match | 2,875.00 | 2,875.00 | 2,875.00 | - | - | - | |
| Department of Transportation | 150,000.00 | 150,000.00 | 150,000.00 | - | - | - | |
| COPS in School - Pascaek Valley | 33,600.00 | 33,600.00 | 33,600.00 | - | - | - | |
| Recycling Grant | 8,100.00 | 8,100.00 | 8,100.00 | - | - | - | |
| Total Public and Private Programs Offset by Revenues | 721,273.24 | 721,273.24 | 721,273.24 | - | - | - | |
| TOTAL OPERATIONS - EXCLUDED FROM "CAPS" | \$ 2,931,853.24 | \$ 2,932,483.24 | \$ 2,734,535.91 | \$ 197,947.33 | \$ - | \$ - | |
| Detail: | | | | | | | |
| Salaries and Wages | 103,254.00 | 103,254.00 | 103,207.45 | 46.55 | - | - | |
| Other Expenses | 2,828,599.24 | 2,829,229.24 | 2,631,328.46 | 197,900.78 | - | - | |

(Continued Next Page)

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF EXPENDITURES

A-3

| | APPROPRIATIONS | | EXPENDED | | | | Over-Expenditure |
|--|------------------|---------------------------|------------------|---------------|-----------|------|------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Cancelled | | |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | | | |
| Capital Improvement Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | | | |
| Payment of Bond Anticipation Notes and Capital Notes | 309,024.00 | 345,044.00 | 345,044.00 | - | - | - | - |
| Interest on Notes | 200,584.76 | 164,564.76 | 164,564.76 | - | - | - | - |
| TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | \$ 509,608.76 | \$ 509,608.76 | \$ 509,608.76 | \$ - | \$ - | \$ - | \$ - |
| DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS" | | | | | | | |
| Emergency Authorizations | 39,500.00 | 39,500.00 | 39,500.00 | - | - | - | - |
| Special Emergency Authorizations - 5 years | 51,000.00 | 51,000.00 | 51,000.00 | - | - | - | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS" | 3,531,962.00 | 3,532,592.00 | 3,334,644.67 | 197,947.33 | - | - | - |
| SUBTOTAL GENERAL APPROPRIATIONS | 11,655,368.00 | 11,753,568.00 | 11,350,106.37 | 403,461.63 | - | - | - |
| Reserve for Uncollected Taxes | 500,000.00 | 500,000.00 | 500,000.00 | - | - | - | - |
| TOTAL GENERAL APPROPRIATIONS | \$ 12,155,368.00 | \$ 12,253,568.00 | \$ 11,850,106.37 | \$ 403,461.63 | \$ - | \$ - | \$ - |
| Reference | A-2 | Below | Below | A | | | |
| Reference | | | | | | | |
| Adopted Budget | A-2 | \$ 12,155,368.00 | | | | | |
| Deferred Charge - Emergency Authorizations | A, A-13 | 98,200.00 | | | | | |
| | Above | \$ 12,253,568.00 | | | | | |
| Cash Disbursements | A-4 | | \$ 10,995,825.92 | | | | |
| Due to Grant Fund | A-27 | | 52,978.97 | | | | |
| Due to Animal License Fund | A-23 | | 5,000.00 | | | | |
| Reserve for Uncollected Taxes | A-2 | | 500,000.00 | | | | |
| Budget Offsets | A-4 | | (88,425.83) | | | | |
| Encumbrance Payable | A-15 | | 209,412.43 | | | | |
| Bergen County Open Space Trust Fund - Memorial Field | A-7 | | 65,000.00 | | | | |
| Deferred Charges | A-12 | | 51,000.00 | | | | |
| Deferred Charges | A-13 | | 39,500.00 | | | | |
| Emergency Authorizations | A-23 | | 19,814.88 | | | | |
| | Above | | \$ 11,850,106.37 | | | | |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
AT DECEMBER 31, 2008 AND 2007

COMPARATIVE BALANCE SHEET

B

| | <u>Reference</u> | At December 31, | |
|--|------------------|----------------------|----------------------|
| | | <u>2008</u> | <u>2007</u> |
| <u>ASSETS</u> | | | |
| Animal License Fund: | | | |
| Cash and Cash Equivalents | B-1 | \$ 14,283.55 | \$ 8,390.96 |
| Due from Current Fund | B-5 | | 5,000.00 |
| | | <u>14,283.55</u> | <u>13,390.96</u> |
| Other Trust Fund: | | | |
| Cash and Cash Equivalents | B-1 | 695,545.85 | 662,427.29 |
| Recreation Trust Fund | | | |
| Cash and Cash Equivalents | B-1 | 82,390.93 | 75,033.15 |
| Due from Current Fund | B-5 | 19,814.88 | |
| | | <u>102,205.81</u> | <u>75,033.15</u> |
| Assessment Fund | | | |
| Cash | B-1 | 21,467.90 | |
| Assessment Receivable | B-9 | 44,356.82 | |
| | | <u>65,824.72</u> | |
| TOTAL ASSETS | | \$ 877,859.93 | \$ 750,851.40 |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Animal Control Fund: | | | |
| Due to NJ Department of Health | B-4 | \$ 705.20 | \$ 234.80 |
| Prepaid Animal Licenses | B-3 | \$ 4,484.80 | 4,246.40 |
| Reserve for Animal License Fund Expenditures | B-2 | 9,093.55 | 8,909.76 |
| | | <u>14,283.55</u> | <u>13,390.96</u> |
| Other Trust Fund: | | | |
| Due to Current Fund | B-5 | 18,729.43 | 12,037.40 |
| Reserve for: | | | |
| Other Trust Deposits | B-6 | 343,407.27 | 326,379.75 |
| Escrow Deposits | B-7 | 333,409.15 | 324,010.14 |
| | | <u>695,545.85</u> | <u>662,427.29</u> |
| Total Other Trust Fund | | 695,545.85 | 662,427.29 |
| Recreation Trust Fund: | | | |
| Reserve for Recreation Expenditures | B-8 | 102,205.81 | 75,033.15 |
| Assessment Fund | | | |
| Bond Anticipation Notes | B-10 | 65,625.00 | |
| Due to Current Fund | B-5 | 199.72 | |
| | | <u>65,824.72</u> | |
| TOTAL LIABILITIES AND RESERVES | | \$ 877,859.93 | \$ 750,851.40 |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
TRUST FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

| | Reference | Animal License Fund | Other Trust Funds | Recreation Trust | Assessment Trust |
|--------------------------------|-----------|---------------------------|----------------------------|---------------------------|---------------------------|
| Balance December 31, 2007 | B | <u>\$8,390.96</u> | <u>\$662,427.29</u> | <u>\$75,033.15</u> | <u> </u> |
| Increased by: | | | | | |
| Dog License Fees Collected | B-2 | 2,354.80 | | | |
| Cat License Fees Collected | B-2 | 466.00 | | | |
| State Fees | B-4 | 1,121.40 | | | |
| Prepaid Animal License Fees | B-3 | 4,484.80 | | | |
| Due to Current Fund | B-5 | 10,000.00 | | | 31.01 |
| Other Trust Receipts | B-6 | | 445,780.05 | | |
| Escrow Deposits | B-7 | | 85,294.13 | | |
| Recreation Receipts | B-8 | | | 259,791.00 | |
| Tax Redemption Receipts | B-5 | | 9,413.40 | | |
| Late Fees | B-2 | 900.00 | | | |
| Interest Income | B-5 | 113.42 | 7,174.90 | 1,735.61 | 168.71 |
| Assessments Receivable | B-9 | | | | 21,268.18 |
| | | <u>19,440.42</u> | <u>547,662.48</u> | <u>261,526.61</u> | <u>21,467.90</u> |
| | | <u>27,831.38</u> | <u>1,210,089.77</u> | <u>336,559.76</u> | <u>21,467.90</u> |
| Decreased by: | | | | | |
| Animal License Expenditures | B-2 | 12,783.41 | | | |
| State Fees | B-4 | 651.00 | | | |
| Other Trust Fund Disbursements | B-6 | | 384,082.69 | | |
| Escrow Disbursements | B-7 | | 120,564.96 | | |
| Recreation Disbursements | B-8 | | | 252,433.22 | |
| Tax Redemption Disbursements | B-5 | | 9,413.40 | | |
| Due to Current Fund | B-5 | 113.42 | 482.87 | 1,735.61 | |
| | | <u>13,547.83</u> | <u>514,543.92</u> | <u>254,168.83</u> | <u>0.00</u> |
| Balance December 31, 2008 | B | <u><u>\$14,283.55</u></u> | <u><u>\$695,545.85</u></u> | <u><u>\$82,390.93</u></u> | <u><u>\$21,467.90</u></u> |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

C

COMPARATIVE BALANCE SHEET

| ASSETS | <u>Reference</u> | <u>At December 31:</u> | |
|--|------------------|------------------------|------------------------|
| | | <u>2008</u> | <u>2007</u> |
| Cash | C-1,2 | \$ 582,500.49 | \$ 854,062.53 |
| Due from Current Fund | C-10 | | 487,391.28 |
| Deferred Charges to Future Taxation Unfunded | C-3 | 5,149,231.51 | 5,624,900.51 |
| TOTAL ASSETS | | \$ 5,731,732.00 | \$ 6,966,354.32 |
| LIABILITIES, RESERVE AND FUND BALANCE | | | |
| Bond Anticipation Notes | C-4 | 5,096,112.00 | 5,571,781.00 |
| Improvement Authorizations | | | |
| Funded | C-5 | | 7,375.00 |
| Unfunded | C-5 | 289,145.37 | 1,123,912.08 |
| Due to Current Fund | C-10 | 23,605.26 | |
| Reserve for Capital Improvements | C-6 | 28,071.99 | 45,221.59 |
| Capital Improvement Fund | C-7 | 20.95 | 20.95 |
| Encumbrances Payable | C-8 | 69,116.30 | 89,235.00 |
| Down Payments on Improvements | C-9 | 3,000.00 | 3,000.00 |
| Reserve for Municipal Open Space Fund | C-12 | 222,660.13 | 125,808.70 |
| TOTAL LIABILITIES, RESERVE AND FUND BALANCE | | \$ 5,731,732.00 | \$ 6,966,354.32 |

Bonds and notes authorized but not issued on December 31, 2008
(Exhibit C-14). Amounted to \$ 53,119.51.

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF CASH - TREASURER

C-1

| | <u>Reference</u> | |
|--|------------------|-----------------|
| Balance December 31, 2007 | C, C-2 | \$ 854,062.53 |
| Increased by: | | |
| Bond Anticipation Notes | C-4 | \$ 5,096,112.00 |
| Bond Anticipation Notes - Assessment Trust | C-3 | 65,625.00 |
| BAN Paid Down | C-4 | 410,044.00 |
| Improvement Authorizations Reimbursements | C-5 | 5,599.32 |
| Due to Current Fund | C-10 | 799,446.31 |
| Open Space Tax Levy | C-12 | 196,756.43 |
| Due to Swim Pool Utility Fund | C-13 | 972,971.00 |
| Due to Escrow Account | C-11 | 3,000.00 |
| Interfund BAN Interest | Contra | 231,778.08 |
| | | 7,781,332.14 |
| | | 8,635,394.67 |
| Decreased by: | | |
| Bond Anticipation Notes | C-4 | 5,571,781.00 |
| Reserve for Capital Improvements | C-6 | 17,149.60 |
| Improvement Authorizations | C-5 | 867,859.73 |
| Due to Swim Pool Utility Fund | C-13 | 972,971.00 |
| Due to Escrow Account | C-11 | 3,000.00 |
| Due to/(from) Current Fund | C-10 | 288,449.77 |
| BAN Paid Down by Municipal Open Space | C-12 | 65,000.00 |
| BAN Interest Paid by Municipal Open Space | C-12 | 34,905.00 |
| Interfund BAN Interest | Contra | 231,778.08 |
| | | 8,052,894.18 |
| Balance December 31, 2008 | C, C-2 | \$ 582,500.49 |

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND
AT DECEMBER 31, 2008 AND 2007

COMPARATIVE BALANCE SHEET

| | | At December 31, | |
|---|------------------------|------------------------|------------------------|
| <u>Reference</u> | <u>2008</u> | <u>2007</u> | D |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents | \$ 335,061.33 | \$ 240,244.79 | |
| Cash - Stonybrook Swim Team | 8,435.02 | 1,078.02 | |
| D-5 | 343,496.35 | 241,322.81 | |
| Petty Cash | 200.00 | 200.00 | |
| Grants Receivable - Community Development Block Grant | D-7A | 46,000.00 | |
| Total Operating Fund | 343,696.35 | 287,522.81 | |
| Capital Fund: | | | |
| Cash and Cash Equivalents | D-5 | 7,490.20 | 19,372.94 |
| Due from Swimming Pool Operating Fund | D-7 | 30,756.92 | 29,679.66 |
| Fixed Capital | D-10 | 4,645,264.92 | 4,557,147.00 |
| Fixed Capital Authorized and Uncompleted | D-11 | 111,642.00 | 111,642.00 |
| Total Capital Fund | 4,795,154.04 | 4,717,841.60 | |
| TOTAL ASSETS | \$ 5,138,850.39 | \$ 5,005,364.41 | |
| <u>LIABILITIES, RESERVES AND FUND BALANCE:</u> | | | |
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | D-3, 6 | \$ 6,843.63 | \$ 22,441.80 |
| Encumbrance Payable | D-8 | 8,506.21 | 31,616.87 |
| Due to Swimming Pool Capital Fund | D-7 | 30,756.92 | 29,679.66 |
| Accrued Interest on BAN | D-9 | 11,513.94 | 20,758.60 |
| Reserve for Swim Team Expenditures | D-15 | 8,435.02 | 1,078.02 |
| | | 66,055.72 | 105,574.95 |
| Fund Balance | D-1 | 277,640.63 | 181,947.86 |
| Total Operating Fund | | 343,696.35 | 287,522.81 |
| Capital Fund: | | | |
| Liabilities: | | | |
| Bond Anticipation Notes Payable | D-12 | 862,467.00 | 902,467.00 |
| Improvement Authorizations: | | | |
| Funded | D-13 | | 4,526.13 |
| Unfunded | D-13 | 71,323.23 | 74,000.18 |
| Reserve for Improvements | D-17 | 15,816.00 | 44,418.40 |
| Capital Improvement Fund | D-16 | 107.89 | 107.89 |
| Reserve for Amortization | D-14 | 3,815,439.92 | 3,662,322.00 |
| Deferred Reserve for Amortization | D-18 | 30,000.00 | 30,000.00 |
| | | 4,795,154.04 | 4,717,841.60 |
| Total Capital Fund | | 4,795,154.04 | 4,717,841.60 |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | \$ 5,138,850.39 | \$ 5,005,364.41 |

There were bonds and notes authorized but not issued on December 31, 2008 in the amount of \$49,000 (Exhibit D-19).

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 AT DECEMBER 31, 2008 AND 2007

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE

D-1

| | <u>Reference</u> | For the Years Ended December 31, | |
|---|------------------|----------------------------------|---------------|
| | | <u>2008</u> | <u>2007</u> |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | |
| Fund Balance Utilized | D-2 | \$ 65,000.00 | \$ 62,485.00 |
| Membership Fees | D-2, 5 | 895,742.00 | 775,916.50 |
| Use of Facility | D-2, 5 | 53,937.00 | 57,079.00 |
| Interest on Investments | D-2, 5 | 9,521.51 | 39,865.04 |
| Special Activities | D-2, 5 | 92,293.00 | 51,877.00 |
| Community Development Block Grant | | | 46,000.00 |
| Non-Budget Revenues | | | 25.00 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-6 | 2,678.92 | 4,465.85 |
| Unexpended Balance of Appropriations | D-3 | 19,007.34 | |
| Total Income | | 1,138,179.77 | 1,037,713.39 |
| <u>EXPENDITURES</u> | | | |
| Operations: | | | |
| Salaries and Wages | D-3 | 294,941.00 | 260,000.00 |
| Other Expenses | D-3 | 340,475.00 | 323,548.00 |
| Capital Outlay/Improvements | D-3 | 75,000.00 | 136,000.00 |
| Debt Service: | | | |
| * BAN Principal | D-3 | 67,509.00 | 42,833.00 |
| BAN Interest | D-3 | 39,562.00 | 33,259.00 |
| Surplus (General Budget) | D-3 | 160,000.00 | 160,000.00 |
| Total Expenditures | D-3 | 977,487.00 | 955,640.00 |
| Excess in Revenue | | 160,692.77 | 82,073.39 |
| Fund Balance, Beginning of Year | D | 181,947.86 | 162,359.47 |
| | | 342,640.63 | 244,432.86 |
| Decreased by: | | | |
| Utilized by Operating Budget | D-2 | 65,000.00 | 62,485.00 |
| Fund Balance, End of Year | D | \$ 277,640.63 | \$ 181,947.86 |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF REVENUES

| | <u>Reference</u> | <u>Budget</u> | <u>Realized</u> | <u>D-2</u> Excess or (Deficit) |
|------------------------------------|------------------|----------------------|------------------------|--------------------------------------|
| Operating Fund Balance Anticipated | D-1 | \$ 65,000.00 | \$ 65,000.00 | - |
| Membership Fees | D-1, 5 | 775,900.00 | 870,049.00 | 94,149.00 |
| Use of Facility | D-1, 5 | 58,791.00 | 53,937.00 | (4,854.00) |
| Interest on Investments | D-1, 5 | 39,865.00 | 9,521.51 | (30,343.49) |
| Special Activities | D-1, 5 | 12,238.00 | 92,293.00 | 80,055.00 |
| Rate Increase | | <u>25,693.00</u> | <u>25,693.00</u> | - |
| | | <u>\$ 977,487.00</u> | <u>\$ 1,116,493.51</u> | <u>139,006.51</u> |
| | | D-3 | Below | |
| | <u>Reference</u> | | | |
| Surplus Anticipated | D-1 | | \$ 65,000.00 | |
| Cash Receipts | D-5 | | <u>1,051,493.51</u> | |
| | | | <u>\$ 1,116,493.51</u> | |
| | | | Above | |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

STATEMENT OF APPROPRIATIONS

D-3

| | <u>Ref.</u> | <u>Budget</u> | <u>Modified Budget</u> | <u>Paid or Charged</u> | <u>Cancelled Appropriations</u> | <u>Appropriation Reserve</u> |
|------------------------------------|-------------|----------------------|----------------------------|----------------------------|-------------------------------------|----------------------------------|
| Operating: | | | | | | |
| Salaries and Wages | D-1 | \$ 270,000.00 | \$ 294,941.00 | \$ 294,699.57 | | \$ 241.43 |
| Other Expenses | D-1 | 365,416.00 | 340,475.00 | 337,458.88 | | 3,016.12 |
| Capital Improvements | D-1 | 75,000.00 | 75,000.00 | 71,413.92 | | 3,586.08 |
| Debt Service: | | | | | | |
| Payment of Bond Anticipation Notes | D-1 | 67,509.00 | 67,509.00 | 65,000.00 | 2,509.00 | - |
| Interest on Notes | D-1, 9 | 39,562.00 | 39,562.00 | 23,063.66 | 16,498.34 | - |
| Surplus (General Budget) | D-1 | 160,000.00 | 160,000.00 | 160,000.00 | | - |
| | | <u>\$ 977,487.00</u> | <u>\$ 977,487.00</u> | <u>\$ 951,636.03</u> | <u>\$ 19,007.34</u> | <u>\$ 6,843.63</u> |
| | <u>Ref.</u> | <u>D-2</u> | <u>D-1</u> | <u>Below</u> | <u>D-1</u> | <u>D</u> |
| Cash Disbursements | D-5 | | | 931,615.88 | | |
| Accrued Interest | D-9 | | | 11,513.94 | | |
| Encumbrance Payable | D-8 | | | 8,506.21 | | |
| Above | | | | <u>951,636.03</u> | | |

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
AT DECEMBER 31, 2008 AND 2007

COMPARATIVE BALANCE SHEET

E

| | <u>Reference</u> | At December 31, | |
|--|------------------|---------------------|---------------------|
| | | <u>2008</u> | <u>2007</u> |
| <u>ASSETS</u> | | | |
| Cash | E-1 | \$ 12,647.54 | \$ 11,931.54 |
| Petty Cash | | 100.00 | 100.00 |
| TOTAL ASSETS | | <u>12,747.54</u> | <u>12,031.54</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Reserve for Recreation Expenditures | E-3 | <u>\$ 12,747.54</u> | <u>\$ 12,031.54</u> |
| TOTAL LIABILITIES AND RESERVES | | <u>\$ 12,747.54</u> | <u>\$ 12,031.54</u> |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
GENERAL FIXED ASSETS ACCOUNT GROUP
AT DECEMBER 31, 2008 AND 2007

**COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
("Unaudited")**

F

| | At December 31, | |
|--|--------------------------------|--------------------------------|
| | <u>2008</u> | <u>2007</u> |
| <u>ASSETS</u> | | |
| Land | \$ 48,505,300.00 | \$ 48,447,800.00 |
| Buildings and Improvements | 4,178,200.00 | 13,037,200.00 |
| Vehicles and Equipment | <u>6,807,367.00</u> | <u>6,807,367.00</u> |
| TOTAL ASSETS | <u>\$ 59,490,867.00</u> | <u>\$ 68,292,367.00</u> |
| <u>LIABILITIES AND RESERVES</u> | | |
| Investment in General Fixed Assets | <u>\$ 59,490,867.00</u> | <u>\$ 68,292,367.00</u> |
| TOTAL LIABILITIES AND RESERVES | <u>\$ 59,490,867.00</u> | <u>\$ 68,292,367.00</u> |

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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 (the "Borough") 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 operates under an elected 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 issue 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 are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

B. Fund Accounting

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.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Trust Fund – 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.

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.

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

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

C. Basis of Accounting

A modified accrual basis of accounting is followed by the Borough. Under this method of accounting, revenues, except for 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 generally accepted accounting principles (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.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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 statement of financial position 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.

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.

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

Trust Funds
General Capital 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.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Expenditures - Expenditures are recorded in 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. Except for unmatured interest on general long-term debt which should be recognized when due, GAAP requires expenditures, if measurable, to be recognized in the accounting period in which the fund liability is incurred.

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 - 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 - 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 cost 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 statement of financial position.

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 and are limited by N.J.S.A. 40A:5-15.1(a)

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

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 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 capitals 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.

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 the 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 these estimates.

Comparative Data – Comparative data for the prior year has been presented in the accompanying statements of financial position 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.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2008
 (Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the 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.

2. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

At December 31, 2008, the Borough had the following cash held by a custodial bank or financial institution:

| | |
|-------------------------------------|------------------------|
| Current Fund | \$ 4,115,850.30 |
| Current Fund – Change Fund | 250.00 |
| Trust Fund | 813,688.23 |
| Capital Fund | 582,500.49 |
| Grant Fund | 3,020.59 |
| Public Assistance Fund | 12,647.54 |
| Public Assistance - Petty Cash | 100.00 |
| Swim Pool Utility Fund | 350,986.55 |
| Swim Pool Utility Fund - Petty Cash | 200.00 |
| | <u>\$ 5,879,243.70</u> |
| Municipal Court * | |
| - Bail Account | \$ 6,150.00 |
| - Fines and Costs | 15,557.31 |
| | <u>\$ 21,707.31</u> |

* Municipal Court audit is under separate cover.

The carrying amount of the Borough's cash at December 31, 2008 was \$ 5,900,951.01 and the bank balance was \$ 6,028,460.07 . Of the bank balance, \$ 500,000 was insured by the F.D.I.C. and \$ 5,528,460.07 was covered by the State of New Jersey, Governmental Unit Deposit Protection Act.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

2. Cash and Cash Equivalents (Continued)

Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund; or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. The underlying securities are permitted investments pursuant to paragraphs 1 and 3 above;
 - b. The custody of collateral is transferred to a third party;
 - c. The maturity of the agreement is not more than 30 days;
 - d. The underlying securities are purchased through a public depository as defined in statute; and
 - e. A master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2008
 (Continued)

3. Municipal Debt

Summary of Municipal Debt

| | <u>Year 2008</u> | <u>Year 2007</u> | <u>Year 2006</u> |
|---|------------------------|------------------------|------------------------|
| Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ 5,161,737.00 | \$ 5,571,781.00 | \$ 5,347,473.00 |
| Swim Pool Utility | | | |
| Bonds and Notes | <u>862,467.00</u> | <u>902,467.00</u> | <u>612,800.00</u> |
| Debt Issued | <u>6,024,204.00</u> | <u>6,474,248.00</u> | <u>5,960,273.00</u> |
| | | | |
| Authorized but not Issued: | | | |
| General: | | | |
| Bonds and Notes | 53,119.51 | 466,923.00 | 660,044.00 |
| Swim Pool Utility | | | |
| Bonds and Notes | <u>49,000.00</u> | <u>74,000.00</u> | <u>406,500.00</u> |
| | <u>102,119.51</u> | <u>540,923.00</u> | <u>1,066,544.00</u> |
| Less Deductions | <u>911,467.00</u> | <u>976,467.00</u> | <u>1,019,300.00</u> |
| Net Bonds and Notes Issued and Authorized but not Issued | <u>\$ 5,214,856.51</u> | <u>\$ 6,038,704.00</u> | <u>\$ 6,007,517.00</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 0.263%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|------------------------|-------------------------|-------------------------|------------------------|
| School Debt | \$ 22,764,027.00 | \$ 22,764,027.00 | \$ - |
| General Debt | 5,214,856.51 | | 5,214,856.51 |
| Swim Pool Utility Debt | <u>911,467.00</u> | <u>911,467.00</u> | <u>-</u> |
| | <u>\$ 28,890,350.51</u> | <u>\$ 23,675,494.00</u> | <u>\$ 5,214,856.51</u> |

Net Debt of \$ 5,214,856.51 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$1,982,061,509 = 0.263%.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2008
 (Continued)

3. Municipal Debt (Continued)

| | | |
|---|---------------|-----------------|
| <u>Calculation of "Self-Liquidating Purpose", Swim Pool Utility</u> | | |
| Cash Receipts from Fees, Rents or Other Changes | | \$ 1,051,493.51 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ 710,416.00 | |
| Debt Service | 107,071.00 | |
| | | 817,487.00 |
| Excess in Revenue | | \$ 234,006.51 |

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

| | |
|---|------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 69,372,152.82 |
| Net Debt | 5,214,856.51 |
| Remaining Borrowing Power | \$ 64,157,296.31 |

The Borough's short-term debt consisted of Bond Anticipation Notes Payable in the amount of \$6,024,204. Schedule C-4 and D-12 of the financial statements disclosed the various due dates and interest rates of the Bond Anticipation Notes Payable as of December 31, 2008.

Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2008 were as follows:

| <u>Fund Type</u> | <u>Receivables</u> | <u>Payables</u> |
|--------------------------------------|--------------------|-----------------|
| Current Fund | \$ 42,534.41 | \$ 83,502.28 |
| Grant Fund | 63,687.40 | |
| Trust Fund | 19,814.88 | 18,929.15 |
| Capital Fund | | 23,605.26 |
| Swim Pool Utility Fund | 30,756.92 | 30,756.92 |
| Total Interfund Receivables/Payables | \$ 156,793.61 | \$ 156,793.61 |

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

4. Contingencies

Litigation

The Borough is party to various legal proceedings, which normally occur in governmental operations. The Borough Attorney has reported that of the litigation, which remains pending, there are no matters, which will materially effect the December 31, 2008 financial position.

5. Claims and Judgments

The Borough participated in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2008, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Borough.

6. 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 2008 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough 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 self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensations. 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.

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.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2008
 (Continued)

7. Fund Balance Appropriated

Fund Balance at December 31, 2008 which was appropriated and included as anticipated revenue in the 2009 budget was as follows:

| | |
|--------------|---------------|
| Current Fund | \$ 790,000.00 |
|--------------|---------------|

8. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are to be deferred to budgets of succeeding years. Existing deferred charges are reflected in the statement of financial positions of the various funds.

9. Local District School, Regional High School and County Taxes

The Borough collects school, regional county taxes and is responsible for the full amount of the levy. School, Regional and County taxes have been raised on the calendar year.

10. Taxes Collected in Advance

Taxes collected in advance and the amounts set forth as cash liabilities in the financial statements as follows:

| | <u>Balance</u> <u>Dec. 31, 2008</u> | <u>Balance</u> <u>Dec. 31, 2007</u> |
|---------------|--|--|
| Prepaid Taxes | <u>\$192,178.43</u> | <u>\$218,559.98</u> |

11. Retirement Plans

Plan Description, Contribution Information, and Funding Policies

Employees who are eligible for a pension plan are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are: (1) the Public Employees' Retirement System, (2) the Consolidated Police and Firemen's Pension Fund and (3) the Police and Firemen's Retirement System. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees. The Borough's share of pension costs, which is based upon the amount paid or charged to the 2008 budget, amounted to \$ 557,387.80 for 2008.

Borough employees are also covered by the Federal Insurance Contribution Act. Information as to the comparison of the actuarial computed value of vested benefit with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2008
 (Continued)

11. Retirement Plans (Continued)

Plan Description, Contribution Information, and Funding Policies (Continued)

Borough employees are also covered by the Federal Insurance Contribution Act. Information as to the comparison of the actuarial computed value of vested benefit with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

Deferred Compensation Plan

The Borough of Hillsdale maintains a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457.

Any employee of the Borough is eligible to participate in the Plan. Participation in the Plan is entirely voluntary on the part of each employee. The Borough does not and is not required to make contributions to the Plan. The Variable Annuity Life Ins. Co. & Nationwide Retirement Solutions are the Administrators of the Plan. Fund assets at December 31, 2008 totaled \$ 2,102,899.13.

12. Post Employment Benefits

The Borough of Hillsdale pays health insurance premiums for employees, who have retired according to their individual employment contracts. Currently the Borough has 19 retired employees, which have this benefit. In 2008, the cost of these health insurance premiums totaled \$ 310,620.00.

13. Compensated Absences

Under the existing policies and labor agreements of the Borough, certain employees are allowed to accumulate (with restrictions) unused vacation and sick pay beyond the current year. The estimated cost of any unpaid employee compensation benefits as of December 31, 2008 was \$ 239,269.76. This amount is not reported either as an expenditure or liability.

14. Leases

The Borough has entered into three-year sublease purchase agreements with the Bergen County Improvement Authority to lease certain capital equipments. The Bergen County Improvement Authority leased those equipments from Commerce Commercial Leasing, Inc. The lease payments consist of basic rent, which is compromised of principal and interest. In 2008, the Borough paid \$29,709.58 in total under the lease agreements. The future lease payments are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|--------------------|---------------------|
| 2009 | \$ 38,148.98 | \$ 2,549.19 | \$ 40,698.17 |
| 2010 | 39,295.32 | 1,402.85 | 40,698.17 |
| 2011 | 10,767.85 | 220.74 | 10,988.59 |
| Total | <u>\$ 88,212.15</u> | <u>\$ 4,172.78</u> | <u>\$ 92,384.93</u> |

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2008
 (Continued)

15. Property Tax Calendar

The Borough of Hillsdale property taxes are due the first of February, May, August, and November. The levy is determined upon certification of tax rate by the county. Liens are sold at a tax sale in the subsequent year. The tax sale for 2007 taxes was held on October 16, 2008.

16. Municipal Court

Comments concerning the Municipal Court will be found in a separate municipal audit report.

17. Comparative Schedule of Fund Balances

| | Year | Balance December 31 | Utilized in Budget of Succeeding Year |
|--------------|------|------------------------|---|
| Current Fund | 2008 | \$1,005,692.27 | \$790,000.00 |
| | 2007 | 1,319,278.83 | 700,000.00 |
| | 2006 | 1,344,327.96 | 712,698.00 |
| | 2005 | 1,318,820.00 | 700,000.00 |

18. Comparative Schedule of Tax Rate Information

| | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|----------------------------------|----------------|------------------|----------------|
| Tax Rate | <u>\$1.873</u> | <u>\$1.790</u> * | <u>\$3.800</u> |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | 0.392 | 0.354 | 0.761 |
| County | 0.198 | 0.181 | 0.375 |
| Local School | 0.830 | 0.800 | 1.742 |
| Regional School | 0.453 | 0.455 | 0.922 |

* Revaluation

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

19. Comparative Schedule of Tax Rate Information (Continued)

Net Valuation Taxable as listed in the Bergen County Board of Taxation Levy Duplicate

| | | | | | |
|------|---|------------------------|----------------------|----------------------|--|
| 2008 | | <u>\$1,963,564,332</u> | | | |
| 2007 | * | <u>\$1,964,439,900</u> | | | |
| 2006 | | | <u>\$849,534,947</u> | | |
| 2005 | | | | <u>\$847,398,387</u> | |
| | * | Revaluation | | | |

20. Comparison of Tax Levies and Collection Currently

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Cash Collection</u> | <u>Percentage of Collection</u> |
|-------------|-----------------|----------------------------|-------------------------------------|
| 2008 | \$36,859,269.00 | \$36,496,754.59 | 99.02% |
| 2007 | 35,198,460.00 | 34,860,456.00 | 99.04% |
| 2006 | 32,550,971.00 | 32,287,584.00 | 99.19% |
| 2005 | 29,945,639.00 | 29,678,205.00 | 99.11% |

21. Delinquent Taxes and Tax Title Liens

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

| <u>December Year</u> | <u>Amount of Tax Title Lien</u> | <u>Amount of Delinq. Taxes</u> | <u>Total</u> | <u>Percentage of Tax Levy</u> |
|--------------------------|-------------------------------------|------------------------------------|--------------|-----------------------------------|
| 2008 | \$29,840.29 | \$314,113.25 | \$343,953.54 | 0.93% |
| 2007 | 25,568.00 | 297,242.67 | 322,810.67 | 0.92% |
| 2006 | 23,206.00 | 256,163.00 | 279,369.00 | 0.86% |
| 2005 | 21,260.00 | 233,285.00 | 254,545.00 | 0.85% |

22. Property Acquired by Tax Title Lien Liquidation

There were four properties acquired by liquidation in years 2008 with total assessed valuations of \$ 655,700.00.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF CASH - TREASURER

A-4

| | <u>Reference</u> | <u>Current Fund</u> | <u>Federal and State Grant Fund</u> |
|--|------------------|-------------------------|---|
| Balance December 31, 2007 | A | \$ 4,800,601.15 | \$ 3,020.59 |
| Increased by: | | | |
| Miscellaneous Revenue Anticipated | A-2 | 3,107,123.68 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 53,800.85 | |
| Budget Refunds | A-3 | 88,425.83 | |
| Due From State - Senior Citizens and Veterans Deductions | A-6 | 126,750.00 | |
| Taxes Receivable | A-8 | 36,455,981.18 | |
| Tax Overpayments | A-19 | 71,836.60 | |
| Prepaid Taxes | A-20 | 192,178.43 | |
| Marriage License Fees | A-21 | 950.00 | |
| DCA Fees | A-22 | 8,047.00 | |
| Interfunds | A-23 | 280,000.00 | |
| Other Accounts Receivable | A-7 | 12,750.00 | |
| Grants Receivable | A-26 | 169,631.80 | |
| Unappropriated Reserves | A-28 | 18,250.60 | |
| Intrafunds- Investments | Contra | 2,501.84 | |
| | | <u>40,588,227.81</u> | |
| | | <u>45,388,828.96</u> | <u>3,020.59</u> |
| Decreased by: | | | |
| Current Year Budget Appropriations | A-3 | 10,995,825.92 | |
| Appropriation Reserves for Grants | A-27 | 12,753.73 | |
| Appropriation Reserves | A-14 | 560,416.17 | |
| Local District School Taxes | A-16 | 16,288,031.00 | |
| Regional High School Taxes | A-17 | 8,690,285.58 | |
| County Taxes | A-18 | 3,681,134.29 | |
| Municipal Open Space Taxes | C-12 | 196,756.43 | |
| Tax Overpayments | A-19 | 33,150.85 | |
| Marriage License Fees | A-21 | 1,200.00 | |
| DCA Fees | A-22 | 10,008.00 | |
| Interfunds | A-23 | 800,914.85 | |
| Intrafunds- Investments | Contra | 2,501.84 | |
| | | <u>41,272,978.66</u> | |
| Balance December 31, 2008 | A | \$ 4,115,850.30 | \$ 3,020.59 |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

A-5

SCHEDULE OF CASH - CHANGE FUND

| | <u>Reference</u> | |
|---------------------------------|------------------|------------------|
| Balance December 31, 2007 | A | \$ 250.00 |
| Balance December 31, 2008 | A | <u>\$ 250.00</u> |
| <u>Analysis of Balance:</u> | | |
| Court Clerk | | 200.00 |
| Tax Collector | | 50.00 |
| | | <u>\$ 250.00</u> |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

**SCHEDULE OF AMOUNT DUE FROM/ (TO) STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS - CH73 P.L. 1076**

A-6

| | <u>Reference</u> | |
|---|------------------|----------------------|
| Balance December 31, 2007 | A | \$ 336.99 |
| Increased by: | | |
| Senior Citizens' Deductions Per Tax Billing | | \$ 18,000.00 |
| Veterans' Deductions Per Tax Billing | | 111,000.00 |
| Senior Citizens' and Veterans' Allowed | | <u>2,500.00</u> |
| | | 131,500.00 |
| | | <u>131,836.99</u> |
| Decreased by: | | |
| Senior Citizens' and Veterans' Disallowed | Below | 250.00 |
| Prior Year Senior Citizens' and Veterans' Disallowed | A-1 | 3,505.03 |
| State Share of Senior Citizens and Veteran Deductions Received in Cash | A-4 | <u>126,750.00</u> |
| | | <u>130,505.03</u> |
| Balance December 31, 2008 | A | <u>\$ 1,331.96</u> |
| Calculation of Amount Realized | | |
| Senior Citizens | | \$ 18,000.00 |
| Veterans | | 111,000.00 |
| Senior Citizens & Veterans Deductions Allowed | | <u>2,500.00</u> |
| | | \$ 131,500.00 |
| | | <u>131,500.00</u> |
| Less: Current Year/Seniors & Veterans Disallowed | Above | <u>250.00</u> |
| Realized as Tax Revenue | A-8 | <u>\$ 131,250.00</u> |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

A-7

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

| <u>Grant</u> | Balance Dec. 31, 2007 | Accrued | Received | Cancelled | Balance Dec. 31, 2008 |
|---|-----------------------------|--------------|--------------|-----------|-----------------------------|
| Due from Bergen County: | | | | | |
| Broadway Bridge Design | \$ 55,080.00 | \$ - | | - | \$ 55,080.00 |
| Hillsdale Avenue Culvert | 85,000.00 | | 12,750.00 | | 72,250.00 |
| | | | | | 0.00 |
| Due From Bergen County Open Space Trust Fund: | | | | | |
| Reimbursement - Saddlewood | 36,000.00 | | | | 36,000.00 |
| Ralph Avenue Tot Park | 1,208.00 | | | | 1,208.00 |
| Centennial Field Access Improvements | 47,500.00 | | | | 47,500.00 |
| Hillsdale Avenue Culvert | 60,000.00 | | | | 60,000.00 |
| Memorial Field | | 65,000.00 | | | 65,000.00 |
| | \$ 284,788.00 | \$ 65,000.00 | \$ 12,750.00 | \$ - | \$ 337,038.00 |
| Reference | A | A-2 | A-4 | A | A |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF TAX TITLE LIENS

A-9

| | <u>Reference</u> | |
|--------------------------------|------------------|---------------------|
| Balance December 31, 2007 | A | \$ 25,568.00 |
| Increased by: | | |
| Transfer from Taxes Receivable | A-8 | <u>4,272.29</u> |
| Balance December 31, 2008 | A | <u>\$ 29,840.29</u> |

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

A-10

| | <u>Reference</u> | |
|---------------------------|------------------|----------------------|
| Balance December 31, 2007 | A | <u>\$ 655,700.00</u> |
| Balance December 31, 2008 | A | <u>\$ 655,700.00</u> |

Schedule of Property Acquired for Taxes

| <u>Block</u> | <u>Lot</u> | <u>Amount</u> |
|--------------|------------|----------------------|
| 1106 | 4.01 | \$ 233,900.00 |
| 1106 | 4.02 | 145,400.00 |
| 1106 | 4.03 | 138,200.00 |
| 1106 | 4.04 | 138,200.00 |
| 220 | | |
| | | <u>\$ 655,700.00</u> |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-11

Revenue Accounts Receivable:

| | <u>Ref.</u> | Balance December 31, 2007 | Accrued in 2008 | Collected in 2008 | Balance December 31, 2008 |
|---|-------------|---------------------------------|----------------------|----------------------|---------------------------------|
| Municipal Court Fines and Costs | A-2 | \$ 6,796.00 | \$ 100,630.51 | \$ 99,901.81 | \$ 7,524.70 |
| Meadowbrook School Paving Reimbursement | A-2 | 14,000.00 | | | 14,000.00 |
| | | <u>\$ 20,796.00</u> | <u>\$ 100,630.51</u> | <u>\$ 99,901.81</u> | <u>\$ 21,524.70</u> |
| <u>Reference</u> | | A | | | A |

**SCHEDULE OF DEFERRED CHARGES
N.J.S.A. 40A:4-55 - SPECIAL EMERGENCY**

A-12

| <u>Purpose</u> | <u>Amount Authorized</u> | 1/5 of Net Amount Authorized | Balance Dec. 31, 2007 | Reduced in 2008 | Balance Dec. 31, 2008 |
|------------------------------|------------------------------|------------------------------------|-----------------------------|---------------------|-----------------------------|
| Revaluation of Real Property | 255,000.00 | \$ 51,000.00 | \$ 102,000.00 | \$ 51,000.00 | \$ 51,000.00 |
| | <u>\$ 255,000.00</u> | <u>\$ 51,000.00</u> | <u>\$ 102,000.00</u> | <u>\$ 51,000.00</u> | <u>\$ 51,000.00</u> |
| | | | A | A-3 | A |

**SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS**

A-13

| <u>Purpose</u> | Balance Dec. 31, 2007 | Emergency Appropriations Authorized in 2008 | Reduced in 2008 | Balance Dec. 31, 2008 |
|--------------------------|-----------------------------|---|---------------------|-----------------------------|
| Emergency Authorizations | \$ 39,500.00 | \$ 98,200.00 | \$ 39,500.00 | \$ 98,200.00 |
| | <u>\$ 39,500.00</u> | <u>\$ 98,200.00</u> | <u>\$ 39,500.00</u> | <u>\$ 98,200.00</u> |
| | A | A-1 | A-3 | A |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF EXPENDITURES FOR 2007 RESERVES

A-14

| | Balance <u>Dec. 31, 2007</u> | <u>Transfers</u> | <u>Encumbrances</u> | Modified by <u>Transfers</u> | <u>Paid or Charged</u> | <u>Lapsed</u> | <u>Reserved/ Overexpenditures</u> |
|--|---------------------------------|------------------|---------------------|---------------------------------|----------------------------|---------------|---------------------------------------|
| SALARIES AND WAGES WITHIN "CAPS": | | | | | | | |
| General Administration | | | | | | | |
| Mayor and Council | | | | | | | |
| Other Expenses | 4,333.86 | (2,500.00) | 2,233.05 | 4,066.91 | 2,294.38 | 1,772.53 | |
| Administrative and Executive | | | | | | | |
| Salaries and Wages | 5,235.58 | (4,300.00) | | 935.58 | 617.25 | 318.33 | |
| Other Expenses | 1,816.37 | 10,000.00 | 7,423.90 | 19,240.27 | 17,770.02 | 1,470.25 | |
| Public Information | 6,999.86 | (3,700.00) | 2,024.40 | 5,324.26 | (975.60) | 6,299.86 | |
| Financial Administration | | | | | | | |
| Salaries and Wages | 782.50 | 11,300.00 | | 12,082.50 | 5,599.77 | 6,482.73 | |
| Other Expenses | 4,152.24 | | 793.39 | 4,945.63 | 4,939.39 | 6.24 | |
| Audit Services | | | | | | | |
| Other Expenses | 3,000.00 | 5,500.00 | 10,000.00 | 18,500.00 | 18,500.00 | | |
| Collection of Taxes | | | | | | | |
| Salaries and Wages | 5,250.09 | (3,500.00) | | 1,750.09 | 420.81 | 1,329.28 | |
| Other Expenses | 3,883.03 | (2,500.00) | | 1,383.03 | 62.00 | 1,321.03 | |
| Assessment of Taxes | | | | | | | |
| Salaries and Wages | 428.23 | | | 428.23 | 279.97 | 148.26 | |
| Other Expenses | 3,130.10 | (2,000.00) | 1,587.99 | 2,718.09 | 1,926.96 | 791.13 | |
| Clerk's Office | | | | | | | |
| Other Expenses | 869.15 | | 503.16 | 1,372.31 | 609.53 | 762.78 | |
| Legal Services and Costs | | | | | | | |
| Other Expenses | 3,783.70 | (2,500.00) | 14,774.08 | 16,057.78 | 15,705.33 | 352.45 | |
| Train Station | | | | | | | |
| Salaries and Wages | 708.24 | | | 708.24 | | 708.24 | |
| Other Expenses | 1,137.96 | | 550.80 | 1,688.76 | 503.49 | 1,185.27 | |
| Planning Board | | | | | | | |
| Other Expenses | 2,595.60 | 3,500.00 | 11,133.52 | 17,229.12 | 10,261.55 | 6,967.57 | |
| Police | | | | | | | |
| Salaries and Wages | 20,288.51 | (4,500.00) | | 15,788.51 | 14,484.32 | 1,304.19 | |
| Other Expenses | 9,095.98 | (4,500.00) | 5,719.95 | 10,315.93 | 5,735.98 | 4,579.95 | |
| Emergency Management Services | | | | | | | |
| Other Expenses | 3,208.84 | | 1,095.95 | 4,304.79 | 1,585.00 | 2,719.79 | |
| First Aid Organization: | | | | | | | |
| Aid and maintenance other expenses | 2,847.42 | | 10,052.58 | 12,900.00 | 10,189.38 | 2,710.62 | |
| Fire: | | | | | | | |
| Salaries and Wages | 2,811.80 | | | 2,811.80 | | 2,811.80 | |
| Other Expenses | 8,873.02 | | 11,025.29 | 19,898.31 | 15,063.79 | 4,834.52 | |
| Fire Prevention Bureau: | | | | | | | |
| Salaries and Wages | 3,989.87 | (2,000.00) | | 1,989.87 | 678.92 | 1,310.95 | |
| Other Expenses | 1,719.60 | | 39.15 | 1,758.75 | 91.09 | 1,667.66 | |
| Road Repairs and Maintenance | | | | | | | |
| Salaries and Wages | 5,405.11 | (2,000.00) | | 3,405.11 | 1,124.26 | 2,280.85 | |
| Other Expenses | 41.05 | | 6,810.87 | 6,851.92 | 6,638.94 | 212.98 | |
| Garbage and Trash Removal | | | | | | | |
| Salaries and Wages | 3,423.66 | | | 3,423.66 | 264.37 | 3,159.29 | |
| Other Expenses | 68,396.94 | (9,500.00) | 329.48 | 59,226.42 | 55,314.90 | 3,911.52 | |
| Recycling | | | | | | | |
| Other Expenses | 53,967.80 | (2,300.00) | 2,361.00 | 54,028.80 | 43,308.90 | 10,719.90 | |
| Public Building and Grounds | | | | | | | |
| Other Expenses | 56.94 | 1,000.00 | 3,372.02 | 4,428.96 | 3,450.59 | 978.37 | |
| Environmental Commission | | | | | | | |
| Other Expenses | 1,004.00 | | | 1,004.00 | | 1,004.00 | |
| Municipal Court | | | | | | | |
| Salaries and Wages | 874.83 | | | 874.83 | 338.91 | 535.92 | |
| Other Expenses | 3,473.60 | | 750.90 | 4,224.50 | 2,074.80 | 2,149.70 | |
| Public Defender | | | | | | | |
| Salaries and Wages | 121.00 | | | 121.00 | | 121.00 | |
| Board of Health | | | | | | | |
| Salaries and Wages | 73.13 | | | 73.13 | 73.13 | - | |
| Other Expenses | 1,703.16 | | 305.15 | 2,008.31 | 1,175.09 | 833.22 | |
| Administration of Public Assistance | | | | | | | |
| Salaries and Wages | 75.00 | | | 75.00 | | 75.00 | |
| Other Expenses | 3,000.00 | (2,000.00) | | 1,000.00 | | 1,000.00 | |

(Continued Next Page)

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF EXPENDITURES FOR 2007 RESERVES

A-14

| | Balance Dec. 31, 2007 | Transfers | Encumbrances | Modified by Transfers | Paid or Charged | Lapsed | Reserved / Overexpenditures |
|--|--------------------------|-------------|----------------------|--------------------------|----------------------|----------------------|--------------------------------|
| Board of Recreation | | | | | | | |
| Salaries and Wages | 41.87 | 2,000.00 | | 2,041.87 | | 2,041.87 | |
| Other Expenses | 4,923.91 | | 14,180.54 | 19,104.45 | 19,104.45 | | |
| Senior Citizen Committee | | | | | | | |
| Salaries and Wages | 793.07 | | | 793.07 | | 793.07 | |
| Other Expenses | 3,873.22 | | 3,264.30 | 7,137.52 | 3,351.21 | 3,786.31 | |
| Parks and Playgrounds | | | | | | | |
| Other Expenses | 1,292.76 | | 16,480.53 | 17,773.29 | 17,541.40 | 231.89 | |
| Celebration of Public Events, Anniversary, or Holidays | | | | | | | |
| Other Expenses | 165.72 | | 323.24 | 488.96 | | 488.96 | |
| Appropriations Offset by Dedicated Revenues | | | | | | | |
| Bloodborne Pathogens | | | | | | | |
| Other Expenses | 180.00 | | 3,320.00 | 3,500.00 | 3,320.00 | 180.00 | |
| Uniform Construction Code Official | | | | | | | |
| Salaries and Wages | 823.91 | | | 823.91 | 630.47 | 193.44 | |
| Other Expenses | 11,479.32 | (8,500.00) | 73.40 | 3,052.72 | 174.24 | 2,878.48 | |
| Insurance | 3,679.20 | | 15.60 | 3,694.80 | 2,768.00 | 926.80 | |
| Telephone | 726.27 | | | 726.27 | 142.49 | 583.78 | |
| Gasoline | 1,509.94 | | | 1,509.94 | 502.65 | 1,007.29 | |
| Vehicle maintenance | 188.42 | | | 188.42 | | 188.42 | |
| Insurance | | | | | | | |
| Employee | 17,660.20 | (6,000.00) | | 11,660.20 | 3,996.00 | 7,664.20 | |
| Unemployment | 1,373.10 | | | 1,373.10 | 100.39 | 1,272.71 | |
| Workers' Compensation | 22,889.21 | | 23,263.91 | 46,153.12 | 37,275.49 | 8,877.63 | |
| Liability | 34,424.55 | | 17,316.51 | 51,741.06 | 38,953.39 | 12,787.67 | |
| Unclassified: | | | | | | | |
| Utilities: | | | | | | | |
| Gas and Electricity | 34,037.27 | | 1,248.80 | 35,286.07 | 25,905.00 | 9,381.07 | |
| Telephone | 4,418.97 | | 1,377.00 | 5,795.97 | 4,943.97 | 852.00 | |
| Water | 9,494.73 | 21,000.00 | | 30,494.73 | 24,557.44 | 5,937.29 | |
| Gasoline | 10,226.45 | 8,000.00 | | 18,226.45 | 9,893.97 | 8,332.48 | |
| Vehicle maintenance | 6,731.88 | | 7,433.06 | 14,164.94 | 8,742.97 | 5,421.97 | |
| TOTAL OTHER EXPENSES WITHIN "CAPS" | 413,491.74 | - | 181,183.52 | 594,675.26 | 442,010.75 | 152,664.51 | - |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS": | | | | | | | |
| Social Security System (O.A.S.I.) | \$ 4,355.79 | | \$ - | \$ 4,355.79 | \$ 741.02 | \$ 3,614.77 | \$ - |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS" | 4,355.79 | 0.00 | 0.00 | 4,355.79 | 741.02 | 3,614.77 | 0.00 |
| TOTAL RESERVES WITHIN "CAPS" | 417,847.53 | 0.00 | 181,183.52 | 599,031.05 | 442,751.77 | 156,279.28 | 0.00 |
| OTHER EXPENSES EXCLUDED FROM "CAPS": | | | | | | | |
| Maintenance of Free Public Library | 20,014.04 | | 104.25 | 20,118.29 | 20,118.29 | - | |
| LOSAP | 75,000.00 | | | 75,000.00 | 71,820.00 | 3,180.00 | |
| Flood Emergency | 407.54 | | 9,852.30 | 10,259.84 | 7,252.04 | 3,007.80 | |
| Group Insurance Plan for Employees | 531.96 | | 16,325.00 | 16,856.96 | 16,325.00 | 531.96 | |
| Police and Firemen's Retirement System | 0.20 | | | 0.20 | | 0.20 | |
| Public Employees' Retirement System | 0.20 | | | 0.20 | | 0.20 | |
| Bergen County Utilities Authority | | | | | | | |
| Service Charges-Contractual | | | | | | | |
| Storm Water: | | | | | | | |
| Salaries and Wages | | | | | | | |
| Other Expenses | 6,695.35 | | 5,764.00 | 12,459.35 | 6,674.07 | 5,785.28 | |
| Municipal Alliance on Alcohol & Drug Abuse | | | | | (4,525.00) | 4,525.00 | |
| Interlocal Municipal Service Agreements | | | | | | | |
| Pistol Range Rental - River Vale | 2,000.00 | | | 2,000.00 | | 2,000.00 | |
| Public and Private Programs Offset by Revenues | | | | | | | |
| Willowbrook Sewer Project | 332.91 | | | 332.91 | | 332.91 | |
| Hillsdale Ave. Culvert - Design Services | 72,250.00 | | | 72,250.00 | | 72,250.00 | |
| TOTAL OTHER EXPENSES EXCLUDED FROM "CAPS" | 177,232.20 | - | 32,045.55 | 209,277.75 | 117,664.40 | 91,613.35 | - |
| TOTAL RESERVES EXCLUDED FROM "CAPS" | 177,232.20 | - | 32,045.55 | 209,277.75 | 117,664.40 | 91,613.35 | - |
| TOTAL RESERVES | \$ 595,079.73 | \$ - | \$ 213,229.07 | \$ 808,308.80 | \$ 560,416.17 | \$ 247,892.63 | \$ - |
| | A | | A-15 | | A-4 | A-1 | |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF ENCUMBRANCES PAYABLE

A-15

| | <u>Reference</u> | |
|--------------------------------------|------------------|----------------------|
| Balance December 31, 2007 | A | \$ 213,229.07 |
| Increased by: | | |
| Transfer from Current Appropriations | A-3 | 209,412.43 |
| | | <u>422,641.50</u> |
| Decreased by: | | |
| Transfer to Appropriations Reserves | A-14 | 213,229.07 |
| | | <u>213,229.07</u> |
| Balance December 31, 2008 | A | <u>\$ 209,412.43</u> |

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

A-16

| | <u>Reference</u> | |
|---------------------------|------------------|----------------------|
| Balance December 31, 2007 | A | \$ 499.98 |
| Increased by: | | |
| 2008 Levy | A-1,8 | 16,288,031.00 |
| | | <u>16,288,530.98</u> |
| Decreased by: | | |
| Payments | A-4 | 16,288,031.00 |
| | | <u>16,288,031.00</u> |
| Balance December 31, 2008 | A | <u>\$ 499.98</u> |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

A-17

| | <u>Reference</u> | |
|---------------------------|------------------|-----------------|
| Balance December 31, 2007 | A | \$ 2,163,916.30 |
| Increased by: | | |
| 2008 Levy | A-1,8 | 8,895,807.39 |
| | | 11,059,723.69 |
| Decreased by: | | |
| Payments | A-4 | 8,690,285.58 |
| | | 8,690,285.58 |
| Balance December 31, 2008 | A | \$ 2,369,438.11 |

SCHEDULE OF COUNTY TAXES PAYABLE

A-18

| | <u>Reference</u> | |
|---------------------------------|------------------|-----------------|
| Balance December 31, 2007: | | |
| County Taxes Payable | A | \$ 3,508.33 |
| County Open Space Taxes Payable | A | 115.89 |
| | | 3,624.22 |
| Increased by: | | |
| Levy Including Open Space Tax | A-8 | \$ 3,669,417.80 |
| Added and Omitted Taxes | A-8 | 8,208.16 |
| | A-1 | 3,677,625.96 |
| | | 3,681,250.18 |
| Decreased by: | | |
| Payments | A-4 | 3,681,134.29 |
| Canceled | A-1 | 115.89 |
| | | 3,681,250.18 |
| Balance December 31, 2008 | A | \$ - |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF TAX OVERPAYMENTS

A-19

| | <u>Reference</u> | | |
|---------------------------|------------------|------------------|---------------------|
| Balance December 31, 2007 | A | | \$ 13,580.73 |
| Increased by: | | | |
| 2008 Overpaid | A-4 | \$ 71,836.60 | |
| Tax Appeals | A-1 | <u>42,491.63</u> | <u>114,328.23</u> |
| | | | 127,908.96 |
| Decreased by: | | | |
| Cash Disbursements | A-4 | | <u>33,150.85</u> |
| Balance December 31, 2008 | A | | <u>\$ 94,758.11</u> |

SCHEDULE OF PREPAID TAXES

A-20

| | <u>Reference</u> | | |
|-------------------------------|------------------|--|----------------------|
| Balance December 31, 2007 | A | | \$ 218,559.98 |
| Increased by: | | | |
| Receipts - Prepaid 2009 Taxes | A-4 | | <u>192,178.43</u> |
| | | | 410,738.41 |
| Decreased by: | | | |
| Applied to 2008 Taxes | A-8 | | <u>218,559.98</u> |
| Balance December 31, 2008 | A | | <u>\$ 192,178.43</u> |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR MARRIAGE LICENSE/DOMESTIC PARTNERSHIP FEES**

A-21

| | <u>Reference</u> | |
|---------------------------|------------------|---------------------------|
| Balance December 31, 2007 | A | \$ 375.00 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>950.00</u> 1,325.00 |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>1,200.00</u> |
| Balance December 31, 2008 | A | <u><u>\$ 125.00</u></u> |

SCHEDULE OF DUE TO STATE OF NEW JERSEY DCA FEES

A-22

| | <u>Reference</u> | |
|---------------------------|------------------|------------------------------|
| Balance December 31, 2007 | A | \$ 3,062.00 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>8,047.00</u> 11,109.00 |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>10,008.00</u> |
| Balance December 31, 2008 | A | <u><u>\$ 1,101.00</u></u> |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

A-23

SCHEDULE OF DUE FROM / (TO) OTHER FUNDS

| Reference | Balance Dec. 31, 2007 | <u>Increased</u> | <u>Decreased</u> | Balance Dec. 31, 2008 |
|---|-----------------------------|----------------------|----------------------|-----------------------------|
| Animal Trust Fund | \$ (5,000.00) | \$ 10,113.42 | \$ 5,113.42 | \$ - |
| Other Trust Fund | 12,037.40 | 7,174.90 | 482.87 | 18,729.43 |
| Assessment Trust Fund | - | 199.72 | | 199.72 |
| Recreation Trust Fund | (487,391.28) | 1,735.61 | 21,550.49 | (19,814.88) |
| General Capital Fund | | 799,446.31 | 288,449.77 | 23,605.26 |
| | <u>\$ (480,353.88)</u> | <u>\$ 818,669.96</u> | <u>\$ 315,596.55</u> | <u>\$ 22,719.53</u> |
| | | Below | Below | |
| Interest Income Received | | | | |
| Interest Income Transferred to Current Fund | | \$ 17,724.10 | - | |
| Interest on Assessment | | 31.01 | 10,781.67 | |
| Cash Disbursements | | 800,914.85 | | |
| Cash Receipts | | | 280,000.00 | |
| Budget Appropriation - Animal Control Services | | | | |
| Budget Appropriation - Deficit in Reserve for Day Camp Fees | | | 5,000.00 | |
| | | | 19,814.88 | |
| | | <u>\$ 818,669.96</u> | <u>\$ 315,596.55</u> | |
| | | Above | Above | |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF VARIOUS RESERVES

A-24

| | Balance Dec. 31, <u>2007</u> | <u>Increased</u> | <u>Decreased</u> | Balance Dec. 31, <u>2008</u> |
|--------------------------------------|------------------------------------|---------------------|------------------|------------------------------------|
| <u>Reserve for:</u> | | | | |
| Open Space - Centennial | \$ 12,322.98 | | | \$ 12,322.98 |
| Open Space - Land Acquisition (2002) | 23,000.00 | | | 23,000.00 |
| Broadway Bridge | 29,048.18 | | | 29,048.18 |
| Flood Mitigation - Brook | 10,516.86 | | | 10,516.86 |
| Water Shed Aid | 2,303.00 | | | 2,303.00 |
| Open Space - Pascack Bridge | 41,310.00 | | | 41,310.00 |
| Open Space - Bergen County | 60,000.00 | | | 60,000.00 |
| Open Space - Memorial Field | | 65,000.00 | | 65,000.00 |
| | <u>\$ 178,501.02</u> | <u>\$ 65,000.00</u> | <u>\$ -</u> | <u>\$ 243,501.02</u> |
| | A | A-7 | A | A |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

**SCHEDULE OF DUE FROM/ (TO) CURRENT FUND
FEDERAL AND STATE GRANT FUND**

A-25

| | <u>Reference</u> | | |
|--------------------------------|------------------|-------------------|----------------------------|
| Balance December 31, 2007 | A | | \$ 25,378.00 |
| Increased by: | | | |
| Grants Receivable - Received | A-26 | \$ 169,631.80 | |
| Grants Received - Appropriated | A-27 | 172,475.00 | |
| Unappropriated Grants Received | A-28 | <u>18,250.60</u> | <u>360,357.40</u> |
| | | | 385,735.40 |
| Decreased by: | | | |
| Budget Charges | A-27 | 152,448.00 | |
| Grants Receivable - Accrued | A-26 | <u>169,600.00</u> | <u>322,048.00</u> |
| Balance December 31, 2008 | A | | <u><u>\$ 63,687.40</u></u> |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF GRANTS RECEIVABLE - FEDERAL AND STATE GRANT FUND

A-26

| Grant | Balance Dec. 31, 2007 | Budget Revenue | Received | Cancelled | Balance Dec. 31, 2008 |
|--|-----------------------------|----------------------|----------------------|-----------------------------------|-----------------------------|
| DRE- Coordinator | \$ 26,030.92 | - | - | \$ 26,030.92 | \$ - |
| Body Armor Replacement Fund | 282.03 | | | 282.03 | 0.00 |
| Environmental Grant | 2,500.00 | | | | 2,500.00 |
| Municipal Recycling Assistance | 10,867.10 | 8,100.00 | 11,589.67 | | 7,373.43 |
| Stormwater Management Grant | 7,493.00 | | 2,552.00 | | 4,941.00 |
| COPS in School | 45,775.20 | | | 45,775.20 | 0.00 |
| COPS in School | 5,000.00 | | | | 5,000.00 |
| Municipal Alliance | 12,555.00 | 11,500.00 | 11,153.68 | | 12,901.32 |
| Community Development - Accessibility Improv.-Smith School | 1,615.00 | | 59,138.25 | | 1,615.00 |
| NJ Department of Transportation | 59,138.25 | | 85,194.20 | | 0.00 |
| NJ Transportation Trust | | 150,000.00 | | | 64,805.80 |
| | <u>\$ 171,256.50</u> | <u>\$ 169,600.00</u> | <u>\$ 169,631.80</u> | <u>\$ 72,088.15</u> | <u>\$ 99,156.55</u> |
| Reference | A | A-2 | A-4 | Below | A |
| | | | | Below | |
| | | | | Above | |
| | | | | Reference | |
| | | | | A-27 | \$ 41,806.12 |
| | | | | A-28 | 30,282.03 |
| | | | | Appropriated Reserves Cancelled | <u>\$ 72,088.15</u> |
| | | | | Unappropriated Reserves Cancelled | Above |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF APPROPRIATED RESERVES FOR GRANTS - FEDERAL AND STATE GRANT FUND

A-27

| Grant | Balance Dec. 31, 2007 | Budget Revenue | Expended | Cancelled | Balance Dec. 31, 2008 |
|---|-----------------------------|----------------------|----------------------|---------------------|-----------------------------|
| DRE- Coordinator | \$ 12,554.01 | | | \$ 12,554.01 | \$ - |
| Assistance to Firefighters Grant | 3,894.51 | | | 3,894.51 | - |
| Clean Communities | 32,912.20 | 10,406.30 | 5,868.00 | | 37,450.50 |
| Tree Planting Program | 2,755.50 | | | 2,755.50 | - |
| Municipal Alliance | 28,696.70 | 14,375.00 | 15,299.38 | | 27,772.32 |
| Municipal Recycling Assistance Grant | | 8,100.00 | | | 8,100.00 |
| COPS- in School | 3.08 | | | 3.08 | - |
| COPS- in School | 5,000.00 | | | 5,000.00 | - |
| OEM Grant | 925.00 | | | 925.00 | - |
| Environmental Grant | 5,000.00 | | | 5,000.00 | - |
| Body Armor Replacement Fund | 579.00 | | 579.00 | | 688.76 |
| Drunk Driving Enforcement Fund | 1,792.65 | | 1,103.89 | | 9,721.50 |
| Stormwater Management Grant | 7,169.50 | 2,552.00 | | | 1,278.92 |
| Alcohol Education and Rehabilitation Grant | 191.97 | 1,086.95 | | | 6,755.93 |
| FAJU Grant | 4,526.88 | 5,729.69 | 3,500.64 | | - |
| Community Development- Smith School Accessibility Improv. | 2,615.00 | | | 2,615.00 | - |
| Body Armor Replacement Fund | 677.00 | | 677.00 | | 1,827.42 |
| Body Armor Replacement Fund | 1,895.62 | | 68.20 | | 8,398.58 |
| Recycling Tonnage Grant | 8,161.54 | 237.04 | | | 531.82 |
| NJ Department of Transportation | 1,210.08 | | | 678.26 | - |
| COPS in School Pascauk Valley | 8,380.76 | | | 8,380.76 | - |
| BCUA Recycling Grant | 6,638.00 | 186.26 | | | 6,824.26 |
| NJ Transportation Trust | | 150,000.00 | 125,351.89 | | 24,648.11 |
| | <u>\$ 135,579.00</u> | <u>\$ 192,673.24</u> | <u>\$ 152,448.00</u> | <u>\$ 41,806.12</u> | <u>\$ 133,998.12</u> |
| | A | A-2 | A-2.5, Below | A-26 | A |
| | Ref. | | | | |
| Budget Appropriation | | \$ 172,475.00 | | | |
| Transfer Unappropriated Reserve | | 20,198.24 | | | |
| | | <u>\$ 192,673.24</u> | | | |
| Budget Appropriation | | \$ 192,673.24 | | | |
| Less: Current Year Expenditures | | 139,694.27 | | | |
| Current Year Due to Grant | | <u>\$ 52,978.97</u> | | | |
| Current Year Expenditures | | | \$ 139,694.27 | | |
| Reserve Expenditures | | | 12,753.73 | | |
| | | | <u>\$ 152,448.00</u> | | |

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS

A-28

| <u>Grant</u> | Balance Dec. 31, <u>2007</u> | Transfer to 2008 <u>Budget</u> | <u>Received</u> | <u>Canceled</u> | Balance Dec. 31, <u>2008</u> |
|--------------------------------------|------------------------------------|--------------------------------------|---------------------|---------------------|------------------------------------|
| Alcohol Education and Rehabilitation | \$ 1,440.55 | \$ 1,086.95 | \$ 374.82 | | \$ 728.42 |
| Drunk Driving Enforcement Fund | 4,200.00 | | 2,913.53 | | 7,113.53 |
| Clean Communities Grant | 19,730.55 | 10,406.30 | 12,470.22 | | 21,794.47 |
| COPS in School Pascack Valley | 30,000.00 | | | 30,000.00 | - |
| FAIU Grant | 5,729.69 | 5,729.69 | | | - |
| Recycling Tonnage Grant | 237.04 | 237.04 | | | - |
| Stormwater Management Fund | 2,552.00 | 2,552.00 | | | - |
| BCUA Recycling Grant | 186.26 | 186.26 | | | - |
| GDL Enforce. & Ed. Grant | | | 543.32 | | 543.32 |
| Body Armor Replacement Fund | | | 1,948.71 | 282.03 | 1,666.68 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | <u>\$ 64,076.09</u> | <u>\$ 20,198.24</u> | <u>\$ 18,250.60</u> | <u>\$ 30,282.03</u> | <u>\$ 31,846.42</u> |
| | A | A-27 | A-4 | A-26 | A |

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF RESERVE FOR ANIMAL LICENSE TRUST FUND EXPENDITURES

B-2

| | <u>Reference</u> | | |
|--|------------------|-----------|-------------|
| Balance December 31, 2007 | B | | \$ 8,909.76 |
| Increased by: | | | |
| Cat License Fees | B-1 | \$ 466.00 | |
| Dog License Fees | B-1 | 2,354.80 | |
| Late Fees | B-1 | 900.00 | |
| Transferred From Prepaid Animal Licenses | B-3 | 4,246.40 | |
| Budget Appropriation | A-3 | 5,000.00 | |
| | | | 12,967.20 |
| | | | 21,876.96 |
| Decreased by: | | | |
| Expenditures | B-1 | | 12,783.41 |
| Balance, December 31, 2008 | B | | \$ 9,093.55 |

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

**ANIMAL LICENSE TRUST FUND
SCHEDULE OF PREPAID ANIMAL LICENSES**

B-3

| | <u>Reference</u> | |
|--|------------------|-------------|
| Balance December 31, 2007 | B | \$ 4,246.40 |
| Increased by: | | |
| Dog License Fees Collected | | \$ 3,704.80 |
| Cat License Fees Collected | | 780.00 |
| | B-1 | 4,484.80 |
| | | 8,731.20 |
| Decreased by: | | |
| Transferred to Reserve for Animal Licenses | | |
| Trust Expenditures | B-2 | 4,246.40 |
| Balance December 31, 2008 | B | \$ 4,484.80 |

**ANIMAL LICENSE TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NJ -DEPT. OF HEALTH**

B-4

| | <u>Reference</u> | |
|---------------------------|------------------|-----------|
| Balance December 31, 2007 | B | \$ 234.80 |
| Increased by: | | |
| Fees Collected | B-1 | 1,121.40 |
| | | 1,356.20 |
| Decreased by: | | |
| Paid to State | B-1 | 651.00 |
| Balance December 31, 2008 | B | \$ 705.20 |

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF INTERFUNDS

B-5

| Reference | Balance December 31, 2007 | Increased | Decreased | Balance December 31, 2008 |
|---|---------------------------------|---------------------|---------------------|---------------------------------|
| Animal License Trust: | | | | |
| Current Fund | \$ 5,000.00 | \$ 5,113.42 | \$ 10,113.42 | \$ - |
| Other Trust Fund | | | | - |
| Current Fund | (12,037.40) | 9,896.27 | 16,588.30 | (18,729.43) |
| Recreation Trust Fund | | | | |
| Current Fund | | 21,550.49 | 1,735.61 | 19,814.88 |
| Assessment Trust Fund | | | | |
| Current Fund | | | 199.72 | (199.72) |
| | <u>\$ (7,037.40)</u> | <u>\$ 36,560.18</u> | <u>\$ 28,637.05</u> | <u>\$ 885.73</u> |
| | B | Below | Below | B |
| Interest Income | | | | |
| B-1 | | \$ - | \$ 9,192.64 | |
| Transfer from Current Fund | | | 10,000.00 | |
| B-1 | | | 9,413.40 | |
| Tax Redemption Receipts | | | | |
| B-1 | | 2,331.90 | | |
| Transfer Interest to Current Fund | | | | |
| B-1 | | | 31.01 | |
| Assessment Interest | | | | |
| A-23 | | 5,000.00 | | |
| Budget Appropriation - Animal Control Services | | | | |
| A-3 | | 19,814.88 | | |
| Budget Appropriation - Deficit in Reserve for Day Camp Fees | | | | |
| B-1 | | 9,413.40 | | |
| Tax Redemption Disbursements | | | | |
| | <u>\$ 36,560.18</u> | <u>\$ 28,637.05</u> | <u>\$ 28,637.05</u> | <u>\$ 885.73</u> |
| | Above | Above | Above | B |

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF RESERVE FOR OTHER TRUST FUND

B-6

| | Balance December 31, 2007 | Cash Receipts | Cash Disbursements | Adjustment | Balance December 31, 2008 |
|--|---------------------------------|----------------------|-----------------------|-----------------------|---------------------------------|
| Prescription Plan | \$ 5.08 | \$ 2.07 | \$ 5,000.00 | \$ 9,330.00 | \$ 4,337.15 |
| Street Lighting Fund | 5,199.16 | | | | 5,199.16 |
| UCA/Fire Penalties | 23,796.61 | 6,400.00 | 8,546.00 | (282.00) | 21,368.61 |
| BOE Gasoline | 505.10 | 6,269.53 | 5,467.48 | (22.03) | 1,285.12 |
| Dedicated Fire Penalties | 1,800.00 | | | (600.00) | 1,200.00 |
| Art Program | 4,300.00 | 2,040.00 | 2,420.00 | (320.00) | 3,600.00 |
| POAA | 2,999.64 | 554.00 | | | 3,553.64 |
| DARE Program | 5,914.98 | 1,200.00 | 450.00 | (450.00) | 6,214.98 |
| Robot Replacement | 91.00 | | | | 91.00 |
| Tax Title Lien Premiums | 66,200.00 | 26,500.00 | 7,100.00 | 11,910.96 | 97,510.96 |
| Recreation | 0.83 | | | | 0.83 |
| Tax Map Revisions | 1,247.50 | | | | 1,247.50 |
| Memorial Day Parade | 3,051.32 | 475.00 | 1,200.00 | (600.00) | 1,726.32 |
| Trees-Memorial | 415.00 | | | | 415.00 |
| Community Development- Senior Citizens | 8,559.00 | 3,595.00 | 2,465.00 | (5,055.00) | 4,634.00 |
| Centennial | 1,478.75 | 71.86 | 153.69 | | 1,396.92 |
| Misc. | 1,101.25 | | | (1,101.25) | - |
| Stonybrook Police Donation | 4,277.22 | | | | 4,277.22 |
| 2002 Disability | 58,409.96 | 30,838.90 | 19,375.43 | 5,103.84 | 74,977.27 |
| Developer's Contribution | 45,010.91 | 51,852.85 | 9,880.00 | (48,092.85) | 38,890.91 |
| Paterson Bridge Design | 41,310.00 | | | (18,360.00) | 22,950.00 |
| Pascack Valley Regional High School | 8,372.00 | | 9,254.00 | 882.00 | - |
| Hillsdale Board of Education | | | | 500.00 | 500.00 |
| Celebration of Public Events | 4,230.44 | | | | 4,230.44 |
| Curbs/Roads Sidewalks | 1,678.75 | 3,050.00 | 6,902.50 | 4,803.97 | 2,630.22 |
| Solicitor | 650.00 | 525.00 | 325.00 | | 850.00 |
| Police Reserves | 35,775.25 | 312,405.84 | 305,543.59 | (2,317.48) | 40,320.02 |
| | <u>\$ 326,379.75</u> | <u>\$ 445,780.05</u> | <u>\$ 384,082.69</u> | <u>\$ (44,669.84)</u> | <u>\$ 343,407.27</u> |
| <u>Ref.</u> | B | B-1 | B-1 | B-7 | B |

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF RESERVE FOR ESCROW DEPOSITS

B-7

| | <u>Reference</u> | | |
|---------------------------|------------------|------------------|-----------------------------|
| Balance December 31, 2007 | B | | \$ 324,010.14 |
| Increased by: | | | |
| Interfunds | B-6 | \$ 44,669.84 | |
| Escrow Deposits Received | B-1 | <u>85,294.13</u> | <u>129,963.97</u> |
| | | | 453,974.11 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>120,564.96</u> |
| Balance December 31, 2008 | B | | <u><u>\$ 333,409.15</u></u> |

SCHEDULE OF RESERVE FOR RECREATION EXPENDITURES

B-8

| | <u>Reference</u> | | |
|---------------------------|------------------|-------------------|-----------------------------|
| Balance December 31, 2007 | B | | \$ 75,033.15 |
| Increased by: | | | |
| Budget Appropriation | B-5 | \$ 19,814.88 | |
| Cash Receipts | B-1 | <u>259,791.00</u> | <u>279,605.88</u> |
| | | | 354,639.03 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>252,433.22</u> |
| Balance December 31, 2008 | B | | <u><u>\$ 102,205.81</u></u> |

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF ASSESSMENT RECEIVABLE

B-9

| Improvement Description | Confirmation Date | Balance December 31, 2007 | Amount Confirmed | Cash Collected | Balance December 31, 2008 |
|------------------------------------|-------------------|---------------------------|------------------|----------------|---------------------------|
| Ord # 06-08- Sidewalk Improvements | 04/08/2008 | \$ - | \$ 65,625.00 | 21,268.18 | \$ 44,356.82 |
| | | \$ - | \$ 65,625.00 | \$21,268.18 | \$ 44,356.82 |

Ref. B B-1 B

SCHEDULE OF BOND ANTICIPATION NOTES

B-10

| Improvement Description | Original Date of Issue | Date of Issue | Date of Maturity | Interest Rate | Balance December 31, 2007 | Transfer from Capital Fund | Paid | Balance December 31, 2008 |
|------------------------------------|------------------------|---------------|------------------|---------------|---------------------------|----------------------------|------|---------------------------|
| Ord # 06-08- Sidewalk Improvements | 03/30/07 | 03/28/08 | 03/27/09 | 1.78% | \$ - | \$ 65,625.00 | \$ - | \$ 65,625.00 |
| | | | | | \$ - | \$ 65,625.00 | \$ - | \$ 65,625.00 |

Ref. B C-4 B-1 B

BOROUGH OF HILLSDALE
CAPITAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

C-2

| | Balance | | Receipts | Disbursements | Transfer To/(From) | Balance | |
|---|--|---------------|-----------------|-----------------|-----------------------|---------------|--|
| | Dec. 31, 2007 | | | | | Dec. 31, 2008 | |
| Reserve for Open Space | \$ 125,808.70 | \$ 196,756.43 | \$ 99,905.00 | | \$ 222,660.13 | | |
| Capital Improvement Fund | 20.95 | | | | 20.95 | | |
| Interfund - Current Fund | (487,391.28) | 799,446.31 | 288,449.77 | | 23,605.26 | | |
| Interfund - Escrow Fund | | 3,000.00 | 3,000.00 | | - | | |
| Reserve for Down Payments on Improvements | 3,000.00 | | | | 3,000.00 | | |
| Encumbrances Payable | 89,235.00 | | 20,118.70 | | 69,116.30 | | |
| Reserve for Capital Improvements | 45,221.59 | | 17,149.60 | | 28,071.99 | | |
| Excess Note Proceeds | 413,803.76 | | 271.27 | (413,532.49) | 0.00 | | |
| BAN - Reissued | | 5,571,781.00 | 5,571,781.00 | | - | | |
| Interfund - BAN Interest | | 231,778.08 | 231,778.08 | | - | | |
| Due to Swim Pool Utility Fund | | 972,971.00 | 972,971.00 | | - | | |
| Improvement Authorizations: | | | | | | | |
| Ord. # | | | | | | | |
| 03-01 | Acquisition of Real Property for Open Space and Recreation | 480,128.81 | | 405,353.08 | | 74,775.73 | |
| 04-21 | Various Capital Improvements | 36,223.00 | 5,599.32 | 35,842.06 | | 5,980.26 | |
| 06-14 | Acquisition of Fire Pumper Truck | 140,637.00 | | 109,535.53 | | 31,101.47 | |
| 07-27 | Various Capital Improvements | 7,375.00 | | 296,739.09 | 413,532.49 | 124,168.40 | |
| | | \$ 854,062.53 | \$ 7,781,332.14 | \$ 8,052,894.18 | \$ - | \$ 582,500.49 | |
| | | C,C-1 | C-1 | C-1 | | C,C-1 | |
| | Reference | | | | | | |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-3

| Ord. # | Improvement Description | Analysis of Balance - Dec. 31, 2008 | | | | Unexpended Improvement Authorizations |
|-------------|--|-------------------------------------|---------------------|-----------------------------|------------------------|---------------------------------------|
| | | Balance Dec. 31, 2007 | 2008 Authorizations | Funded/Canceled Transferred | Balance Dec. 31, 2008 | |
| 93-10/96-4 | Renovation of Fire Truck and Improvements to Firehouse | \$ 65,779.00 | \$ - | \$ 65,779.00 | \$ - | \$ - |
| 97-20/98-18 | DPW Equipment | 61,139.00 | - | 17,218.00 | 43,921.00 | 43,921.00 |
| 98-23 | Purchase of Fire Equipment | 268,037.00 | - | 36,579.00 | 231,458.00 | 231,458.00 |
| 01-13 | Library Renovations | 1,181,000.00 | - | 75,000.00 | 1,106,000.00 | 1,106,000.00 |
| 03-1 | Acquisition of Real Property for Open Space and Recreation | 975,000.00 | - | 65,000.00 | 910,000.00 | 910,000.00 |
| 03-9 | Various Capital Improvements | 812,232.51 | - | (2,134.51) | 814,367.02 | 814,367.02 |
| 04-21 | Various Capital Improvements | 1,188,136.00 | - | 76,150.00 | 1,111,986.00 | 1,106,005.74 |
| 06-8 | Sidewalk Improvement Project | 83,125.00 | - | 65,625.00 | 17,500.00 | 17,500.00 |
| 06-14 | Acquisition of a Fire Pumper Truck | 523,800.00 | - | - | 523,800.00 | 492,698.53 |
| 07-27 | Various Capital Improvements | 466,652.00 | - | 76,452.51 | 390,199.49 | 212,911.58 |
| | | <u>\$ 5,624,900.51</u> | <u>\$ -</u> | <u>\$ 475,669.00</u> | <u>\$ 5,149,231.51</u> | <u>\$ 4,860,086.14</u> |
| | | C | | Below | C | C-5 |

| | | |
|------------------------|-----|---------------------|
| Transfer to Assessment | C-4 | \$ 65,625.00 |
| Budget Appropriation | C-4 | 345,044.00 |
| Reserve for Open Space | C-4 | 65,000.00 |
| | | <u>\$475,669.00</u> |
| | | Above |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

C-4

SCHEDULE OF BOND ANTICIPATION NOTES

| Ordinance Number | Purpose | Original Date of Issue | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2007 | Reallocation/Transfer to Assessment * | Paid | Balance Dec. 31, 2008 | Reference |
|------------------|--|------------------------|---------------|------------------|---------------|------------------------|---------------------------------------|----------------------|------------------------|-----------|
| | | | | | | | | | | |
| 96-4/93-10 | Road Impr. & Parking Facilities/Fire Equipment & Renovations | 04/11/97 | 03/28/08 | 03/27/09 | 1.78% | \$ 65,778.81 | \$ - | \$ 65,778.81 | \$ - | |
| 98-23 | Acquisition of a Fire Truck | 01/29/99 | 03/28/08 | 03/27/09 | 1.78% | 268,036.98 | - | 36,579.00 | 231,457.98 | |
| 97-16/97-20 | Public Improvements | 12/29/98 | 03/28/08 | 03/27/09 | 1.78% | 61,138.87 | - | 17,218.00 | 43,920.87 | |
| 01-13 | Renovation of Library | 04/04/02 | 03/28/08 | 03/27/09 | 1.78% | 1,181,000.00 | - | 75,000.00 | 1,106,000.00 | |
| 03-1 | Acquisition of Real Property for Open Space and Recreation | 04/05/03 | 03/28/08 | 03/27/09 | 1.78% | 975,000.00 | - | 65,000.00 | 910,000.00 | |
| 03-9 | Various Capital Improvements | 04/05/03 | 03/28/08 | 03/27/09 | 1.78% | 890,901.34 | (131,788.00) | 50,985.00 | 708,128.34 | |
| 04-21 | Various Capital Improvements | 04/01/05 | 03/28/08 | 03/27/09 | 1.78% | 1,000,000.00 | (334,864.00) | 76,150.19 | 588,985.81 | |
| 04-21 | Various Capital Improvements | 03/31/06 | 03/28/08 | 03/27/09 | 1.78% | 523,000.00 | - | - | 523,000.00 | |
| 06-08 | Sidewalk Improvement Project | 03/30/07 | 03/28/08 | 03/27/09 | 1.78% | 83,125.00 | (65,625.00) * | - | 17,500.00 | |
| 06-14 | Acquisition of a Fire Pumper Truck | 03/30/07 | 03/28/08 | 03/27/09 | 1.78% | 523,800.00 | - | - | 523,800.00 | |
| 07-27 | Various Capital Improvements | 03/30/07 | 03/28/08 | 03/27/09 | 1.78% | 523,800.00 | 466,652.00 | 23,333.00 | 443,319.00 | |
| | | | | | | <u>\$ 5,571,781.00</u> | <u>\$ (65,625.00) *</u> | <u>\$ 410,044.00</u> | <u>\$ 5,096,112.00</u> | C, C-1 |
| | | | | | | C, C-1 | B-10, C-3 | C-1, Below | | |
| | Budget Appropriation | | | | | | C-3 | \$ 345,044.00 | | |
| | Reserve for Open Space | | | | | | C-3 | 65,000.00 | | |
| | | | | | | | | <u>\$ 410,044.00</u> | | |
| | | | | | | | | Above | | |

BOROUGH OF HILLSDALE
 CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-5

| Ord. No. | Improvement Description | Balance December 31, 2007 | | 2008 Authorizations | Paid or Charged | Canceled | Balance December 31, 2008 | |
|----------|--|---------------------------|------------------------|---------------------|----------------------|-------------|---------------------------|--------------|
| | | Funded | Unfunded | | | | Funded | Unfunded |
| 03-1 | Acquisition of Real Property for Open Space and Recreation | \$ - | \$ 480,128.81 | \$ - | \$ 405,553.08 | \$ - | \$ 74,775.73 | |
| 03-9 | Various Capital Improvements | | 271.27 | | 271.27 | | (0.00) | |
| 04-21 | Various Capital Improvements | | 36,223.00 | | 30,242.74 | | 5,980.26 | |
| 06-14 | Acquisition of a Fire Pumper Truck | | 140,637.00 | | 109,535.53 | | 31,101.47 | |
| 07-27 | Various Capital Improvements | | 466,652.00 | | 296,739.09 | | 177,287.91 | |
| | | <u>\$ 7,375.00</u> | <u>\$ 1,123,912.08</u> | <u>\$ -</u> | <u>\$ 842,141.71</u> | <u>\$ -</u> | <u>\$ 289,145.37</u> | <u>C</u> |
| | | | | | Below | | | |
| | Encumbrances Payable | | | | \$ 34,016.86 | | | |
| | Disbursed | | | | 867,859.73 | | | |
| | Reimbursements | | | | (5,599.32) | | | |
| | Prior Year Encumbrances Payable | | | | (54,135.56) | | | |
| | | | | | <u>\$ 842,141.71</u> | | | <u>Above</u> |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

C-6

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENTS

| | Balance December 31, 2007 | Paid or Charged | Balance December 31, 2008 |
|--|------------------------------|-----------------|------------------------------|
| Acquisition of Fire Apparatus and Renovation of Firehouse | \$ 5,625.52 | \$ 5,513.52 | \$ 112.00 |
| Recreation Improvements | 2,590.00 | | 2,590.00 |
| Office of Emergency Management | 4,160.14 | 2,452.81 | 1,707.33 |
| Road Program/Bridges | 26,040.00 | 9,180.00 | 16,860.00 |
| Centennial Park Development | 806.73 | | 806.73 |
| Municipal Building Improvement | 5,999.20 | 3.27 | 5,995.93 |
| | \$ 45,221.59 | \$ 17,149.60 | \$ 28,071.99 |
| <u>Ref.</u> | C | Below | C |
| | <u>Ref.</u> | | |
| Prior Year Encumbrance Payable | C-8 | \$ (35,099.44) | |
| Encumbrance Payable | C-8 | 35,099.44 | |
| Cash Disbursements | C-1 | 17,149.60 | |
| | | \$ 17,149.60 | |
| | | Above | |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Reference</u> | |
|---------------------------|------------------|------------------------|
| Balance December 31, 2007 | C | \$ <u>20.95</u> |
| Balance December 31, 2008 | C | \$ <u><u>20.95</u></u> |

C-8

SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>Reference</u> | | |
|--|------------------|------------------|----------------------------|
| Balance December 31, 2007 | C | | \$ 89,235.00 |
| Increased by: | | | |
| Charges to Reserve for Improvements | C-6 | \$ 35,099.44 | |
| Charges to Improvement Authorizations | C-5 | <u>34,016.86</u> | <u>69,116.30</u> |
| | | | 158,351.30 |
| Decreased by: | | | |
| Prior Year Encumbrances Disbursed - Improvement Authorizations | C-5 | 54,135.56 | |
| Prior Year Encumbrances Disbursed - Reserve for Improvements | C-6 | <u>35,099.44</u> | <u>89,235.00</u> |
| Balance December 31, 2008 | C | | \$ <u><u>69,116.30</u></u> |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

C-9

| | <u>Reference</u> | |
|---------------------------|------------------|---------------------------|
| Balance December 31, 2007 | C | <u>\$ 3,000.00</u> |
| Balance December 31, 2008 | C | <u><u>\$ 3,000.00</u></u> |

SCHEDULE OF DUE FROM/(TO) CURRENT FUND

C-10

| | <u>Reference</u> | |
|--------------------------------------|------------------|------------------------------|
| Balance December 31, 2007 | C | \$ 487,391.28 |
| Increased by: | | |
| Interest Transferred to Current Fund | A-23 | \$ 8,449.77 |
| Interfund Transfer | A-23 | 280,000.00 |
| | C-1 | <u>288,449.77</u> |
| | | <u>775,841.05</u> |
| Decreased by: | | |
| Interest Earned | A-23 | 8,531.46 |
| Interfund Transfer | A-23 | 790,914.85 |
| | C-1 | <u>799,446.31</u> |
| Balance December 31, 2008 | C | <u><u>\$ (23,605.26)</u></u> |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF DUE FROM/(TO) ESCROW FUND

C-11

| | <u>Reference</u> | |
|--------------------------------------|------------------|--------------------|
| Balance December 31, 2007 | C | \$ - |
| Increased by: | | |
| Transfer to Escrow Fund - CDBG Grant | C-1 | 3,000.00 |
| | | <u>3,000.00</u> |
| Decreased by: | | |
| CDBG Grant | C-1 | 3,000.00 |
| | | <u>3,000.00</u> |
| Balance December 31, 2008 | C | <u><u>\$ -</u></u> |

SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE FUND

C-12

| | <u>Reference</u> | |
|-------------------------------------|------------------|-----------------------------|
| Balance December 31, 2007 | C | \$ 125,808.70 |
| Increased by: | | |
| Open Space Levy | C-1, A-4 | \$ 196,756.43 |
| Interest on Investments | C-10 | 1,032.46 |
| | | <u>197,788.89</u> |
| | | 323,597.59 |
| Decreased by: | | |
| Transfer Interest to Current Fund | C-10 | 1,032.46 |
| Interest on Bond Anticipation Notes | C-1 | 34,905.00 |
| Paydown on Bond Anticipation Notes | C-1 | 65,000.00 |
| | | <u>100,937.46</u> |
| Balance December 31, 2008 | C | <u><u>\$ 222,660.13</u></u> |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF DUE TO/(FROM) SWIMMING POOL UTILITY FUND

C-13

| | <u>Reference</u> | |
|--|------------------|------------|
| Balance December 31, 2007 | | \$ - |
| Increased by: | | |
| Bond Anticipation Notes | \$ 927,467.00 | |
| Transfer to Swim Pool Operating - CDBG Grant | 45,504.00 | |
| | | |
| C-1 | | 972,971.00 |
| | | 972,971.00 |
| Decreased by: | | |
| Bond Anticipation Notes | 862,467.00 | |
| BAN Paid Down | 65,000.00 | |
| CDBG Grant | 45,504.00 | |
| | | |
| C-1 | | 972,971.00 |
| | | 972,971.00 |
| Balance December 31, 2008 | | \$ - |

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

C-14

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>Ord. No.</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2007</u> | <u>PY Adjustment</u> | <u>Funded / Transferred</u> | <u>Balance Dec. 31, 2008</u> |
|---------------------|--|----------------------------------|--------------------------|---------------------------------|----------------------------------|
| 03-9 | General Improvements | \$ 271.51 | \$ (271.51) | | \$ - |
| 07-27 | Various Capital Improvements | 466,652.00 | (413,532.49) | | 53,119.51 |
| | | \$ 466,923.51 | \$ (413,804.00) | \$ - | \$ 53,119.51 |
| | | C | Below | C-4 | C |
| | Prior Year Ordinance 03-9 Canceled | | \$ 52,848.00 | | |
| | Prior Year Bond Anticipation Note Issued | | (466,652.00) | | |
| | | | \$ (413,804.00) | | |
| | | Above | | | |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF ANALYSIS OF CASH

D-4

| Improvement Authorizations | Ref. | Balance December 31, 2007 | Cash | | Transfers | Balance December 31, 2008 |
|--|----------|---------------------------------|--------------|---------------|-------------|---------------------------------|
| | | | Receipts | Disbursements | | |
| Reserve for Improvements | D-17 | \$ 44,418.40 | | \$ 29,679.66 | \$ 1,077.26 | \$ 15,816.00 |
| Capital Improvement Fund | D-16 | 107.89 | | | | 107.89 |
| Due from Swimming Pool Operating | D-7 | (29,679.66) | | | 1,077.26 | (30,756.92) |
| Improvement Authorizations: | | | | | | |
| Ord. #95-9: Capital Improvements to Stonybrook | D-13, 19 | 4,526.31 | 25,000.00 | 7,203.08 | | 22,323.23 |
| | | \$ 19,372.94 | \$ 25,000.00 | \$ 36,882.74 | \$ 1,077.26 | \$ 7,490.20 |
| | Ref. | D | D-5, 12 | D-5 | D-7 | D |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER

D-5

| | <u>Reference</u> | <u>Operating</u> | <u>Capital</u> |
|-----------------------------------|------------------|-----------------------------|---------------------------|
| Balance December 31, 2007 | D | <u>\$ 241,322.81</u> | <u>\$ 19,372.94</u> |
| Increased by Cash Receipts: | | | |
| Membership Fees | D-1, 2 | 895,742.00 | |
| Use of Facility | D-1, 2 | 53,937.00 | |
| Interest on Investments | D-1, 2 | 9,521.51 | |
| Special Activities | D-1, 2 | 92,293.00 | |
| Swim Team | D-15 | 8,631.00 | |
| Bond Anticipation Notes | D-4 | | 25,000.00 |
| Community Development Block Grant | D-7A | 45,504.00 | |
| | | <u>1,105,628.51</u> | <u>25,000.00</u> |
| Decreased by Cash Disbursements: | | | |
| Budget Appropriations | D-3 | 931,615.88 | |
| Appropriation Reserves | D-6 | 49,806.49 | |
| Reserve for Swim Team | D-15 | 1,274.00 | |
| Accrued Interest | D-9 | 20,758.60 | |
| Reserve for Improvements | D-4, 17 | | 29,679.66 |
| Improvement Authorizations | D-4, 13 | | 7,203.08 |
| | | <u>1,003,454.97</u> | <u>36,882.74</u> |
| Balance December 31, 2008 | D | <u><u>\$ 343,496.35</u></u> | <u><u>\$ 7,490.20</u></u> |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF 2007 APPROPRIATION RESERVES

D-6

| | <u>Balance</u> <u>Dec. 31, 2007</u> | <u>Balance</u> <u>After</u> <u>Transfers</u> | <u>Paid</u> <u>or</u> <u>Charged</u> | <u>Canceled</u> | <u>Balance</u> <u>Transferred</u> | <u>Balance</u> <u>Lapsed</u> |
|-----------------------------------|--|--|--|------------------|--------------------------------------|---------------------------------|
| Operating: | | | | | | |
| Salaries and Wages | \$ 3,514.43 | \$ 14.43 | \$ - | \$ - | \$ - | \$ 14.43 |
| Other Expenses | 650.11 | 6,966.98 | 4,302.49 | | | 2,664.49 |
| Capital Improvements: | | | | | | |
| Capital Improvement Fund | 1,077.26 | 1,077.26 | | | 1,077.26 | - |
| Community Development Block Grant | 17,200.00 | 46,000.00 | 45,504.00 | 496.00 | | - |
| | <u>\$ 22,441.80</u> | <u>\$ 54,058.67</u> | <u>\$ 49,806.49</u> | <u>\$ 496.00</u> | <u>\$ 1,077.26</u> | <u>\$ 2,678.92</u> |
| | D | Below | D-5 | D-7A | D-17 | D-1 |
| | Ref. | | | | | |
| Appropriation Reserves | | \$ 22,441.80 | | | | |
| Encumbrances | | 31,616.87 | | | | |
| | | <u>\$ 54,058.67</u> | | | | |

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF INTERFUNDS RECEIVABLE/ (PAYABLE)

| | | | D-7 |
|-----------------------------|-------------|--|--|
| | <u>Ref.</u> | <u>Swimming Pool Utility Fund Operating Fund</u> | <u>Swimming Pool Utility Fund Capital Fund</u> |
| Balance, December 31, 2007 | | | |
| Receivable | D | \$ - | \$ 29,679.66 |
| Payable | D | (29,679.66) | |
| | | <u>(29,679.66)</u> | <u>29,679.66</u> |
| Increased by: | | | |
| Reserve for Improvements | D-4 | | 1,077.26 |
| Cash Receipts | | - | |
| | | <u>-</u> | <u>1,077.26</u> |
| Decreased by: | | | |
| Transfer Balance of Reserve | D-4 | 1,077.26 | |
| Cash Disbursements | | - | |
| | | <u>1,077.26</u> | <u>-</u> |
| Balance, December 31, 2008 | | | |
| Receivable | D | \$ - | \$ 30,756.92 |
| Payable | D | (30,756.92) | |
| | | <u>(30,756.92)</u> | <u>30,756.92</u> |

SCHEDULE OF GRANT RECEIVABLE

| | | | D-7A |
|-----------------------------------|-----|---------------|------------------|
| Balance, December 31, 2007 | | | |
| Community Development Block Grant | D | | \$ 46,000.00 |
| Decreased by: | | | |
| Cash Receipts | D-5 | \$ 45,504.00 | |
| Balance Canceled | D-6 | 496.00 | 46,000.00 |
| | | <u>496.00</u> | <u>46,000.00</u> |
| Balance, December 31, 2008 | D | | <u>\$ -</u> |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF ENCUMBRANCE PAYABLE

D-8

| | <u>Reference</u> | |
|---------------------------|------------------|---------------------------|
| Balance December 31, 2007 | D | \$ 31,616.87 |
| Increased by: | | |
| Encumbrance Payable | D-3 | 8,506.21 |
| | | <u>40,123.08</u> |
| Decreased by: | | |
| Cash Disbursements | | 31,616.87 |
| | | <u>31,616.87</u> |
| Balance December 31, 2008 | D | <u><u>\$ 8,506.21</u></u> |

SCHEDULE OF ACCRUED INTEREST

D-9

| | <u>Reference</u> | |
|--------------------------------------|------------------|----------------------------|
| Balance December 31, 2007 | D, D-5 | \$ 20,758.60 |
| Increased by: | | |
| Budget Appropriations | D-3 | 39,562.00 |
| | | <u>60,320.60</u> |
| Decreased by: | | |
| Cash Disbursements | | \$ 32,308.32 |
| Unexpended Balance of Appropriations | D-3 | 16,498.34 |
| | | <u>48,806.66</u> |
| Balance December 31, 2008 | D | <u><u>\$ 11,513.94</u></u> |
| | | Below |

| <u>BAN Outstanding</u> December 31, 2008 | <u>Interest</u> <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Accrued</u> <u>Interest</u> |
|---|--------------------------------|-------------|------------|---------------|-----------------------------------|
| \$862,467.00 | 1.78% | 3/29/2008 | 12/31/2008 | 9 months | <u><u>\$ 11,513.94</u></u> |
| | | | | | Above |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

D-10

SCHEDULE OF FIXED CAPITAL

| | Balance December 31, 2007 | Increased by: Budget Capital Outlay | Completed Projects Transferred From Fixed Capital Authorized and Uncompleted | Balance December 31, 2008 |
|---------------------------------------|---------------------------------|---|--|---------------------------------|
| General Equipment | \$ 16,972.00 | \$ 20,405.47 | - | \$ 37,377.47 |
| Renovations of Main Clubhouse | 75,000.00 | | - | 75,000.00 |
| Improvements to Stonybrook Field Club | 204,588.00 | | - | 204,588.00 |
| Reconstruction of Swim Pool | 493,724.00 | | - | 493,724.00 |
| Acquisition of Land | 1,100,000.00 | | - | 1,100,000.00 |
| Redevelopment of Stonybrook | 23,785.00 | | - | 23,785.00 |
| Capital Improvements at Stonybrook | 1,417,024.00 | 27,400.00 | - | 1,444,424.00 |
| Barrier-Free Improvements | 28,800.00 | 16,704.00 | - | 45,504.00 |
| Landscaping Improvements | 8,584.00 | 8,608.45 | - | 17,192.45 |
| Construction of a Lap Pool | 163,670.00 | | - | 163,670.00 |
| Construction of a New Swim Pool | 1,025,000.00 | | - | 1,025,000.00 |
| Pool Renovations | - | 15,000.00 | - | 15,000.00 |
| | <u>\$ 4,557,147.00</u> | <u>\$ 88,117.92</u> | <u>-</u> | <u>\$ 4,645,264.92</u> |
| | Ref. D | Below | | D |
| 2007 Budget Appropriations | Ref. Above | \$ 16,704.00 | | |
| 2008 Budget Appropriations | D-3 | 71,413.92 | | |
| | | <u>\$ 88,117.92</u> | | |
| | | Above | | |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-11

| Ord. Number | Improvement Description | Date | Original Issue Amount | Balance December 31, 2007 | Completed Projects Transferred to Fixed Capital | Balance December 31, 2008 |
|----------------|------------------------------------|-----------|--------------------------|---------------------------------|---|---------------------------------|
| 95-9 | Capital Improvements at Stonybrook | 7/11/1995 | \$ 530,000.00 | \$ 111,642.00 | \$ - | \$ 111,642.00 |
| | | | | | | |
| | | | | \$ 111,642.00 | \$ - | \$ 111,642.00 |
| | | | Reference | D | | D |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

D-12

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ordinance Number | Purpose | Original Date of Issue | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2007 | Issued | Paid | Balance Dec. 31, 2008 |
|------------------|-------------------------------------|------------------------|---------------|------------------|---------------|-----------------------|---------------------|---------------------|-----------------------|
| 04-12 | Construction of a New Swim Pool | 04/01/05 | 03/28/08 | 03/27/09 | 1.78% | \$ 569,967.00 | \$ - | \$ 42,833.00 | \$ 527,134.00 |
| 06-09 | Construction of a New Swim Pool | 03/30/07 | 03/28/08 | 03/27/09 | 1.78% | 332,500.00 | | 22,167.00 | 310,333.00 |
| 95-9/98-12 | Capital Improvements to Stony Brook | 03/28/08 | 03/28/08 | 03/27/09 | 1.78% | | 25,000.00 | | 25,000.00 |
| | | | | | | <u>\$ 902,467.00</u> | <u>\$ 25,000.00</u> | <u>\$ 65,000.00</u> | <u>\$ 862,467.00</u> |
| | | | | | Reference | D | D-4 | D-3 | D |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-13

| Number | Improvement Description | Date | Original Issue Amount | Balance @ December 31, 2007 | | 2008 Improvement Authorization | Paid or Charged | Balance @ December 31, 2008 | |
|--------|-----------------------------------|-----------|-----------------------|-----------------------------|--------------|--------------------------------|-----------------|-----------------------------|----------|
| | | | | Funded | Unfunded | | | Funded | Unfunded |
| 95-9 | Capital Improvement to Stonybrook | 7/11/1995 | \$ 530,000.00 | \$ 4,526.13 | \$ 74,000.18 | | \$ 7,203.08 | \$ 71,323.23 | \$ - |
| | | | | | | | | | |
| | | | Ref. | \$ 4,526.13 | \$ 74,000.18 | \$ - | \$ 7,203.08 | \$ 71,323.23 | \$ - |
| | | | | D | D | | D-4 | D | D |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF RESERVE FOR AMORTIZATION

D-14

| | <u>Reference</u> | |
|--|------------------|-------------------------------|
| Balance December 31, 2007 | D | \$ 3,662,322.00 |
| Increased by: | | |
| Capital Outlay: | | |
| Operating Budgets | D-3, 10 | \$ 71,413.92 |
| Appropriation Reserve | D-10 | 16,704.00 |
| Bond Anticipation Notes Paid via Budget Appropriation | D-3 | <u>65,000.00</u> |
| | | <u>153,117.92</u> |
| Balance December 31, 2008 | D | <u><u>\$ 3,815,439.92</u></u> |

SCHEDULE OF RESERVE FOR SWIM TEAM EXPENDITURES

D-15

| | <u>Reference</u> | |
|---------------------------------|------------------|---------------------------|
| Balance December 31, 2007 | D | \$ 1,078.02 |
| Increased by: | | |
| Interest Earned | Below | \$ 63.49 |
| Cash Receipts | D-5 | <u>8,631.00</u> |
| | | <u>8,694.49</u> |
| | | 9,772.51 |
| Decreased by: | | |
| Transfer to Swim Pool Operating | Above | 63.49 |
| Cash Disbursements | D-5 | <u>1,274.00</u> |
| | | <u>1,337.49</u> |
| Balance December 31, 2008 | D | <u><u>\$ 8,435.02</u></u> |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-16

| | <u>Reference</u> | |
|---------------------------|------------------|-----------|
| Balance December 31, 2007 | D | \$ 107.89 |
| | | |
| Balance December 31, 2008 | D | \$ 107.89 |

SCHEDULE OF RESERVE FOR IMPROVEMENTS

D-17

| | <u>Reference</u> | |
|--|------------------|------------------|
| Balance December 31, 2007 | D | \$ 44,418.40 |
| Increased by: | | |
| Balance of 2007 Appropriation Reserves | | |
| Capital Outlay | D-6 | 1,077.26 |
| | | <u>45,495.66</u> |
| Decreased by: | | |
| Capital Improvements | D-4 | <u>29,679.66</u> |
| | | |
| Balance December 31, 2008 | D | \$ 15,816.00 |

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-18

| Ord. Number | Improvement Description | Date | Original Issue Amount | Balance December 31, 2007 | Decreased by Completed Projects Transfer to Reserve for Amortization | Balance December 31, 2008 |
|----------------|-------------------------|------|--------------------------|---------------------------------|--|---------------------------------|
| | Prior Years | | \$ 30,000.00 | \$ 30,000.00 | - | \$ 30,000.00 |
| | | | | <u>\$ 30,000.00</u> | <u>-</u> | <u>\$ 30,000.00</u> |
| | | Ref. | | D | | D |

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-19

| Ord. Number | Improvement Description | Balance December 31, 2007 | Decreased By: | Balance December 31, 2008 |
|----------------|------------------------------------|---------------------------------|------------------|---------------------------------|
| 95-9 | Capital Improvements to Stonybrook | \$ 74,000.00 | 25,000.00 | \$ 49,000.00 |
| | | <u>\$ 74,000.00</u> | <u>25,000.00</u> | <u>\$ 49,000.00</u> |
| | | | D-12 | D |

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH - TREASURER

E-1

| | <u>Reference</u> | <u>Total</u> | <u>P.A.T.F. Account #2</u> |
|-----------------------------|------------------|---------------------------|--------------------------------|
| Balance December 31, 2007 | E | <u>\$11,931.54</u> | <u>\$11,931.54</u> |
| Increased by Receipts: | | | |
| State Aid | E-2 | 28,400.00 | 28,400.00 |
| SSI | E-2 | 3,242.00 | 3,242.00 |
| Due to Current Fund | E-4 | 5,119.80 | 5,119.80 |
| | | <u>36,761.80</u> | <u>36,761.80</u> |
| | | <u>48,693.34</u> | <u>48,693.34</u> |
| Decreased by Disbursements: | | | |
| Public Assistance - 2008 | E-2 | 30,926.00 | 30,926.00 |
| Due to Current Fund | E-4 | 5,119.80 | 5,119.80 |
| | | <u>36,045.80</u> | <u>36,045.80</u> |
| Balance December 31, 2008 | E | <u><u>\$12,647.54</u></u> | <u><u>\$12,647.54</u></u> |

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF CASH AND RECONCILIATION PER N.J.S.A. 40A: 5-5

E-2

| | <u>Reference</u> | | |
|-------------------------------------|------------------|----------------|--------------|
| Balance December 31, 2007 | E | | \$ 11,931.54 |
| Increased by: | | | |
| State Aid | E-1 | 28,400.00 | |
| SSI Reimbursements | E-1 | 3,242.00 | |
| Interest Earned | E-4 | 119.80 | |
| | | | 31,761.80 |
| | | | 43,693.34 |
| Decreased by: | | | |
| Public Assistance - 2008 | E-1 | 30,926.00 | |
| Interest Earnings Paid to Current | E-4 | 119.80 | |
| | | | 31,045.80 |
| Balance, December 31, 2008 | E | | \$ 12,647.54 |
| | | | Below |
| Reconciliation - December 31, 2008: | | | |
| | <u>PATF I</u> | <u>PATF II</u> | <u>Total</u> |
| | <u>Account</u> | <u>Account</u> | |
| Balance Deposit per Bank Statement: | | | |
| Checking | \$ - | \$ 15,297.54 | \$ 15,297.54 |
| Less: Outstanding Checks | | (2,650.00) | (2,650.00) |
| Balance - December 31, 2008 | \$ - | \$ 12,647.54 | \$ 12,647.54 |
| | | | Above |

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

E-3

| | <u>Reference</u> | | |
|--------------------------------|------------------|--------------|--------------|
| Balance December 31, 2007 | E | | \$ 12,031.54 |
| Increased by: | | | |
| State Aid | E-1 | \$ 28,400.00 | |
| SSI Reimbursement | E-1 | 3,242.00 | 31,642.00 |
| | | | 43,673.54 |
| Decreased by: | | | |
| Public Assistance Expenditures | E-1 | | 30,926.00 |
| Balance December 31, 2008 | E | | \$ 12,747.54 |

SCHEDULE OF AMOUNT DUE TO CURRENT FUND

E-4

| | <u>Reference</u> | | |
|----------------------------|------------------|----------|----------|
| Balance December 31, 2007 | E | | \$ - |
| Increased by: | | | |
| Interest Earned | E-2 | 119.80 | |
| Transfer from Current Fund | E-1 | 5,000.00 | 5,119.80 |
| | | | 5,119.80 |
| Decreased by: | | | |
| Transfer to Current Fund | E-1 | | 5,119.80 |
| Balance December 31, 2008 | E | | \$ - |

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF REVENUES - CASH BASIS

E-5

| <u>Reference</u> | <u>Total</u> | <u>P.A.T.F. Account #1</u> | <u>P.A.T.F. Account #2</u> |
|----------------------------------|---------------------|--------------------------------|--------------------------------|
| State Aid Payments | \$ 28,400.00 | - | \$ 28,400.00 |
| SSI | 3,242.00 | | 3,242.00 |
| Total Revenues (P.A.T.F.) | \$ 31,642.00 | - | \$ 31,642.00 |

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE OF EXPENDITURES - CASH BASIS

E-6

| <u>Reference</u> | <u>Total</u> | <u>P.A.T.F. Account #1</u> | <u>P.A.T.F. Account #2</u> |
|---------------------------------------|---------------------|--------------------------------|--------------------------------|
| Maintenance Payments | \$ 30,926.00 | - | \$ 30,926.00 |
| Total Payments Reported | \$ 30,926.00 | - | \$ 30,926.00 |
| Non-Reimbursable Assistance | | | |
| Total Disbursements (P.A.T.F.) | \$ 30,926.00 | - | \$ 30,926.00 |

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

The Honorable Mayor and Members
of the Borough Council

We have audited the financial statements of the Borough of Hillsdale ("Borough"), State of New Jersey, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 10, 2009. Our report disclosed that, as described in Note 1 to the financial statements, the Borough 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, the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and audit requirements prescribed by the *Division of Local Government Services, Department of Community Affairs, State of New Jersey*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. According, we do not express an opinion on the effectiveness of the Borough'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 a combination of control deficiencies, that adversely affects 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. We consider the deficiencies described in the accompanying schedule of audit findings and recommendations to be significant deficiency in internal control over financial reporting.

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 the 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 the internal control that might be significant deficiencies, and would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

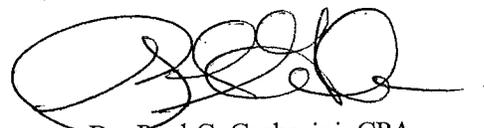
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

We noted certain matters that we have reported to management of the Borough in a separate letter dated June 10, 2009. The Borough's responses to findings identified in our audit are described in the accompanying schedule of audit findings and recommendations. We did not audit the Borough's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Borough's management, council members, others within the organization, the DLGS, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Garbarini & Co.
Garbarini & Co. P.C. CPA's



By: Paul C. Garbarini, CPA
Registered Municipal Accountant
License No. 120

June 10, 2009
Carlstadt, New Jersey

BOROUGH OF HILLSDALE

F-1

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2008

| Grantor | Program | C.F.D.A. Number | Grant Year | Grant Award | Balance Dec. 31, 2007 | Cash Received | Expended | Adjustment | Balance Dec. 31, 2008 | MEMO Cumulative Expenditures |
|---|---|-----------------|------------|---------------|-----------------------|---------------|-------------|----------------|-----------------------|------------------------------|
| Federal Emergency Management Agency | Assistance to Firefighters Grant Program | 83.554 | 2003 | \$ 141,509.00 | \$ 3,894.51 | | | \$ (3,894.51) | \$ - | \$ 137,614.00 |
| U.S. Department of Justice | Cops in School | | PY | | (7,391.36) | | | 2,391.36 | (5,000.00) | 23,617.00 |
| Department of Environmental Protection | Municipal Stormwater Regulation Program | 66.605 | PY | 10,208.00 | 2,228.50 | 2,552.00 | | | 2,228.50 | 10,694.00 |
| U.S. Department of Housing and Urban Development | Community Development Block Grant Pass Through Funds: | 66.605 | 2008 | 2,552.00 | | | | | 2,552.00 | |
| County of Bergen | ADA Improvements at Smith School | 14.218 | 2006 | 50,000.00 | 1,000.00 | | | (2,615.00) | (1,615.00) | 47,385.00 |
| | Stony Brook Ramp | | PY | 46,000.00 | | 45,504.00 | | (45,504.00) * | - | 46,000.00 |
| | Senior Citizen Grant | | 2008 | 3,000.00 | | 3,000.00 | 3,000.00 | | - | 3,000.00 |
| Law and Public Division of Highway Traffic Safe State and Community Highway State Incentive Grants (DRE Co-Ordinator) | | 20.600 | 2005 | | (13,476.91) | | | 13,476.91 | - | |
| | | | | | \$ (13,745.26) | \$ 51,056.00 | \$ 3,000.00 | \$ (36,145.24) | \$ (1,834.50) | |

* Prior Year Adjustments

BOROUGH OF HILLSDALE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2008

| State Grantor | Program | Grant Number | Grant Year | Grant Award | Balance Dec. 31, 2007 | Cash Received | Expended | Adjustment | Balance Dec. 31, 2008 | MEMO Cumulative Expenditures |
|-------------------------------------|---|---|------------|----------------|-----------------------|---------------|--------------|--------------------|-----------------------|------------------------------|
| Department of Transportation | Highway Planning and Construction Program Knickerbocker Avenue, Section 2 Liberty Avenue, Section 2 | 6320-480-078-6320-AJQ-TCAP-6010 6320-480-078-6320-AJQ-TCAP-6010 6320-480-078-6320-AJQ-TCAP-6010 | 2006 | \$ 130,000.00 | \$ (39,119.80) | | | \$ 39,119.80 | \$ - | \$ 130,000.00 |
| | | | 2007 | 150,000.00 | (57,928.17) | 59,138.25 | | (678.26) | 531.82 | 150,000.00 |
| | | | 2008 | 150,000.00 | | 85,194.20 | 125,351.89 | | | (40,157.69) |
| Administrative Office of the Courts | Alcohol Education and Rehabilitation | 1110-448-031020-22 9735-760-098-Y900-001-XI100-6020 | PY | | 1,632.52 | | | | 1,632.52 | 1,300.00 |
| | | | 2008 | 374.82 | | 374.82 | | | 374.82 | |
| Division of Criminal Justice | Body Armor | 1020-718-066-1020-001-YCIS 1020-718-066-1020-001-YCIS-6120 | PY 2008 | 1,948.71 | 2,869.59 | 1,948.71 | 1,324.20 | 282.03 (282.03) | 1,827.42 1,666.68 | 4,607.20 |
| Division of Motor Vehicles | Drunk Driving Enforcement Fund | 6400-100-078-6400 6400-100-078-6400 | PY | 4,200.00 | 5,992.65 | | 1,103.89 | | 4,888.76 | 3,511.24 |
| | | | 2008 | 2,913.53 | | 2,913.53 | | | 2,913.53 | |
| Division of Highway Safety | NJ State Police SLA HEOP Grant | | PY | 925.00 | 925.00 | | | (925.00) | - | |
| Department of Environmental | Clean Communities Act | 4900-765-042-4900-004 | PY | 31,550.00 | 52,642.75 | | 5,868.00 | | 46,774.75 | 24,161.00 |
| | | | 2008 | 12,470.22 | | 12,470.22 | | | 12,470.22 | |
| Department of Human Services | Environmental Grant | | PY | 5,000.00 | 2,500.00 | | | (5,000.00) | (2,500.00) | |
| | | | PY | 2,755.50 | 2,755.50 | | | (2,755.50) | - | |
| | | | 2008 | 8,100.00 | (2,468.32) | 10,867.10 | | | 8,398.58 | 10,866.54 |
| Department of Human Services | Recycling Tonnage Grant | 4900-752-042-4900-001 | PY | | | 726.57 | | | 726.57 | |
| | | | 2008 | 18,200.00 | 6,685.00 | 28,400.00 | | | 6,685.00 | |
| Department of Human Services | Public Assistance | 7550-150-158010-60 | 2007 | | | | 6,685.00 | | | |
| | | | 2008 | 28,400.00 | | 24,241.00 | | | 4,159.00 | |
| | | | | \$ (23,513.48) | \$ 202,033.40 | \$ 164,573.98 | \$ 29,761.04 | \$ 43,706.98 | | |

* Prior Year Adjustments

BOROUGH OF HILLSDALE
 NOTES TO THE SCHEDULES OF EXPENDITURES
 OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2008

1. General

The accompanying schedules present the activity of all federal and state financial assistance programs of the Borough of Hillsdale. The Borough is defined in Note 1A of the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

2. Basis of Accounting

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

3. Relationship of Financial Statements

Program expenditures reported in the accompanying schedules agree with amounts reported in the Borough's financial statements, exclusive of the unappropriated reserves. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

| | <u>State</u> | <u>Federal</u> | <u>County</u> | <u>Total</u> |
|------------------------|---------------------|-------------------|---------------------|---------------------|
| Current / Grant Fund | \$133,647.98 | \$ - | \$440,925.02 | \$574,573.00 |
| Trust Fund | | 3,000.00 | | 3,000.00 |
| Public Assistance Fund | 30,926.00 | | | 30,926.00 |
| | <u>\$164,573.98</u> | <u>\$3,000.00</u> | <u>\$440,925.02</u> | <u>\$608,499.00</u> |

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. State Loans Outstanding

The Borough's state loans outstanding at December 31, 2008, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

| <u>Loan Program</u> | <u>State Account Number</u> | <u>State</u> |
|---------------------|-----------------------------|--------------|
| | NONE | |

BOROUGH OF HILLSDALE
OFFICIALS IN OFFICE AND SURETY BONDS
AT DECEMBER 31, 2008

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> |
|-----------------------|--|-----------------------|
| John Sapanara | Mayor | |
| Max Arnowitz | Councilman | |
| Jonathan DeJoseph | Councilman | |
| Michael Giancarlo | Councilman | |
| Marie Hanlon | Councilwoman | |
| Donna Schiavone | Councilwoman | |
| Andrew Weinstein | Councilman | |
| Harold Karns | Administrator Chief Financial Officer | |
| Marilyn A. Feigle | Tax Collector | |
| Robert P. Sandt | Borough Clerk | |
| Clementina McDonald | Assistant Tax Collector | |
| Richard Mohr | Assessor | |
| Lawrence Meyerson | Municipal Court Judge | |
| John Kindergan | Court Administrator/Violations Clerk | |
| Maureen Adkinson | Deputy Court Administrator | |
| Elwood "Chip" Stalter | Police Chief | |
| Kate Leonard | Recreation Director | |
| Ginna Sapanara | Registrar of Vital Statistics | |
| Michelle Wood | Construction Official | |
| Keith Durie | DPW Superintendent | |
| Katherine E. Elgert | Welfare Director | |
| Patty Hughes | Swim Pool Manager/Community Activity Director | |

All employees are covered by Public Employees Blanket Bond in the amount of \$1,000,000 by Bergen County Municipal Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund.

Statutory bond coverage for Tax Collector is provided by Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS40A:11-4 states "Every contract awarded by the contracting agents, for the provision or performance of any goods or services, the cost of which in the aggregate exceed the bid threshold [40A:11-3 "a contract year the total sum of \$21,000...If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$29,000."], 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 therefore, except as is provided otherwise in this act or specifically by any other law."

NJS40A:11-9 states "The governing body of any contracting unit may by ordinance, in the case of a municipality, by ordinance or resolution, as the case may be, in the case of a county, or by resolution in all other cases, establish the office of purchasing agent, or a purchasing department or a purchasing board, with the authority, responsibility, and accountability as its contracting agent, for the purchasing activity for the contract in unit, to prepare public advertising for bids and to receive bids for the provision or performance of goods or services on behalf of the contracting unit and to award contracts permitted pursuant to subsection a. of section 3 of P.L.1971, c. 198 (C.40A:11-3) in the name of the contracting unit, and conduct any activities as may be necessary or appropriate to the purchasing function of the contracting unit."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000.00 within the calendar year or any twelve-month period. Where questions arise as to whether any contract or agreement might result in a violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$21,000.00 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Expenditure of \$3,150.00 or more and less than \$21,000 Per N.J.S.A. 40A:11-6.1

N.J.S.A 40A:11-6.1 states, "a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5), except for paragraph (a) of that subsection professional services and paragraph (b) of the subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous."

Collection of Interest of Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate 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 6, 2008 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of Hillsdale, County of Bergen, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, and additional penalty of 6% shall be charged against the delinquency.
2. Effective January 6, 2008 there will be a ten-day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

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

FINANCE/ACCOUNTS PAYABLE

#07-01 RECOMMENDATION:

That all invoices be charged to the budget year in which the services were rendered.

STATUS:

Corrective action has not been taken.

#07-02 RECOMMENDATION:

That all orders be encumbered prior to purchase.

STATUS:

Corrective action has not been taken.

SWIMMING POOL UTILITY

#07-03 RECOMMENDATION:

That all invoices be charged to the budget year in which the services were rendered.

STATUS:

Corrective action has been taken.

DEPARTMENTS:

MUNICIPAL COURT

#07-04 RECOMMENDATION:

That the analysis of open bail be reconciled to the bank balance on a monthly basis.

STATUS:

Corrective action has been taken.

#07-05 RECOMMENDATION:

That tickets assigned over 180 days be recalled and reassigned.

STATUS:

Corrective action has not been taken.

Borough of Hillsdale
Summary Schedule of Prior Year Audit Findings – 2007 (Continued)
Year Ended December 31, 2008

#07-06 RECOMMENDATION:

That all tickets be entered into the system upon issuance.

STATUS:

Corrective action has been taken.

* Reported from prior year's audit

Borough of Hillsdale
Audit Findings and Recommendations (Continued)
For the Year Ended December 31, 2008

Finding #08-3

That general ledgers have some balances that are not reconciled on a regular basis.

Criteria:

N.J.A.C. 5:30-5.7 Codifies General Ledger – Technical Accounting Directive (TAD #85-3) requires local units to maintain a general ledger.

Recommendation:

The general ledgers should be reviewed in a timely basis to assure that all items are posted and reconciled.

Borough's Proposed Corrective Action Plan:

The CFO will ensure that the general ledgers are maintained correctly and completely.

Municipal Court

Finding #08-4

Review of ATS/ACS monthly management report dated 01/04/09:

- a. There were 271 tickets assigned over 180 days.
- b. There were 12 tickets not assigned.

Criteria:

ATS/ACS Financial Procedures Manual – Registered Municipal Auditor's Edition.

Recommendation:

- a. Tickets assigned over 180 days should be recalled and re-assigned.
- b. All tickets should be assigned.

Borough's Proposed Corrective Action Plan:

The Court Administrator will review AOC Monthly Management Report to insure that the court is processing case follow-up in a timely manner.

* Repeated from prior year's audit

Borough of Hillsdale
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

Summary of Auditor's Results

Financial Statement Section

| | | | |
|--|--------------------------------------|----------|-----------|
| A) Type of Auditors Report Issued | <u>Unqualified - Statutory basis</u> | | |
| B) Internal Control over Financial Reporting | | | |
| 1) Material weakness identified | <u>Yes</u> | <u>X</u> | <u>No</u> |
| 2) Were reportable conditions identified that were not considered to be material weaknesses? | <u>Yes</u> | <u>X</u> | <u>No</u> |
| C) Noncompliance material to financial statements notes? | <u>Yes</u> | <u>X</u> | <u>No</u> |

Federal Awards Section

| | | | |
|--|------------------|--|-----------|
| D) Dollar threshold used to determine Type A Program | <u>N/A</u> | | |
| E) Auditee qualified as low-risk auditee? | <u>\$300,000</u> | | |
| F) Type of auditor's report on compliance for major programs | <u>Yes</u> | | <u>No</u> |
| G) Internal Control over major programs | | | |
| 1) Material weakness identified | <u>N/A</u> | | <u>No</u> |
| 2) Were reportable conditions identified that were not considered to be material weaknesses? | <u>Yes</u> | | <u>No</u> |
| H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(e)]? | <u>Yes</u> | | <u>No</u> |
| I) Identification of major programs | <u></u> | | |

Borough of Hillsdale
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2008

Summary of Auditor's Results (Continued)

State Awards Section

| | | |
|--|-----------|----|
| J) Dollar threshold used to determine Type A Program | \$300,000 | |
| K) Audited qualified as low-risk auditee? | Yes | No |
| L) Type of auditor's report on compliance for major Programs | N/A | |
| M) Internal Control over Compliance | | |
| 1) Material weakness identified | Yes | No |
| 2) Were reportable conditions identified that Were not considered to be material weaknesses? | Yes | No |
| N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? | Yes | No |
| O) Identification of major programs | | |

Grant Number

Name of State Program

Borough of Hillsdale
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2008

Part 2 - Schedule of Federal and State Awards Findings and Questioned Costs

(This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB Circular 04-04, as amended.)

N/A

Status of Prior Year Findings

(This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 [section .315 (a)(b)] and New Jersey OMB Circular 04-04, as amended.)

N/A

Appreciation

We desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year.
