

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

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2011

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
Borough of Hillsdale, New Jersey

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

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

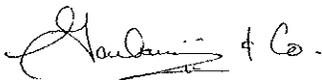
Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance-regulatory basis of the various funds of the Borough as of December 31, 2011 and 2010, and the results of its operations and changes in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

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2012 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 audits.

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



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPA's
Registered Municipal Accountants

June 25, 2012
Carlstadt, New Jersey

BOROUGH OF HILLSDALE
CURRENT FUND

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
- REGULATORY BASIS

A

	Reference	<u>At December 31:</u>	
		<u>2011</u>	<u>2010</u>
ASSETS			
Current Assets:			
Cash	A-4	\$ 3,389,936.28	\$ 3,925,588.03
Change Fund	A-5	250.00	250.00
		<hr/>	<hr/>
		3,390,186.28	3,925,838.03
		<hr/>	<hr/>
Receivable and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	430,753.52	407,510.74
Tax Title Liens Receivable	A-9	18,265.91	16,976.70
Property Acquired for Taxes - Assessed Valuations	A-10	726,900.00	726,900.00
Revenue Accounts Receivable	A-7	20,613.91	18,762.48
Interfunds Receivable			
Animal License Fund	A-23		8,864.26
Assessment Trust Fund	A-23	579.22	10,173.20
Recreation Trust Fund	A-23		75.00
Trust Fund	A-23	732.69	1,442.65
Public Assistance Fund	A-23	500.00	
		<hr/>	<hr/>
	Contra	1,198,345.25	1,190,705.03
		<hr/>	<hr/>
Deferred Charges :			
Special Emergency Authorizations NJSA 40A:4-53	A-11	250,000.00	240,000.00
Emergency Authorizations	A-3	140,000.00	
		<hr/>	<hr/>
		4,978,531.53	5,356,543.06
		<hr/>	<hr/>
Federal and State Grant Fund:			
Cash	A-4	3,027.19	3,027.19
Due from Current Fund	A-25	123,792.15	127,286.11
Grants Receivable	A-26	49,704.66	49,054.38
		<hr/>	<hr/>
		176,524.00	179,367.68
		<hr/>	<hr/>
TOTAL ASSETS		<u>\$ 5,155,055.53</u>	<u>\$ 5,535,910.74</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
- REGULATORY BASIS
(CONTINUED)**

A

	Reference	<u>At December 31:</u>	
		<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Liabilities:			
Appropriation Reserves	A-3,14	\$ 581,607.96	\$ 615,443.20
Encumbrances Payable	A-15	216,940.04	230,360.88
Local School District Taxes Payable	A-16	497.98	497.98
Regional High School Taxes Payable	A-17	422,221.90	622,010.51
County Taxes Payable	A-18	2,783.46	11,756.15
Due to State: Senior Citizen and Veterans' Deductions	A-6	7,000.00	250.00
Tax Overpayments	A-19		7,856.15
Prepaid Taxes	A-20	246,789.69	266,250.29
State Fees Payable			
Marriage License/ Domestic Partnership	A-21	200.00	125.00
DCA Fees	A-22	2,358.00	2,246.00
Interfund Payable:			
Recreation Trust Fund	A-23		
General Capital Fund	A-23	27,595.06	8,797.21
Federal and State Grant Fund	A-25	123,792.15	127,286.11
Prepaid Cell Tower Rent	A-24	31,886.16	30,659.77
Reserve for Revaluation	A-13	250,000.00	240,000.00
Reserve for Tax Appeal Pending		1,701.50	
Reserve for:			
Various Reserves	A-12	142,472.61	112,656.12
		2,057,846.51	2,276,195.37
Reserve for Receivable and Other Assets	Contra	1,198,345.25	1,190,705.03
Fund Balance	A-1	1,722,339.77	1,889,642.66
		4,978,531.53	5,356,543.06
Federal and State Grant Fund :			
Appropriated Reserve for Grants	A-27	152,671.90	160,332.21
Unappropriated Reserves	A-28	23,852.10	19,035.47
		176,524.00	179,367.68
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 5,155,055.53	\$ 5,535,910.74

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

A-1

		For the Years Ended December 31,	
	Reference	2011	2010
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,040,000.00	\$ 1,121,900.00
Miscellaneous Revenue Anticipated	A-2	2,518,942.18	2,438,415.18
Receipts from Delinquent Taxes	A-2	411,386.77	363,372.42
Receipts from Current Taxes	A-2	40,908,782.47	39,749,709.01
Non-Budget Revenues	A-2	79,942.51	77,390.69
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	391,234.27	80,901.53
Deferred Regional High School Taxes	A-17	389,118.34	1,056,298.75
Unexpended Balance of Appropriations	A-3	74,672.94	2,964.06
Statutory Excess of Animal License Fund			8,864.26
Interfund Returned		22,108.68	103,222.20
Canceled Appropriated Reserves for Grants			41,411.51
Canceled Various Reserves	A-12	1,360.40	64,868.04
Canceled Tax Overpayments			9,356.00
		45,837,548.56	45,118,673.65
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations			
Operations:			
Salaries and Wages	A-3	4,381,339.00	4,565,800.00
Other Expenses	A-3	5,799,434.02	5,794,815.65
Capital Improvements	A-3	210,815.00	25,000.00
Municipal Debt Service	A-3	509,672.00	521,736.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	1,018,549.00	789,215.16
County Taxes including Added Taxes	A-18	4,043,493.81	4,004,075.21
Local District School Taxes	A-16	18,599,831.00	17,837,491.00
Regional High School Taxes	A-17	10,380,247.17	10,001,587.64
Interfund Advanced			
Appropriated Reserves for Grants	A-27	9,860.42	9,425.72
Canceled Accounts Receivable			164,538.00
Tax Appeals			24,473.31
Prior Year Senior Citizens' and Veterans' Deductions Disallowed	A-6	9,876.03	1,732.88
Overpayments Adjustment	A-19	1,734.00	2,714.08
		44,964,851.45	43,742,604.65
Total Expenditures			
Excess/(Deficit) in Revenue		872,697.11	1,376,069.00
Fund Balance January 1			
	A	1,889,642.66	1,635,473.56
		2,762,339.77	3,011,542.56
Decreased by:			
Fund Balance Utilizes as Budget Revenue	A-2	1,040,000.00	1,121,900.00
Fund Balance December 31			
	A	\$ 1,722,339.77	\$ 1,889,642.56

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	<u>\$1,040,000.00</u>	<u>\$1,040,000.00</u>	<u>\$0.00</u>
Miscellaneous Revenues:				
Licenses				
Alcoholic Beverages		17,500.00	17,500.00	0.00
Other		15,000.00	16,529.00	1,529.00
Fees and Permits		61,000.00	77,579.30	16,579.30
Fines and Costs - Municipal Court		62,700.00	68,581.21	5,881.21
Interest and Costs on Taxes		84,100.00	89,222.21	5,122.21
Parking Meters		54,500.00	59,392.93	4,892.93
Interest on Investments and Deposits		12,000.00	3,781.99	(8,218.01)
Anticipated Utility Operating Surplus		185,000.00	185,000.00	0.00
Sewer Agreement Revenue		23,200.00	22,172.24	(1,027.76)
Payments in Lieu of Taxes- Senior Housing		46,800.00	48,222.84	1,422.84
Communication Tower and Cable		241,000.00	235,623.40	(5,376.60)
Police Administration Changes		100,000.00	100,000.00	0.00
Support Association Contribution		7,700.00	8,067.18	367.18
Consolidated Municipal Property Tax Relief Act		23,965.00	23,964.00	(1.00)
Energy Receipts Tax		1,156,106.00	1,156,106.00	0.00
Water Shed Aid		2,303.00	2,303.00	0.00
Water Shed Aid Reserve		2,303.00		(2,303.00)
Uniform Construction Code Fees		226,600.00	201,741.00	(24,859.00)
Pistol Range Rental - River Vale		4,100.00	4,202.00	102.00
Public and Private Revenues:				
Alcohol Education & Rehabilitation Grant				
Body Armor Grant		622.00	622.00	0.00
Community Development Block Grant - Senior Activities				0.00
Community Development Block Grant - Barrier Free Imp. Boro Hall				0.00
Clean Communities		15,785.55	15,785.55	0.00
Municipal Alliance on Alcoholism and Drug Abuse		10,356.00	10,356.00	0.00
Grant Reserves:				
Recycling Tonnage		19,035.47	19,035.47	0.00
Alcohol Education & Rehabilitation Grant				0.00
Body Armor Replacement Grant				0.00
Special Items of Revenue Anticipated with Prior Written Consent of the Director of Local Government Services:				
Uniform Fire Safety Act		6,600.00	6,216.60	(383.40)
Recycling Revenue		64,400.00	91,438.26	27,038.26
Municipal Open Space Reserve				0.00
Meadowbrook School Paving Reimbursements		15,500.00	15,500.00	0.00
Hillsdale BOE - Cops in School		5,000.00	5,000.00	0.00
Pascack Valley Regional High School		<u>35,000.00</u>	<u>35,000.00</u>	<u>0.00</u>
Total Miscellaneous Revenues	A-1	2,498,176.02	2,518,942.18	20,766.16

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

A-2

	<u>Reference</u>	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Receipts from Delinquent Taxes	A-1, Next Pg.	<u>375,000.00</u>	<u>411,386.77</u>	<u>36,386.77</u>
Subtotal General Revenues		3,913,176.02	3,970,328.95	57,152.93
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	A-8, Next Pg.	<u>8,462,133.00</u>	<u>8,340,710.49</u>	<u>(121,422.51)</u>
Total General Revenues - Adopted	A-3	<u>\$12,375,309.02</u>	12,311,039.44	<u>(\$64,269.58)</u>
Non-Budget Revenues	A-1, Next Pg.		<u>79,942.51</u>	
			<u>\$12,390,981.95</u>	

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

**STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

A-2

	<u>Reference</u>	<u>2011</u>
Analysis of Realized Revenues		
Allocation of Current Tax Collections		
Revenue from Collections	A-1	\$ 40,908,782.47
Allocated to School and County Taxes	A-8	33,023,571.98
		<hr/>
Balance for Support of Municipal Appropriations		7,885,210.49
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<hr/> 455,500.00
Amount for Support of Municipal Budget Appropriations	Previous Pg.	<hr/> \$ 8,340,710.49
Receipts from Delinquent Taxes Prior Year Taxes	Previous Pg.	<hr/> \$ 411,386.77
 Analysis of Miscellaneous Revenues		
Cash Received - Treasurer	A-4	\$ 2,472,443.61
Grant Receivable - Grant Fund	A-26	26,763.55
Grants - Reserve Transfer	A-28	19,035.47
Interest Income Other Funds	A-23	698.02
Interest Income Grant Fund	A-25	1.53
		<hr/>
		<hr/> \$ 2,518,942.18
 Analysis of Non-Budget Revenues		
Miscellaneous Revenues Not Anticipated:		
Host Community Fees		\$ 1,674.60
Motor Vehicle Inspections		380.00
County Snow Plowing Reimbursement		6,170.00
BMEBF 2010 Dividends		32,417.00
BCMJJF 2011 Dividends		7,257.53
Miscellaneous Refunds/Reimbursements		18,297.18
Film Permit		1,600.00
Senior & Vets 2% Administrative Fees		2,247.48
Tax Info File Fee		400.00
Various Escrow Accounts Closeout		5,468.72
Hepatitis B Funds		3,400.00
Forfeited Fees		170.00
Wedding Ceremony		375.00
Duplicate Tax Bill		85.00
	A-4, Previous Pg.	<hr/> \$ 79,942.51

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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 - WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ -	\$ -	\$ -
Other Expenses	5,600.00	5,600.00	2,971.70	2,628.30	-	-
Administrative and Executive						
Salaries and Wages	71,850.00	71,850.00	53,135.84	18,714.16	-	-
Other Expenses					-	-
Public Information	8,250.00	8,250.00	5,990.11	2,259.89		
Miscellaneous	37,890.00	36,890.00	30,956.02	5,933.98		
Financial Administration						
Salaries and Wages	128,624.00	128,624.00	128,187.33	436.67	-	-
Other Expenses	44,250.00	44,250.00	19,546.23	24,703.77	-	-
Auditing and Accounting Services	32,775.00	32,775.00	32,775.00	-	-	-
Collection of Taxes						
Salaries and Wages	39,270.00	42,370.00	42,358.07	11.93	-	-
Other Expenses	10,530.00	10,530.00	10,336.30	193.70	-	-
Assessment of Taxes						
Salaries and Wages	36,800.00	34,800.00	31,678.00	3,122.00	-	-
Other Expenses	15,800.00	15,800.00	4,341.70	11,458.30	-	-
Clerk's Office						
Salaries and Wages	97,748.00	97,748.00	96,748.00	1,000.00		
Other Expenses	30,450.00	30,450.00	27,121.90	3,328.10		
Legal & Engineering						
Other Expenses	142,500.00	142,500.00	95,755.15	46,744.85	-	-
Train Station						
Salaries and Wages	13,056.00	16,056.00	15,482.73	573.27		
Other Expenses	11,300.00	11,300.00	7,465.26	3,834.74		

(Continued Next Page)

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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 - WITHIN "CAPS" (CONTD)						
MUNICIPAL LAND USE:						
Planning Board						
Other Expenses	\$ 39,800.00	\$ 39,800.00	\$ 19,781.11	\$ 20,018.89	\$ -	\$ -
Zoning Official						
Salaries and Wages	8,935.00	9,055.00	9,013.03	41.97	-	-
Other Expenses	50.00	50.00	50.00	-	-	-
Building and Grounds						
Salaries and Wages	56,683.00	56,683.00	51,230.81	5,452.19	-	-
Other Expenses	31,735.00	26,735.00	19,365.25	7,369.75	-	-
Environmental Commission						
Other Expenses	325.00	325.00	-	325.00	-	-
Municipal Court						
Salaries and Wages	74,621.00	76,721.00	76,652.00	69.00	-	-
Other Expenses	34,815.00	34,815.00	32,835.87	1,979.13	-	-
Public Defender						
Salaries and Wages	4,000.00	4,000.00	4,000.00	-	-	-
Prosecutor						
Salaries and Wages	10,666.00	10,666.00	10,665.78	0.22	-	-
Insurance						
Unemployment Compensation	14,000.00	17,500.00	16,850.55	649.45	-	-
PUBLIC SAFETY:						
Police						
Salaries and Wages	2,720,480.00	2,747,480.00	2,739,416.16	8,063.84	-	-
Other Expenses	104,000.00	102,000.00	91,961.33	10,038.67	-	-
Emergency Management						
Salaries and Wages	1,500.00	1,500.00	1,500.00	-	-	-
Other Expenses	4,100.00	4,100.00	2,401.60	1,698.40	-	-
First Aid Organization - Other Expenses	28,875.00	28,875.00	26,668.71	2,206.29	-	-
Fire						
Salaries and Wages	28,122.00	26,722.00	23,580.00	3,142.00	-	-
Other Expenses	66,550.00	66,550.00	56,291.55	10,258.45	-	-
Fire Prevention						
Salaries and Wages	51,783.00	51,663.00	50,068.37	1,594.63	-	-
Other Expenses	10,850.00	10,850.00	8,676.43	2,173.57	-	-

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See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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 - WITHIN "CAPS" (CONTD)						
STREETS AND ROADS:						
Road Repair and Maintenance						
Salaries and Wages	\$ 503,361.00	\$ 537,861.00	\$ 507,865.57	\$ 29,995.43	\$ -	\$ -
Other Expenses	103,895.00	93,895.00	87,201.26	6,693.74	-	-
				-		
SANITATION:						
Garbage and Trash Removal						
Salaries and Wages	8,000.00	8,000.00	5,202.97	2,797.03	-	-
Other Expenses	640,500.00	630,500.00	617,883.88	12,616.12	-	-
Recycling						
Other Expenses	110,000.00	100,000.00	90,997.24	9,002.76		
Insurance						
General Liability Premiums	165,835.00	155,835.00	154,075.24	1,759.76		
Group Insurance Plan for Employees	1,046,050.00	1,036,050.00	1,011,600.16	24,449.84		
Workers Compensation	168,350.00	168,350.00	168,350.00	-		
HEALTH AND WELFARE:						
Board of Health						
Salaries and Wages	69,751.00	69,751.00	64,517.21	5,233.79	-	-
Other Expenses	61,128.00	61,128.00	58,223.48	2,904.52	-	-
Animal Control Services						
Other Expenses	5,000.00	-		-	-	-

(Continued Next Page)

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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 - WITHIN "CAPS" (CONTD)						
Administration of Public Assistance						
Salaries and Wages	\$ 13,837.00	\$ 13,837.00	\$ 13,837.00	\$ -	\$ -	\$ -
Other Expenses	5,000.00	5,000.00		5,000.00	-	-
PARKS AND RECREATION:						
Recreation Commission						
Salaries and Wages	19,201.00	19,201.00	14,333.93	4,867.07	-	-
Other Expenses	39,335.00	39,335.00	21,419.20	17,915.80	-	-
Senior Citizens Committee						
Salaries and Wages	23,854.00	23,854.00	22,650.97	1,203.03		
Other Expenses	22,500.00	22,500.00	21,027.89	1,472.11		
Parks and Playgrounds						
Salaries and Wages	65,347.00	65,347.00	65,095.63	251.37		
Other Expenses	67,450.00	67,450.00	58,285.37	9,164.63		
Celebration of Public Events						
Other Expenses	3,250.00	3,250.00	2,828.44	421.56		
Hillsdale BOE- Cop in Schools	5,000.00	5,000.00	5,000.00	-		
Pascack Valley Regional High School Cop in School	35,000.00	35,000.00	35,000.00	-		
UNIFORM CONSTRUCTION CODE:						
Construction Code Official						
Salaries and Wages	150,346.00	150,346.00	149,495.00	851.00	-	-
Other Expenses	19,010.00	19,010.00	16,514.97	2,495.03	-	-
Telephone	3,000.00	2,000.00	2,000.00	-		
Gasoline	3,500.00	4,500.00	4,126.17	373.83		
Vehicle Maintenance	500.00	500.00	485.83	14.17		
Insurance:						
Employee	29,800.00	29,800.00	29,680.92	119.08		
Workers Compensation	1,880.00	1,880.00	1,880.00	-		
Liability	1,880.00	1,880.00	1,880.00	-		

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See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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 - WITHIN "CAPS" (CONTD)						
UNCLASSIFIED:						
Gas and Electricity	\$ 269,000.00	\$ 269,000.00	\$ 224,768.87	\$ 44,231.13	\$ -	\$ -
Street Lighting				-	-	-
Telephone and Telegraph	51,025.00	51,025.00	41,719.07	9,305.93	-	-
Water	205,915.00	205,915.00	192,029.30	13,885.70	-	-
Gas	85,000.00	87,200.00	85,152.66	2,047.34	-	-
Vehicle Maintenance						
Other Expenses	67,655.00	67,655.00	52,856.94	14,798.06	-	-
Blood Borne Pathogens	1,200.00	1,200.00	1,000.00	200.00	-	-
Accumulated Absences	61,425.00	61,425.00	59,568.16	1,856.84	-	-
Contingent	20,000.00	10,000.00	10,000.00	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OPERATIONS WITHIN "CAPS"	\$ 8,216,363.00	\$ 8,215,363.00	\$ 7,789,411.22	\$ 425,951.78	\$ -	\$ -
Detail:						
Salaries and Wages	4,242,835.00	4,309,135.00	4,221,714.40	87,420.60	-	-
Other Expenses (Including Contingent)	3,973,528.00	3,906,228.00	3,567,696.82	338,531.18	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED CHARGES:						
Prior Year Bills	36,550.00	36,550.00	15,000.00		21,550.00	-
STATUTORY EXPENDITURES:						
Social Security System (O.A.S.I.)	170,000.00	170,000.00	157,923.13	12,076.87	-	-
Defined Contribution Retirement Program	1,000.00	2,000.00	1,849.48	150.52	-	-
Public Employees' Retirement System	229,488.00	229,488.00	229,488.00	-	-	-
Police and Firemen's Retirement System of N.J.	580,511.00	580,511.00	580,511.00	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	1,017,549.00	1,018,549.00	984,771.61	12,227.39	21,550.00	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	9,233,912.00	9,233,912.00	8,774,182.83	438,179.17	21,550.00	-
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See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

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"						
Police and Firemen's Retirement System	\$ -			\$ -	\$ -	\$ -
Maintenance of Free Public Library With State Aid (P.L. 1985, Chap. 82&541)	649,977.00	649,977.00	649,977.00	-		
Emergency Services Volunteer Length of Services Award (P.L. 1997, c.388)	74,000.00	74,000.00		74,000.00	-	-
Recycling Tax (FCOA Code 32-465)	14,000.00	14,000.00	13,210.92	789.08		
Public Employees Retirement System				-		
Bergen County Utilities Authority Service Charges - Contractual	872,165.00	872,165.00	872,162.81	2.19	-	-
Stormwater Regs. N.J.S.A. 40A:4-45.3(cc)						
Salaries and Wages	72,204.00	72,204.00	72,203.30	0.70		
Other Expenses	4,100.00	4,100.00	500.93	3,599.07	-	-
Reserve for Tax Appeals	186,000.00	186,000.00	143,980.45	42,019.55		
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	<u>\$ 1,872,446.00</u>	<u>\$ 1,872,446.00</u>	<u>\$ 1,752,035.41</u>	<u>\$ 120,410.59</u>	<u>\$ -</u>	<u>\$ -</u>
Interlocal Municipal Service Agreements:						
Pistol Range Rental - River Vale	4,000.00	4,000.00	4,000.00	-		
Borough of Emerson - CFO	40,290.00	40,290.00	40,290.00	-		
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	<u>\$ 44,290.00</u>	<u>\$ 44,290.00</u>	<u>\$ 44,290.00</u>	<u>\$ -</u>	<u>\$ -</u>	

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See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED			Over-
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>	<u>Expenditure</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Grant Reserves						
Alcohol Education and Rehabilitation	\$ -			\$ -	\$ -	\$ -
Stormwater				-		
Recycling Tonnage	19,035.47	19,035.47	19,035.47	-	-	-
Alcohol Education and Rehabilitation				-		
Body Armor Replacement Funds	622.00	622.00	622.00	-		
Municipal Alliance on Alcoholism and Drug Abuse	10,356.00	10,356.00	10,356.00	-		
Municipal Match	2,875.00	2,875.00	2,875.00	-	-	-
Clean Communities	15,785.55	15,785.55	15,785.55	-		
Community Development Block Grant - Senior Activities				-	-	-
Community Development Block Grant - Barrier Free Imp. Boro Hall				-		
Total Public and Private Programs Offset by Revenues	48,674.02	48,674.02	48,674.02	-	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 1,965,410.02	\$ 1,965,410.02	\$ 1,844,999.43	\$ 120,410.59	\$ -	\$ -
Detail:						
Salaries and Wages	72,204.00	72,204.00	72,203.30	0.70	-	-
Other Expenses	1,893,206.02	1,893,206.02	1,772,796.13	120,409.89	-	-

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See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED			Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 155,000.00	\$ 155,000.00	\$ 155,000.00	\$ -	\$ -	\$ -
Unfunded Capital	27,115.00	27,115.00	27,115.00	-	-	-
Fire Equipment	9,200.00	9,200.00	5,681.80	3,518.20	-	-
Municipal Bldgs and Facilities	5,500.00	5,500.00	5,500.00	-	-	-
E-Ticket Setup	14,000.00	14,000.00	-	14,000.00	-	-
	<u>210,815.00</u>	<u>210,815.00</u>	<u>187,796.80</u>	<u>23,018.20</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
	<u>\$ 210,815.00</u>	<u>\$ 210,815.00</u>	<u>\$ 187,796.80</u>	<u>\$ 23,018.20</u>	<u>\$ -</u>	<u>\$ -</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Anticipation Notes and Capital Notes	423,751.00	423,751.00	370,631.00	-	55,120.00	-
Interest on Bonds	54,432.00	54,432.00	54,431.25	-	0.75	-
Interest on Notes	20,500.00	20,500.00	20,498.22	-	1.78	-
Bergen County Leasing Principal	10,768.00	10,768.00	10,767.85	-	0.15	-
Bergen County Leasing Interest	221.00	221.00	220.74	-	0.26	-
	<u>509,672.00</u>	<u>509,672.00</u>	<u>456,549.06</u>	<u>-</u>	<u>55,122.94</u>	<u>-</u>
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
	<u>\$ 509,672.00</u>	<u>\$ 509,672.00</u>	<u>\$ 456,549.06</u>	<u>\$ -</u>	<u>\$ 55,122.94</u>	<u>\$ -</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Emergency Authorizations	-	140,000.00	140,000.00	-	-	-
Special Emergency Authorizations - 5 years	-	-	-	-	-	-
	<u>2,685,897.02</u>	<u>2,825,897.02</u>	<u>2,629,345.29</u>	<u>143,428.79</u>	<u>55,122.94</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"						
	<u>11,919,809.02</u>	<u>12,059,809.02</u>	<u>11,403,528.12</u>	<u>581,607.96</u>	<u>74,672.94</u>	<u>-</u>
SUBTOTAL GENERAL APPROPRIATIONS						
Reserve for Uncollected Taxes	455,500.00	455,500.00	455,500.00	-	-	-
	<u>12,375,309.02</u>	<u>12,515,309.02</u>	<u>11,859,028.12</u>	<u>581,607.96</u>	<u>74,672.94</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS						
	<u>\$ 12,375,309.02</u>	<u>\$ 12,515,309.02</u>	<u>\$ 11,859,028.12</u>	<u>\$ 581,607.96</u>	<u>\$ 74,672.94</u>	<u>\$ -</u>
	Reference	A-2	Below	Below	A	A-1
	Reference					
General Appropriations	A-2	\$ 12,375,309.02				
Emergency Authorization	A	140,000.00				
		<u>\$ 12,515,309.02</u>				
Cash Disbursements	A-4	\$ 11,091,358.32				
Due to Capital Fund	A-27	27,115.00				
Due to Grant Fund	A-27	48,674.02				
Reserve for FEMA Claims	A-12	13,160.19				
Reserve for Uncollected Taxes	A-2	455,500.00				
Budget Offsets	A-4	(137,699.90)				
Encumbrance Payable	A-15	216,940.04				
Reserve for Tax Appeals	A-19	143,980.45				
	Above	<u>\$ 11,859,028.12</u>				

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
AT DECEMBER 31, 2011 AND 2010

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
- REGULATORY BASIS**

	<u>Reference</u>	At December 31,	
		<u>2011</u>	<u>2010</u>
ASSETS			
Animal License Fund:			
Cash and Cash Equivalents	B-1	\$ 9,916.38	\$ 21,574.66
		<u>9,916.38</u>	<u>21,574.66</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-1	839,171.32	804,952.20
Recreation Trust Fund			
Cash and Cash Equivalents	B-1	101,782.35	112,452.54
Assessment Fund			
Cash	B-1	28,000.36	32,509.40
Assessment Receivable	B-9	23,887.86	32,427.80
		<u>51,888.22</u>	<u>64,937.20</u>
TOTAL ASSETS		<u>\$ 1,002,758.27</u>	<u>\$ 1,003,916.60</u>
 LIABILITIES AND RESERVES			
Animal Control Fund:			
Due to NJ Department of Health	B-4	\$ 150.00	\$ 230.60
Due to Current Fund	B-5		8,864.26
Reserve for Animal License Fund Expenditures	B-2	9,766.38	12,479.80
		<u>9,916.38</u>	<u>21,574.66</u>
Other Trust Fund:			
Due to Current Fund	B-5	732.69	1,442.65
Reserve for:			
Other Trust Deposits	B-6	638,804.43	547,370.29
Medical Benefits	B-3	31,829.80	31,683.07
Escrow Deposits	B-7	167,804.40	224,456.19
Total Other Trust Fund		<u>839,171.32</u>	<u>804,952.20</u>
Recreation Trust Fund:			
Due to Current Fund	B-5		75.00
Reserve for Recreation Expenditures	B-8	101,782.35	112,377.54
		<u>101,782.35</u>	<u>112,452.54</u>
Assessment Fund			
Bond Anticipation Notes	B-10	51,309.00	54,764.00
Due to Current Fund	B-5	579.22	10,173.20
		<u>51,888.22</u>	<u>64,937.20</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 1,002,758.27</u>	<u>\$ 1,003,916.60</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
CAPITAL FUND

C

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
- REGULATORY BASIS**

ASSETS	<u>Reference</u>	<u>At December 31:</u>	
		<u>2011</u>	<u>2010</u>
Cash	C-1,2	\$ 713,114.87	\$ 538,872.66
Grants Receivable	C-15	303,164.38	299,387.14
Due from Current Fund	C-10	27,595.06	8,797.21
Deferred Charges to Future Taxation			
Funded	C-13	4,290,000.00	
Unfunded	C-3	<u>336,970.51</u>	<u>5,221,261.51</u>
TOTAL ASSETS		<u>\$ 5,670,844.82</u>	<u>\$ 6,068,318.52</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Bond Anticipation Notes	C-4	13,691.00	4,551,867.00
General Serial Bonds Payable	C-11	4,290,000.00	
Improvement Authorizations			
Funded	C-5	424,177.67	6,000.00
Unfunded	C-5	286,723.98	763,422.11
Reserve for Grants Receivable	C-16	281,368.00	481,368.00
Reserve for Capital Improvements	C-6	46,378.34	40,298.28
Capital Improvement Fund	C-7	9,142.95	9,142.95
Encumbrances Payable	C-8	210,115.76	97,713.06
Down Payments on Improvements	C-9	3,000.00	3,000.00
Reserve for Municipal Open Space Fund	C-12	<u>106,247.12</u>	<u>115,507.12</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 5,670,844.82</u>	<u>\$ 6,068,318.52</u>

Bonds and notes authorized but not issued on December 31, 2011
(Exhibit C-14). Amounted to \$ 323,279.51.

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND
AT DECEMBER 31, 2011 AND 2010

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
- REGULATORY BASIS**

		At December 31,	
<u>Reference</u>	<u>2011</u>	<u>2010</u>	D
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	\$ 244,864.75	\$ 451,893.65	
Cash - Stonybrook Swim Team	21,418.77	21,748.53	
D-5	<u>266,283.52</u>	<u>473,642.18</u>	
Petty Cash	D-21 100.00	200.00	
Total Operating Fund	<u>266,383.52</u>	<u>473,842.18</u>	
Capital Fund:			
Cash and Cash Equivalents	D-5 328,468.17	41,609.70	
Due from Swimming Pool Operating Fund	D-7 335.49	5,294.11	
Fixed Capital	D-10 4,942,676.80	4,891,492.09	
Fixed Capital Authorized and Uncompleted	D-11 352,387.59	70,823.23	
Total Capital Fund	<u>5,623,868.05</u>	<u>5,009,219.13</u>	
TOTAL ASSETS	<u>\$ 5,890,251.57</u>	<u>\$ 5,483,061.31</u>	
LIABILITIES, RESERVES AND FUND BALANCE:			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3, 6 \$ 47,470.24	\$ 10,446.76	
Encumbrance Payable	D-6, 8 12,312.07	21,532.41	
Due to Swimming Pool Capital Fund	D-7 335.49	5,294.11	
Accrued Interest on bonds	D-9 6,154.69	2,480.90	
Reserve for Swim Team Expenditures	D-15 21,418.77	21,748.53	
	<u>87,691.26</u>	<u>61,502.71</u>	
Fund Balance	D-1 178,692.26	412,339.47	
Total Operating Fund	<u>266,383.52</u>	<u>473,842.18</u>	
Capital Fund:			
Liabilities:			
Bond Anticipation Notes Payable	D-12	717,369.00	
Bonds Payable	D-20 650,000.00		
Improvement Authorizations:			
Funded	D-13 303,387.59		
Unfunded	D-13 49,000.00	70,823.23	
Reserve for Improvements	D-17 25,308.18	24,972.69	
Capital Improvement Fund	D-16 107.89	107.89	
Reserve for Amortization	D-14 4,281,064.39	4,165,946.32	
Reserve for Deferred Amortization	D-18 315,000.00	30,000.00	
	<u>5,623,868.05</u>	<u>5,009,219.13</u>	
Total Capital Fund	<u>5,623,868.05</u>	<u>5,009,219.13</u>	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 5,890,251.57</u>	<u>\$ 5,483,061.31</u>	

There were bonds and notes authorized but not issued on December 31, 2011 in the amount of \$49,000 (Exhibit D-19).

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND - OPERATING FUND

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE
- REGULATORY BASIS**

D-1

	<u>Reference</u>	For the Years Ended December 31,	
<u>REVENUE AND OTHER INCOME REALIZED</u>		<u>2011</u>	<u>2010</u>
Operating Surplus Anticipated	D-2	\$ 349,174.00	\$ -
Membership Fees	D-2, 5	945,829.61	942,877.00
Use of Facility	D-2, 5	51,787.00	55,745.50
Interest on Investments	D-2, 5	317.00	1,507.95
Miscellaneous Income	D-2, 5	90,504.28	92,563.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-6	871.04	10,437.17
Unexpended Balance of Appropriations	D-3	2.86	13,555.45
Total Income		1,438,485.79	1,116,686.08
<u>EXPENDITURES</u>			
Operations:			
Salaries and Wages	D-3	315,500.00	307,100.00
Other Expenses	D-3	379,680.00	352,470.00
Capital Outlay/Improvements	D-3	360,335.00	126,000.00
Debt Service:			
BAN Principal	D-3	67,369.00	57,316.00
BAN Interest	D-3	3,192.10	23,767.00
Bond Interest	D-3	11,882.90	
Surplus (General Budget)	D-3	185,000.00	175,000.00
Total Expenditures		1,322,959.00	1,041,653.00
Excess in Revenue		115,526.79	75,033.08
Fund Balance, Beginning of Year	D	412,339.47	337,306.39
Less: Fund Balance Utilized		(349,174.00)	
Fund Balance, End of Year	D	\$ 178,692.26	\$ 412,339.47

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	D-2 Excess or <u>(Deficit)</u>
Surplus Anticipated	D-1	\$ 349,174.00	\$ 349,174.00	\$ -
Membership Fees	D-1, 5	920,000.00	945,829.61	25,829.61
Use of Facility	D-1, 5	30,000.00	51,787.00	21,787.00
Interest on Investments	D-1, 5	1,000.00	317.00	(683.00)
Miscellaneous Income	D-1, 5	22,785.00	90,504.28	67,719.28
		<hr/>	<hr/>	<hr/>
	D-3	<u>\$ 1,322,959.00</u>	<u>\$ 1,437,611.89</u>	<u>114,652.89</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-3

	<u>Ref.</u>	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Appropriations Lapsed</u>	<u>Appropriation Reserve</u>
Operating:						
Salaries and Wages	D-1	\$ 315,500.00	\$ 315,500.00	\$ 309,296.05	\$ -	\$ 6,203.95
Other Expenses	D-1	379,680.00	379,680.00	366,111.64		13,568.36
Capital Improvements	D-1, 10	364,000.00	360,335.00	332,637.07		27,697.93
Debt Service:						-
Payment of Bond Anticipation Notes	D-1, 12	67,369.00	67,369.00	67,369.00	-	-
Interest on Notes	D-1, 9	3,200.00	3,192.10	3,192.10	-	-
Interest on Bonds	D-1,9	8,210.00	11,882.90	11,880.04	2.86	-
Surplus (General Budget)	D-1	185,000.00	185,000.00	185,000.00		-
		\$ 1,322,959.00	\$ 1,322,959.00	\$ 1,275,485.90	\$ 2.86	\$ 47,470.24
	<u>Ref.</u>	D-2	D-1	Below	D-1,9	D
Cash Disbursements	D-5			\$ 1,248,101.69		
Cash Disbursements - Interest	D-5			11,398.35		
Accrued Interest at 12/31/2010	D-9			(2,480.90)		
Accrued Interest at 12/31/2011	D-9			6,154.69		
Encumbrance Payable	D-8			12,312.07		
Above				\$ 1,275,485.90		

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
AT DECEMBER 31, 2011 AND 2010

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
- REGULATORY BASIS**

E

	<u>Reference</u>	At December 31,	
		<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Cash	E-1	\$ 17,253.53	\$ 17,641.53
Petty Cash		100.00	100.00
TOTAL ASSETS		<u>\$ 17,353.53</u>	<u>\$ 17,741.53</u>
 <u>LIABILITIES AND RESERVES</u>			
Due to Current Fund	E-3	\$ 500.00	\$ -
Reserve for Public Assistance Expenditures	E-2	<u>16,853.53</u>	<u>17,741.53</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 17,353.53</u>	<u>\$ 17,741.53</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
GENERAL FIXED ASSETS ACCOUNT GROUP
AT DECEMBER 31, 2011 AND 2010

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

F

	At December 31,	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Land	\$ 49,200,200.00	\$ 49,219,700.00
Buildings and Improvements	4,178,200.00	4,178,200.00
Vehicles and Equipment	<u>6,675,012.30</u>	<u>6,633,761.00</u>
TOTAL ASSETS	<u><u>\$ 60,053,412.30</u></u>	<u><u>\$ 60,031,661.00</u></u>
 <u>LIABILITIES AND RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 60,053,412.30</u>	<u>\$ 60,031,661.00</u>
TOTAL LIABILITIES AND RESERVES	<u><u>\$ 60,053,412.30</u></u>	<u><u>\$ 60,031,661.00</u></u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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

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
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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. During 2010 and 2011, the Mayor and Council approved several budget transfers.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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
YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. 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
 YEARS ENDED DECEMBER 31, 2011 AND 2010
 (Continued)

1. Summary of Significant Accounting Policies (Continued)

D. 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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, \$0 of the Borough’s bank balance of \$ 5,950,093.26 was exposed to custodial credit risk.

3. Investments

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

Credit Risk. New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The Borough places no limit on the amount the Borough may invest in any one issuer.

As of December 31, 2010, the Borough had investments totaling \$ 252,487.67 in the State of New Jersey Cash Management Plan, which is accounted for in the following funds. All investment accounts were closed in 2011.

	12/31/11	12/31/10
Current Fund	\$ -	\$ 101,898.12
Capital Fund	-	67,129.15
Swimming Pool Utility Fund	-	83,460.40
	\$ -	\$ 252,487.67

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)

4. Municipal Debt

Long-term debt as of December 31, 2011 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec.31, 2011</u>	<u>Due in</u> <u>One Year</u>
General Improvement Bonds		\$4,290,000.00		\$ 4,290,000.00	\$375,000.00
Swim Pool Utility Bonds		650,000.00		650,000.00	60,000.00
Compensated Absences	201,417.78	121,926.74	59,568.16	263,776.36	92,623.42
Capital Leases Payable	10,767.85	-	10,767.85	-	-
	<u>\$212,185.63</u>	<u>\$ 5,061,926.74</u>	<u>\$ 70,336.01</u>	<u>\$ 5,203,776.36</u>	<u>\$ 527,623.42</u>

Long-term debt as of December 31, 2011 consisted of the following:

\$4,290,000 General Improvement Bond and \$650,000 Swim Pool Utility Bond dated February 15, 2011 payable in annual installments through February 15, 2021. Semi-annual interest payments are due, at 2.00%-3.25% per annum on February 15 and August 15 of each year effective August 15, 2011.

The \$4,290,000 General Improvement Bond is included in the general capital fund and interest and principal reductions are included in the current operating budget of the Borough. The \$650,000 Swim Pool Utility Bond is included in the swim pool capital fund and interest and principal reductions are included in the swim pool utility budget.

Schedule of Annual Debt Services for Principal and Interest for Bonded Debt Issued and Outstanding:

Year	Current Fund			Swim Pool Utility Fund		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	480,112.50	375,000.00	105,112.50	75,812.50	60,000.00	15,812.50
2013	482,512.50	385,000.00	97,512.50	74,612.50	60,000.00	14,612.50
2014	489,662.50	400,000.00	89,662.50	73,412.50	60,000.00	13,412.50
2015	491,562.50	410,000.00	81,562.50	77,162.50	65,000.00	12,162.50
2016-2021	2,972,518.75	2,720,000.00	252,518.75	442,193.75	405,000.00	37,193.75
	<u>4,916,368.75</u>	<u>4,290,000.00</u>	<u>626,368.75</u>	<u>743,193.75</u>	<u>650,000.00</u>	<u>93,193.75</u>

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)

4. Municipal Debt (Continued):

Summary of Municipal Debt

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
Issued:			
General:			
Bonds and Notes	\$ 4,303,691.00	\$ 4,551,867.00	\$ 4,617,569.00
Assessment Trust:			
Bonds and Notes	51,309.00	54,764.00	58,220.00
Swim Pool Utility			
Bonds and Notes	<u>650,000.00</u>	<u>717,369.00</u>	<u>774,685.00</u>
Debt Issued	<u>5,005,000.00</u>	<u>5,324,000.00</u>	<u>5,450,474.00</u>
Authorized but not Issued:			
General:			
Bonds and Notes	323,279.51	669,394.51	843,119.51
Swim Pool Utility			
Bonds and Notes	<u>49,000.00</u>	<u>49,000.00</u>	<u>49,000.00</u>
	<u>372,279.51</u>	<u>718,394.51</u>	<u>892,119.51</u>
Less Deductions	<u>699,000.00</u>	<u>766,369.00</u>	<u>823,685.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 4,678,279.51</u>	<u>\$ 5,276,025.51</u>	<u>\$ 5,518,908.51</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 0.240%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 12,158,596.00	\$ 12,158,596.00	\$ -
General Debt	4,626,970.51		4,626,970.51
Assessment Debt	51,309.00		51,309.00
Swim Pool Utility Debt	<u>699,000.00</u>	<u>699,000.00</u>	<u>-</u>
	<u>\$ 17,535,875.51</u>	<u>\$ 12,857,596.00</u>	<u>\$ 4,678,279.51</u>

Net Debt of \$ 4,678,279.51 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$1,952,869,151 = 0.240%.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010
 (Continued)

4. Municipal Debt (Continued):

<u>Calculation of "Self-Liquidating Purpose", Swim Pool Utility</u>		
Cash Receipts from Fees, Rents or Other Changes		\$ 1,437,611.89
Deductions:		
Operating and Maintenance Cost	\$ 1,240,515.00	
Debt Service	82,444.00	
		1,322,959.00
Excess in Revenue		\$ 114,652.89

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 68,350,420.29
Net Debt	4,678,279.51
Remaining Borrowing Power	\$ 63,672,140.78

5. Capital Leases Payable

In 2008, 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. The Borough paid \$10,988.59 and \$40,698.17 in 2011 and 2010 under the lease agreements. The lease has been paid off in 2011.

6. Bond Anticipation Notes

On December 31, 2011, the Borough had \$65,000 in outstanding bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

Notes Payable:	Beginning Balance	Additions	Reductions	Ending Balance
Pascack Community Bank	\$ 5,324,000.00	\$ -	\$ 5,259,000.00	\$ 65,000.00

7. Fund Balance Appropriated

Fund Balance at December 31, 2011 which was appropriated and included as anticipated revenue in the 2012 budget was as follows:

Current Fund	\$	1,320,000.00
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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.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010
 (Continued)

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. 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 2010 taxes was held on August 31, 2011.

11. Property Acquired by Tax Title Lien Liquidation

There were eight properties acquired by liquidation in the prior years with total assessed valuations of \$726,900.00.

12. 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, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Prepaid Taxes	<u>\$ 246,789.69</u>	<u>\$ 266,250.29</u>

13. Pension Plans

Description of Plans

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). Those systems are sponsored and administered by the State of New Jersey and are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for PERS and PFRS. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625.

Public Employees' Retirement System (PERS)

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

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010
 (Continued)

13. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

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

Funding Policy

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 8.5% for PFRS of the employees' annual compensation, as defined. Under the provisions of Chapter 78, P.L. 2011, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2011. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Borough's contributions to PERS and PFRS were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount
2011	\$ 229,488.00	\$ 580,511.00
2010	185,214.00	480,362.00
2009	169,229.00	423,309.00

14. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial.

Under DCRP, the value of the pension is based on the amount of the contributions made by the employees and employer and through investment earnings. The employee, through options provided under the plan, directs investment of contributions. The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP. The Borough's contributions to DCRP were \$1,849.48 and \$360.00 in 2011 and 2010, respectively.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)

15. 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. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the Plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is not a part of the financial statements of the Borough.

16. Post Employment Benefits

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In July, 2009, the Borough of Hillsdale authorized participation in the SHBP's post-retirement benefit program through resolution number 09103. Any employee who retires after twenty-five (25) years or more of service within the Borough shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf

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

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

16. Post Employment Benefits (Continued)

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Hillsdale on a monthly basis.

The Borough of Hillsdale contributions to SHBP for the years ended December 31, 2011 and 2010 were \$308,388.89 and \$ 266,744.52, respectively, which equaled the required contributions. There were approximately 21 retired participants eligible at December 31, 2011 and 2010.

The Borough of Hillsdale also provides qualified retirees with dental benefits, Medicare Part A and B reimbursements, medical co-pay reimbursements and medical assistance. The Borough's contributions of the dental premium to Bergen Municipal Employee Benefits Fund on behalf of the retirees were \$8,250.00 in 2011 and \$8,088.00 in 2010, and the Borough's payments to the retirees' Medicare premiums, co-pay reimbursements and medical assistance were \$25,205.18 in 2011 and \$14,574.40 in 2010.

17. 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, 2011 was \$ 263,776.36. This amount is not reported either as an expenditure or liability.

18. Contingencies

Litigation

The Borough is party to various legal proceedings, which normally occur in governmental operations. Management has determined the outcome of pending litigation will not materially affect the December 31, 2011 financial position.

Deferred Medical Insurance Premium

On July 23, 2009, the Borough adopted a resolution #09104 to elect the two-month premium delay option under the New Jersey State Health Benefits Program (SHBP). Under this option, the Borough delayed the first two month premiums totaling \$110,410.46. When the Borough elects to terminate SHBP participation in the future or the Program ceases to exist, the Borough will pay any delayed premiums immediately. The Borough also established a medical benefit account to reserve the deferred medical insurance premium. The balances in the medical benefit account were \$31,829.80 and \$31,683.07 as of December 31, 2011 and 2010, respectively.

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, 2011, 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.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

19. 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 2011 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.

20. Emergency Services Volunteer Length of Service Award Plan (LOSAP)

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

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

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010
 (Continued)

20. Emergency Services Volunteer Length of Service Award Plan (LOSAP) - Continued

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

The plan will be reviewed by an independent accountant for the year ended December 31, 2011 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

21. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2011 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 1,811.91	\$ 151,387.21
Grant Fund	123,792.15	
Trust Fund		1,311.91
Capital Fund	27,595.06	
Swim Pool Utility Fund	335.49	335.49
Public Assistance Fund		500.00
Total Interfund Receivables/Payables	<u>\$ 153,534.61</u>	<u>\$ 153,534.61</u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF CASH - TREASURER

A-4

	<u>Reference</u>	Current Fund	Federal and State Grant Fund
Balance December 31, 2010	A	\$ 3,925,588.03	\$ 3,027.19
Increased by:			
Miscellaneous Revenue Anticipated	A-2	2,472,443.61	
Miscellaneous Revenue Not Anticipated	A-2	79,942.51	
Budget Refunds	A-3	137,699.90	
Due From State - Senior Citizens and Veterans Deductions	A-6	112,373.97	
Interest Income - Grant Fund Due to Current	A-25	1.53	1.53
Interest Income - Other Funds	A-2	698.02	
Taxes Receivable	A-8	40,563,606.89	
Homestead Rebate	A-8	376,513.56	
Prepaid Cell Tower Rent	A-24	1,226.39	
Various Reserves	A-12	114,893.32	
Tax Overpayments	A-19	30,237.25	
Prepaid Taxes	A-20	246,789.69	
Marriage License Fees	A-21	800.00	
DCA Fees	A-22	8,583.00	
Interfunds	A-23	24,010.11	
Grants Receivable	A-26	26,113.27	
Unappropriated Reserves	A-28	23,852.10	
Appropriation Reserve Refunds	A-14	2,736.00	
Revenue Accounts Receivable	A-7	66,729.78	
Intrafunds- Investments	Contra	233,728.00	
		<u>44,522,978.90</u>	<u>1.53</u>
		<u>48,448,566.93</u>	<u>3,028.72</u>
Decreased by:			
Current Year Budget Appropriations	A-3	11,091,358.32	
Appropriation Reserves for Grants	A-27	66,194.75	
Revenue Accounts Receivable	A-7	68,581.21	
Appropriation Reserves	A-14	456,825.75	
Local District School Taxes	A-16	18,599,831.00	
Regional High School Taxes	A-17	10,190,917.44	
County Taxes	A-18	4,052,466.50	
Tax Overpayments	A-19	183,807.85	
Marriage License Fees	A-21	725.00	
DCA Fees	A-22	8,471.00	
Various Reserves	A-12	96,876.62	
Interfunds	A-23	8,847.21	
Transfer to Current Fund	A-25		1.53
Intrafunds- Investments	Contra	233,728.00	
		<u>45,058,630.65</u>	<u>1.53</u>
Balance December 31, 2011	A	<u>\$ 3,389,936.28</u>	<u>\$ 3,027.19</u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

A-5

SCHEDULE OF CASH - CHANGE FUND

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 250.00
Balance December 31, 2011	A	<u>\$ 250.00</u>
 <u>Analysis of Balance:</u>		
Court Clerk		200.00
Tax Collector		50.00
		<hr style="width: 100%;"/>
		<u>\$ 250.00</u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

**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, 2010	A	\$ (250.00)
 Increased by:		
Senior Citizens' Deductions Per Tax Billing		\$ 14,250.00
Veterans' Deductions Per Tax Billing		100,000.00
Senior Citizens' and Veterans' Deductions Allowed		1,250.00
		<hr style="width: 100%;"/>
		115,500.00
		115,250.00
 Decreased by:		
Senior Citizens' and Veterans' Deductions Disallowed	Below	
PY Senior Citizens' and Veterans' Disallowed	A-1	9,876.03
State Share of Senior Citizens and Veteran		
Deductions Received in Cash	A-4	<u>112,373.97</u>
		<hr style="width: 100%;"/>
		122,250.00
Balance December 31, 2011	A	<u>\$ (7,000.00)</u>
 Calculation of Amount Realized		
Senior Citizens		\$ 14,250.00
Veterans		100,000.00
Senior Citizens & Veterans Deductions Allowed		<u>1,250.00</u>
		<hr style="width: 100%;"/>
		\$ 115,500.00
		115,500.00
 Less: Current Year/Seniors & Veterans Disallowed		
	Above	<hr style="width: 100%;"/>
Realized as Tax Revenue	A-8	<u>\$ 115,500.00</u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-7

Revenue Accounts Receivable:

	<u>Ref.</u>	Balance December 31, <u>2010</u>	Accrued <u>in 2011</u>	Collected <u>in 2011</u>	Balance December 31, <u>2011</u>
Municipal Court Fines and Costs		\$ 4,762.48	\$ 68,581.21	\$ 66,729.78	\$ 6,613.91
Meadowbrook School Paving Reimbursement		14,000.00			14,000.00
		<hr/>	<hr/>	<hr/>	<hr/>
		\$ 18,762.48	\$ 68,581.21	\$ 66,729.78	\$ 20,613.91
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Reference</u>		A	A-4	A-4	A

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-8

	Balance Dec. 31, 2010	2011 Levy	Collections 2010	2011	Transfer to Lien	Added Canceled/ Judgments	Balance Dec. 31, 2011
2010 Taxes	\$ 407,510.74	\$ -	\$ -	\$ 411,386.77		\$ 9,876.03	\$ 6,000.00
2011 Taxes	<u>407,510.74</u>	<u>41,540,635.15</u>	<u>266,250.29</u>	<u>40,644,233.68</u>	<u>1,289.21</u>	<u>(204,108.45)</u>	<u>424,753.52</u>
	<u>\$ 407,510.74</u>	<u>\$ 41,540,635.15</u>	<u>\$ 266,250.29</u>	<u>\$ 41,055,620.45</u>	<u>\$ 1,289.21</u>	<u>\$ (194,232.42)</u>	<u>\$ 430,753.52</u>
Reference	A	Below	A-20	Below	A-9		A
			<u>Reference</u>				
Cash Receipts			A-4	\$ 40,563,606.89			
State of NJ Homestead Rebate			A-4	376,513.56			
Seniors and Veterans Deductions			A-6	115,500.00			
			Above	<u>\$ 41,055,620.45</u>			
 <u>Analysis of 2011 Property Tax Levy</u>							
Tax yield:							
General Property Tax		\$ 41,491,463.62					
Added Tax (R.S. 54:4-63.1 et seq.)		28,194.34					
Added Penalty & Billing Adjustment		20,977.19					
		<u>\$ 41,540,635.15</u>					
 Tax Levy							
Local District School Tax		\$ 18,599,831.00	A-16				
Regional High School Tax		10,380,247.17	A-17				
County Tax including Open Space Tax		4,040,710.35	A-18				
Added County Taxes		<u>2,785.46</u>	A-18				
		33,023,571.98	A-2				
Local Tax for Municipal Purposes		8,462,133.00	A-2				
Additional Taxes		<u>54,930.17</u>					
		<u>\$ 41,540,635.15</u>	Above				

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF TAX TITLE LIENS

A-9

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 16,976.70
Increased by:		
Transfer from Taxes Receivable	A-8	1,289.21
		18,265.91
Decreased by:		
Prior Year Adjustment		_____
Balance December 31, 2011	A	\$ 18,265.91

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

A-10

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 726,900.00
Balance December 31, 2011	A	\$ 726,900.00

Schedule of Property Acquired for Taxes

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
506	2	\$ 23,300.00
1106	4.01	233,900.00
1106	4.02	145,400.00
1106	4.03	138,200.00
1106	4.04	138,200.00
1706	40	22,100.00
1706	41	15,400.00
1706	42	10,400.00
		\$ 726,900.00

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

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

A-11

Purpose	Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2010	Authorized in 2011	Canceled	Balance Dec. 31, 2011
Revaluation of Real Property	240,000.00	\$ 51,000.00	\$ 240,000.00		\$ 240,000.00	\$ -
Revaluation of Real Property	250,000.00	50,000.00		250,000.00		250,000.00
			<u>\$ 240,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 240,000.00</u>	<u>\$ 250,000.00</u>
			A	A-13	A-13	A

SCHEDULE OF VARIOUS RESERVES

A-12

Reserve for:	Balance Dec. 31, 2010	Increased	Decreased	Canceled	Transfer from Appropriation Reserve	Balance Dec. 31, 2011
Open Space - Land Acquisition (2002)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Shed Aid	2,303.00					2,303.00
Open Space - Pascack Bridge	41,310.00					41,310.00
Prepaid Medical Reimbursement	1,360.40	1,757.53		1,360.40		1,757.53
Insurance Claims Pending Payment	8,059.40	89,818.27	96,876.62			1,001.05
FEMA Payment	59,623.32	23,317.52			13,160.19	96,101.03
	<u>\$ 112,656.12</u>	<u>\$ 114,893.32</u>	<u>\$ 96,876.62</u>	<u>\$ 1,360.40</u>	<u>\$ 13,160.19</u>	<u>\$ 142,472.61</u>
	A	A-4	A-4	A-1	A-3	A

SCHEDULE OF RESERVE FOR REVALUATION

A-13

Reserve for:	Balance Dec. 31, 2010	Increased	Decreased	Canceled	Balance Dec. 31, 2011
Revaluation	<u>\$ 240,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ -</u>	<u>\$ 240,000.00</u>	<u>\$ 250,000.00</u>
	A	A-11		A-11	A

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF EXPENDITURES FOR 2010 RESERVES

A-14

	Balance Dec. 31, 2010	Transfers	Encumbrances	Modified by Transfers	Paid or Charged	Lapsed	Reserved/ Overexpenditures
SALARIES AND WAGES WITHIN "CAPS":							
General Administration							
Mayor and Council							
Salaries and Wages	\$ 200.00			\$ 200.00	\$ -	\$ 200.00	\$ -
Other Expenses	1,289.40		1,213.82	2,503.22	1,814.17	689.05	
Administrative and Executive							
Salaries and Wages	1,090.30			1,090.30	649.44	440.86	
Other Expenses	533.14	100.00	1,771.33	2,404.47	1,653.13	751.34	
Public Information	5,691.00	(100.00)		5,591.00		5,591.00	
Financial Administration							
Salaries and Wages	27,897.41	(2,735.00)		25,162.41	168.75	24,993.66	
Other Expenses	5,253.40		15,055.33	20,308.73	15,055.33	5,253.40	
Audit Services							
Other Expenses	250.00		13,750.00	14,000.00	13,750.00	250.00	
Collection of Taxes							
Salaries and Wages	1,234.51			1,234.51		1,234.51	
Other Expenses	147.99		263.00	410.99	263.00	147.99	
Assessment of Taxes							
Salaries and Wages	881.66			881.66	54.23	827.43	
Other Expenses	444.59		3,715.00	4,159.59	1,578.05	2,581.54	
Clerk's Office							
Salaries and Wages	4,385.60		342.96	4,728.56		4,728.56	
Other Expenses	268.70		194.37	463.07	205.71	257.36	
Legal Services and Engineering							
Other Expenses	3,843.34		10,928.71	14,772.05	14,301.01	471.04	
Train Station							
Salaries and Wages	1,175.75			1,175.75	1,175.75	-	
Other Expenses	627.71		1,647.77	2,275.48	2,275.48	-	
Planning Board							
Other Expenses	1,224.91		25.00	1,249.91	1,249.91	-	
Zoning Official							
Salaries and Wages	226.15	155.00		381.15	381.10	0.05	
Building and Grounds							
Salaries and Wages	452.81			452.81		452.81	
Other Expenses	9,265.62		3,427.29	12,692.91	1,072.44	11,620.47	
Environmental Commission							
Other Expenses	2,437.77			2,437.77		2,437.77	
Municipal Court							
Salaries and Wages	4,235.82			4,235.82	19.00	4,216.82	
Other Expenses	1,188.76		301.62	1,490.38	(874.13)	2,364.51	
Public Defender							
Salaries and Wages	138.42			138.42		138.42	
Prosecutor							
Salaries and Wages	368.32			368.32		368.32	
Insurance							
Unemployment Compensation	296.78			296.78	(627.71)	924.49	
Police							
Salaries and Wages	26,539.39			26,539.39	20,683.50	5,855.89	
Other Expenses	21,639.50		4,995.44	26,634.94	5,830.87	20,804.07	
Emergency Management Services							
Other Expenses	1,266.09		2,339.88	3,605.97	2,339.88	1,266.09	
First Aid Organization:							
Other Expenses	3,048.62		187.33	3,235.95	187.33	3,048.62	
Fire:							
Salaries and Wages	4,729.50			4,729.50	1,261.25	3,468.25	
Other Expenses	11,580.92		17,811.37	29,392.29	18,261.74	11,130.55	
Fire Prevention Bureau:							
Salaries and Wages	1,798.76			1,798.76	1,500.56	298.20	
Other Expenses	3,331.15		987.22	4,318.37	992.33	3,326.04	
Road Repairs and Maintenance							
Salaries and Wages	7,568.77			7,568.77	5,017.28	2,551.49	
Other Expenses	43,417.89		16,831.41	60,249.30	16,691.45	43,557.85	
Garbage and Trash Removal							
Salaries and Wages	2,518.70			2,518.70		2,518.70	
Other Expenses	5,434.09			5,434.09	606.87	4,827.22	
Recycling							
Other Expenses	6,824.25	5,600.00	45,459.00	57,883.25	57,883.25	0.00	
Insurance							
General Liability Premiums	7,273.47		25,398.48	32,671.95	25,398.48	7,273.47	
Group Insurance Plan for Employees	69,452.68			69,452.68	3,709.08	65,743.60	
Workers Compensation	3,920.20		40,219.80	44,140.00	40,219.80	3,920.20	
Board of Health							
Salaries and Wages	227.82	735.00		962.82	958.97	3.85	
Other Expenses	1,383.27		300.00	1,683.27	465.69	1,217.58	
Administration of Public Assistance							
Salaries and Wages	479.24			479.24		479.24	
Other Expenses	6,000.00			6,000.00		6,000.00	

(Continued Next Page)

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF EXPENDITURES FOR 2010 RESERVES

A-14

	Balance Dec. 31, 2010	Transfers	Encumbrances	Modified by Transfers	Paid or Charged	Lapsed	Reserved / Overexpenditures
Board of Recreation							
Salaries and Wages	\$ 13,375.65	\$ (5,600.00)	\$ 50.00	\$ 7,825.65	\$ 50.00	\$ 7,775.65	
Other Expenses	9,240.46		589.06	9,829.52	1,251.06	8,578.46	
Senior Citizen Committee							
Salaries and Wages	547.85			547.85	216.30	331.55	
Other Expenses	5,215.00		1,844.76	7,059.76	2,787.60	4,272.16	
Parks and Playgrounds							
Salaries and Wages	24,150.20			24,150.20	6,465.92	17,684.28	
Other Expenses	7,745.98		5,318.30	13,064.28	5,330.26	7,734.02	
Celebration of Public Events, Anniversary, or Holidays							
Other Expenses	654.84		557.50	1,192.34	818.50	373.84	
Appropriations Offset by Dedicated Revenues							
Blood borne Pathogens							
Other Expenses	200.00			200.00		200.00	
Uniform Construction Code Official							
Salaries and Wages	3,861.86	(155.00)		3,706.86	1,145.15	2,561.71	
Other Expenses	1,704.48		50.24	1,754.72	409.35	1,345.37	
Telephone	3,412.08			3,412.08		3,412.08	
Gasoline	946.37			946.37	232.55	713.82	
Vehicle maintenance	184.81			184.81		184.81	
Insurance:							
Employee	1,503.51			1,503.51		1,503.51	
Unemployment				-		-	
Workers' Compensation			1,800.00	1,800.00	1,800.00	-	
Liability			1,800.00	1,800.00	1,800.00	-	
Unclassified:							
Utilities:							
Gas and Electricity	35,456.44	(200.00)		35,256.44	25,335.63	9,920.81	
Telephone	9,170.22		2,756.98	11,927.20	5,253.94	6,673.26	
Water/Fire Hydrants	12,743.35	2,200.00		14,943.35	14,941.07	2.28	
Gasoline	14,022.52		88.04	14,110.56	8,933.61	5,176.95	
Vehicle maintenance	6,954.80		4,073.85	11,028.65	6,028.89	4,999.76	
Accumulated Absences	3.06			3.06		3.06	
Contingent	27,500.00			27,500.00	8,808.05	18,691.95	
	-			-		-	
TOTAL OTHER EXPENSES WITHIN "CAPS"	482,077.65	-	226,074.86	708,152.51	347,780.87	360,371.64	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS":							
Social Security System (O.A.S.I.)	\$ 7,595.58		\$ -	\$ 7,595.58	\$ 5,769.64	\$ 1,825.94	\$ -
Defined Contribution Retirement Program	640.00			640.00		640.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	8,235.58	0.00	0.00	8,235.58	5,769.64	2,465.94	0.00
TOTAL RESERVES WITHIN "CAPS"	490,313.23	0.00	226,074.86	716,388.09	353,550.51	362,837.58	0.00
OTHER EXPENSES EXCLUDED FROM "CAPS":							
Maintenance of Free Public Library	35,516.30		695.53	36,211.83	36,211.83	-	
LOSAP	78,000.00			78,000.00	56,772.00	21,228.00	
Recycling Tax (FCOA Code 32-165)	1,023.36		1,070.49	2,093.85	2,035.41	58.44	
Bergen County Utilities Authority							
Service Charges-Contractual	515.16			515.16	-	515.16	
Storm Water:							
Salaries and Wages				-		-	
Other Expenses	5,595.09			5,595.09	3,000.00	2,595.09	
Interlocal Municipal Service Agreements	4,000.00			4,000.00		4,000.00	
Capital Improvements				-		-	
Fire Equipment	480.06		2,520.00	3,000.06	3,000.06	-	
TOTAL OTHER EXPENSES EXCLUDED FROM "CAPS"	125,129.97	-	4,286.02	129,415.99	101,019.30	28,396.69	-
TOTAL RESERVES EXCLUDED FROM "CAPS"	125,129.97	-	4,286.02	129,415.99	101,019.30	28,396.69	-
TOTAL RESERVES	\$ 615,443.20	\$ -	\$ 230,360.88	\$ 845,804.08	\$ 454,569.81	\$ 391,234.27	\$ -
	A		A-15		Below	A-1	

Due To Capital Fund	A-23	\$ 480.06
Cash Disbursements	A-4	456,825.75
Refunds	A-4	(2,736.00)
		\$ 454,569.81

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF ENCUMBRANCES PAYABLE

A-15

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 230,360.88
Increased by:		
Transfer from Current Appropriations	A-3	216,940.04
		<u>447,300.92</u>
Decreased by:		
Transfer to Appropriations Reserves	A-14	230,360.88
		<u>230,360.88</u>
Balance December 31, 2011	A	<u>\$ 216,940.04</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

A-16

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 497.98
Increased by:		
2011 Levy	A-1,8	18,599,831.00
		<u>18,600,328.98</u>
Decreased by:		
Payments	A-4	18,599,831.00
		<u>18,599,831.00</u>
Balance December 31, 2011	A	<u>\$ 497.98</u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

A-17

	<u>Reference</u>		
Balance December 31, 2010	A		\$ 622,010.51
Increased by:			
2011 Levy	A-1,8		<u>10,380,247.17</u>
			11,002,257.68
Decreased by:			
Canceled	A-1	\$ 389,118.34	
Payments	A-4	<u>10,190,917.44</u>	<u>10,580,035.78</u>
Balance December 31, 2011	A		<u><u>\$ 422,221.90</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

A-18

	<u>Reference</u>		
Balance December 31, 2010	A		\$ 11,756.15
Increased by:			
Levy Including Open Space Tax	A-8	\$ 4,040,710.35	
Added and Omitted Taxes	A-8	<u>2,783.46</u>	
	A-1		<u>4,043,493.81</u>
			4,055,249.96
Decreased by:			
Payments	A-4		<u>4,052,466.50</u>
Balance December 31, 2011	A		<u><u>\$ 2,783.46</u></u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF TAX OVERPAYMENTS

A-19

	<u>Reference</u>		
Balance December 31, 2010	A		\$ 7,856.15
Increased by:			
2011 Overpaid	A-4	\$ 30,237.25	
Tax Appeals	A-3	<u>143,980.45</u>	<u>174,217.70</u>
			182,073.85
Decreased by:			
Adjustment	A-1	(1,734.00)	
Cash Disbursements	A-4	<u>183,807.85</u>	<u>182,073.85</u>
Balance December 31, 2011	A		<u><u>\$ -</u></u>

SCHEDULE OF PREPAID TAXES

A-20

	<u>Reference</u>		
Balance December 31, 2010	A		\$ 266,250.29
Increased by:			
Receipts - Prepaid 2012 Taxes	A-4		246,789.69
			<u>513,039.98</u>
Decreased by:			
Applied to 2011 Taxes	A-8		266,250.29
Balance December 31, 2011	A		<u><u>\$ 246,789.69</u></u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

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

A-21

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 125.00
Increased by:		
Cash Receipts	A-4	800.00
		<u>925.00</u>
Decreased by:		
Cash Disbursements	A-4	725.00
		<u>725.00</u>
Balance December 31, 2011	A	<u>\$ 200.00</u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY DCA FEES

A-22

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 2,246.00
Increased by:		
Cash Receipts	A-4	8,583.00
		<u>10,829.00</u>
Decreased by:		
Cash Disbursements	A-4	8,471.00
		<u>8,471.00</u>
Balance December 31, 2011	A	<u>\$ 2,358.00</u>

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF DUE FROM / (TO) OTHER FUNDS

A-23

		Balance Dec. 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2011</u>
<u>Reference</u>					
Animal Trust Fund	A	\$ 8,864.26	\$ 9.97	\$ 8,874.23	\$ -
Other Trust Fund	A	1,442.65	844.06	1,554.02	732.69
Assessment Trust Fund	A	10,173.20	4,048.33	13,642.31	579.22
Recreation Trust Fund	A	75.00	72.48	147.48	0.00
General Capital Fund	A	(8,797.21)	9,287.30	28,085.15	(27,595.06)
Public Assistance Fund	A		500.00		500.00
		<u>\$ 11,757.90</u>	<u>\$ 14,762.14</u>	<u>\$ 52,303.19</u>	<u>\$ (25,783.15)</u>
			Below	Below	
Interest Income Received			\$ 2,459.93		
Interest Income Transferred to Current Fund	A-2			\$ 698.02	
Appropriation Reserves	A-14		3,455.00	480.06	
Due to Capital Fund	A-3			27,115.00	
Cash Disbursements	A-4		8,847.21		
Cash Receipts	A-4			24,010.11	
			<u>\$ 14,762.14</u>	<u>\$ 52,303.19</u>	
			Above	Above	

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF PREPAID CELL TOWER RENT

A-24

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 30,659.77
Increased by:		
Receipts	A-4	1,226.39
Balance December 31, 2011	A	\$ 31,886.16

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

A-25

	<u>Reference</u>	
Balance December 31, 2010	A	\$ 127,286.11
Increased by:		
Grants Receivable - Received	A-26	\$ 26,113.27
Grants Received - Appropriated	A-27	29,638.55
Unappropriated Grants Received	A-28	23,852.10
Interest - Due to Current Fund	A-2,A-4	1.53
Appropriation Reserves Adjustment	A-27	9,860.42
		89,465.87
		216,751.98
Decreased by:		
Budget Charges	A-27	66,194.75
Interest Income	A-2,A-4	1.53
Grants Receivable - Accrued	A-26	26,763.55
		92,959.83
Balance December 31, 2011	A	\$ 123,792.15

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF GRANTS RECEIVABLE - FEDERAL AND STATE GRANT FUND

A-26

<u>Grant</u>	Balance Dec. 31, 2010	Budget Revenue	<u>Received</u>	<u>Cancelled</u>	Balance Dec. 31, 2011
Body Armor Replacement Fund	\$ 3,237.66	\$ 622.00	\$ 622.00		\$ 3,237.66
Environmental Grant	-				0.00
Alcohol Education and Rehabilitation Grant					
Stormwater Management Grant	4,941.00				4,941.00
COPS in School	-				0.00
Municipal Alliance	10,925.72	10,356.00	4,755.72		16,526.00
Community Development - Accessibility Improv.-Smith School	-				0.00
CDBG - Senior Activities	4,950.00		4,950.00		0.00
CDBG - Barrier Free Imp. Borough Hall	25,000.00				25,000.00
Clean Communities	-	15,785.55	15,785.55		0.00
	<u>\$ 49,054.38</u>	<u>\$ 26,763.55</u>	<u>\$ 26,113.27</u>	<u>\$ -</u>	<u>\$ 49,704.66</u>
Reference	A	A-2,25	A-4,25		A

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

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

A-27

<u>Grant</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> <u>Revenue</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance</u> Dec. 31, 2011
Clean Communities	\$ 85,418.89	\$ 15,785.55	\$ 34,356.86		\$ 66,847.58
Municipal Alliance	5,289.56	13,231.00	7,371.55		11,149.01
Municipal Recycling Assistance Grant	-				-
Drunk Driving Enforcement Fund	2,810.91		2,358.82	9,860.42	10,312.51
Stormwater Management Grant	8,741.50		462.50		8,279.00
Alcohol Education and Rehabilitation Grant	1,880.57				1,880.57
FAIU Grant	-				-
Body Armor Replacement Fund	6,792.49	622.00	1,600.00		5,814.49
Recycling Tonnage Grant	18,905.07	19,035.47	18,870.02		19,070.52
NJ Department of Transportation	-				-
BCUA Recycling Grant	-				-
NJ Transportation Trust	-				-
GDL Enforcement Grant	543.22				543.22
CDBG - Senior Activities	4,950.00		1,175.00		3,775.00
CDBG - Barrier Free Imp. Borough Hall	25,000.00				25,000.00
	<u>\$ 160,332.21</u>	<u>\$ 48,674.02</u>	<u>\$ 66,194.75</u>	<u>\$ 9,860.42</u>	<u>\$ 152,671.90</u>
	A	A-3, Below	A-4,25	A-1,A-25	A
	<u>Ref.</u>				
Budget Appropriation	A-25	\$ 29,638.55			
Transfer Unappropriated Reserve	A-28	19,035.47			
	Above	<u>\$ 48,674.02</u>			

SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS

A-28

<u>Grant</u>	<u>Balance</u> Dec. 31, 2010	<u>Transfer</u> to 2011 <u>Budget</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance</u> Dec. 31, 2011
Recycling Tonnage Grant	\$ 19,035.47	\$ 19,035.47	\$ 21,733.16		\$ 21,733.16
Body Armor Replacement Fund			2,118.94		2,118.94
	<u>\$ 19,035.47</u>	<u>\$ 19,035.47</u>	<u>\$ 23,852.10</u>	<u>\$ -</u>	<u>\$ 23,852.10</u>
	A	A-2,A-27	A-4,25		A

BOROUGH OF HILLSDALE
TRUST FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

B-1

	Reference	Animal License Fund	Other Trust Funds	Recreation Trust	Assessment Trust
Balance December 31, 2010	B	<u>\$21,574.66</u>	<u>\$804,952.20</u>	<u>\$112,452.54</u>	<u>\$32,509.40</u>
Increased by:					
Dog License Fees Collected	B-2	8,797.60			
Cat License Fees Collected	B-2	1,236.00			
State Fees	B-4	1,322.40			
Other Trust Receipts	B-6		399,108.35		
Escrow Deposits	B-7		91,578.44		
Recreation Receipts	B-8			218,529.50	
Medical Benefits	B-3		146.73		
Late Fees	B-2	1,170.00			
Interest Income	B-5	9.97	844.06	72.48	14.11
Due from Current Fund	B-5				579.22
Assessments Receivable	B-9				8,539.94
		<u>12,535.97</u>	<u>491,677.58</u>	<u>218,601.98</u>	<u>9,133.27</u>
		<u>34,110.63</u>	<u>1,296,629.78</u>	<u>331,054.52</u>	<u>41,642.67</u>
Decreased by:					
Animal License Expenditures	B-2	13,917.02			
State Fees	B-4	1,403.00			
Other Trust Fund Disbursements	B-6		296,259.95		
Escrow Disbursements	B-7		159,644.49		
Recreation Disbursements	B-8			229,124.69	
Due to Current Fund	B-5	8,864.26	1,442.80	75.00	13,642.31
Due to Current Fund - Interest	B-5	9.97	111.22	72.48	
		<u>24,194.25</u>	<u>457,458.46</u>	<u>229,272.17</u>	<u>13,642.31</u>
Balance December 31, 2011	B	<u><u>\$9,916.38</u></u>	<u><u>\$839,171.32</u></u>	<u><u>\$101,782.35</u></u>	<u><u>\$28,000.36</u></u>

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR ANIMAL LICENSE TRUST FUND EXPENDITURES

B-2

	<u>Reference</u>		
Balance December 31, 2010	B		\$ 12,479.80
Increased by:			
Cat License Fees	B-1	\$ 1,236.00	
Dog License Fees	B-1	8,797.60	
Late Fees	B-1	1,170.00	
		<hr/>	
			11,203.60
			<hr/>
			23,683.40
Decreased by:			
Expenditures	B-1		13,917.02
			<hr/>
Balance, December 31, 2011	B		<u><u>\$ 9,766.38</u></u>

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR MEDICAL BENEFITS

B-3

	<u>Reference</u>	
Balance December 31, 2010	B	\$ 31,683.07
Increased by:		
Interest	B-1	146.73
Balance December 31, 2011	B	\$ 31,829.80

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

B-4

	<u>Reference</u>	
Balance December 31, 2010	B	\$ 230.60
Increased by:		
Fees Collected	B-1	1,322.40
		1,553.00
Decreased by:		
Paid to State	B-1	1,403.00
Balance December 31, 2011	B	\$ 150.00

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF INTERFUNDS

B-5

	<u>Reference</u>	<u>Balance December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
Animal License Trust:					
Current Fund	B	\$ (8,864.26)	\$ 8,874.23	\$ 9.97	\$ (0.00)
Other Trust Fund					-
Current Fund	B	(1,442.65)	1,554.02	844.06	(732.69)
Recreation Trust Fund					
Current Fund	B	(75.00)	147.48	72.48	-
Assessment Trust Fund					
Current Fund	B	<u>(10,173.20)</u>	<u>13,642.31</u>	<u>4,048.33</u>	<u>(579.22)</u>
		<u>\$ (20,555.11)</u>	<u>\$ 24,218.04</u>	<u>\$ 4,974.84</u>	<u>\$ (1,311.91)</u>
			Below	Below	
Interest Income	B-1			\$ 940.62	
Transfer Interest to Current Fund	B-1		193.67		
Assessment Interest	B-1			579.22	
Due to Current Fund - BAN Payment	B-10			3,455.00	
Interfunds Transfer - Current Fund	B-1		24,024.37		
			<u>\$ 24,218.04</u>	<u>\$ 4,974.84</u>	
			Above	Above	

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR ESCROW DEPOSITS

B-7

	<u>Reference</u>		
Balance December 31, 2010	B		\$ 224,456.19
Increased by:			
Interfunds	B-6	\$ 11,414.26	
Escrow Deposits Received	B-1	<u>91,578.44</u>	<u>102,992.70</u>
			327,448.89
Decreased by:			
Cash Disbursements	B-1		<u>159,644.49</u>
Balance December 31, 2011	B		<u><u>\$ 167,804.40</u></u>

SCHEDULE OF RESERVE FOR RECREATION EXPENDITURES

B-8

	<u>Reference</u>		
Balance December 31, 2010	B		\$ 112,377.54
Increased by:			
Cash Receipts	B-1		<u>218,529.50</u>
			330,907.04
Decreased by:			
Cash Disbursements	B-1		<u>229,124.69</u>
Balance December 31, 2011	B		<u><u>\$ 101,782.35</u></u>

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF ASSESSMENT RECEIVABLE

B-9

Improvement Description	Confirmation Date	Balance		Cash Collected	Balance	
		December 31, 2010	Increases		December 31, 2011	
Ord # 06-08- Sidewalk Improvements	04/08/2008	\$ 32,427.80	\$ -	8,539.94	\$ 23,887.86	
		<u>\$ 32,427.80</u>	<u>\$ -</u>	<u>\$ 8,539.94</u>	<u>\$ 23,887.86</u>	
	<u>Ref.</u>	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		Balance	
					December 31, 2010	Issued	Paid	December 31, 2011
Ord # 06-08- Sidewalk Improvements	03/30/07	02/10/11	02/10/12	1.00%	\$ 54,764.00		\$ 3,455.00	\$ 51,309.00
					<u>\$ 54,764.00</u>	<u>\$ -</u>	<u>\$ 3,455.00</u>	<u>\$ 51,309.00</u>
	<u>Ref.</u>				B		B-5	B

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF CASH - TREASURER

C-1

	<u>Reference</u>		
Balance December 31, 2010	C, C-2		\$ 538,872.66
Increased by:			
Bond Issued	C-11	4,290,000.00	
Capital Improvement Fund	C-7	155,000.00	
Due to Current Fund	C-10	9,287.30	
Grants Received	C-15	146,222.76	
Due to Grant Fund	Below	4,950.00	
Reserve for Capital Improvements	C-6	5,600.00	
	C-2		4,611,060.06
			5,149,932.72
Decreased by:			
Reserve for Open Space Fund	C-12	9,260.00	
Improvement Authorizations	C-5	251,117.76	
Due to Grant Fund	Above	4,950.00	
Due to/(from) Current Fund	C-10	490.09	
BAN Payment	C-4	4,171,000.00	
	C-2		4,436,817.85
Balance December 31, 2011	C, C-2		\$ 713,114.87

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

C-2

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfer</u> <u>To/(From)</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Reserve for Open Space	\$ 115,507.12	\$ -	\$ 9,260.00	\$ -	\$ 106,247.12
Capital Improvement Fund	9,142.95	155,000.00		(155,000.00)	9,142.95
Interfund - Current Fund	(8,797.21)	9,287.30	490.09	(27,595.06)	(27,595.06)
Interfund - Grant Fund		4,950.00	4,950.00		-
Reserve for Down Payments on Improvements	3,000.00				3,000.00
Encumbrances Payable	97,713.06			112,402.70	210,115.76
Reserve for Capital Improvements	40,298.28	5,600.00		480.06	46,378.34
Reserve for NJ DOT Grants	130,528.87	146,222.76		(400,000.00)	(123,248.37)
Reserve for Bergen County Open Space Fund	101,451.99				101,451.99
BAN Payment		4,171,000.00	4,171,000.00		-
 Improvement Authorizations:					
Ord. #	Improvement Description				
03-01	Acquisition of Real Property for Open Space and Recreation	71,535.25			71,535.25
03-09	General Improvements	(20,904.37)		27,113.06	6,208.69
04-21	Various Capital Improvements	18,743.37		3,590.00	15,153.37
06-14	Acquisition of Fire Pumper Truck	7,873.28		6,200.00	1,673.28
07-27	Various Capital Improvements	24,425.94		50,905.31	(26,004.51)
09-15	Various Capital Improvements	(16,901.26)		474.86	146,429.51
10-10	Resurfacing of Wierimus Lane	(40,744.61)		200,000.00	(6,555.02)
10-13	Resurfacing of Various Roads	6,000.00	119,000.00	140,155.64	105,074.44
11-14	2011 Road, Curb, Sidewalk and Drainage Improvement Program			19,925.56	74,107.13
		27,861.61		101,968.74	
		<u>\$ 538,872.66</u>	<u>\$ 4,611,060.06</u>	<u>\$ 4,436,817.85</u>	<u>\$ -</u>
Reference	C,C-1	C-1	C-1	C-1	C,C-1

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-3

Ord. #	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Funded/Canceled Transferred	Balance Dec. 31, 2011	Analysis of Balance - Dec. 31, 2011		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
98-23	Purchase of Fire Equipment	\$ -			\$ -	\$ -	\$ -	\$ -
01-13	Library Renovations	956,000.00		956,000.00	0.00			-
03-1	Acquisition of Real Property for Open Space and Recreation	803,367.00		803,367.00	0.00			-
03-9	Various Capital Improvements	633,271.40		633,271.40	0.00			-
04-21	Various Capital Improvements	972,259.66		972,259.66	0.00			-
06-8	Sidewalk Improvement Project	14,611.00		920.00	13,691.00	13,691.00	13,691.00	-
06-14	Acquisition of a Fire Pumper Truck	468,662.00		468,662.00	0.00			-
07-27	Various Capital Improvements	446,090.45		420,085.94	26,004.51		26,004.51	-
09-15	Various Capital Improvements	790,000.00		510,725.00	279,275.00		3,996.00	275,279.00
10-10	Resurfacing of Wicrimus Lane	18,000.00			18,000.00		6,555.02	11,444.98
10-13	Resurfacing of Various Roads	119,000.00		119,000.00	0.00			-
		<u>\$ 5,221,261.51</u>	<u>\$ -</u>	<u>\$ 4,884,291.00</u>	<u>\$ 336,970.51</u>	<u>\$ 13,691.00</u>	<u>\$ 50,246.53</u>	<u>\$ 286,723.98</u>
		C		Below	C	C		C-5

Budget Appropriation	C-4	\$ 367,176.00
Budget Appropriation	C-10,14	27,115.00
NJ DOT Grant	C-16	200,000.00
Bond Issued	C-11	4,290,000.00
		<u>\$ 4,884,291.00</u>
		Above

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2010	Bond Issued	Paid	Balance Dec. 31, 2011
01-13	Renovation of Library	04/04/02	08/02/10	02/15/11	0.83%	\$ 956,000.00	\$ 777,029.00	\$ 178,971.00	\$ -
03-1	Acquisition of Real Property for Open Space and Recreation	04/05/03	08/02/10	02/15/11	0.83%	803,367.00	787,734.00	15,633.00	-
03-9	Various Capital Improvements	04/05/03	08/02/10	02/15/11	0.83%	606,158.34	555,173.00	50,985.34	-
04-21	Various Capital Improvements	04/01/05	08/02/10	02/15/11	0.83%	449,259.66	379,397.00	69,862.66	-
04-21	Various Capital Improvements	03/31/06	08/02/10	02/15/11	0.83%	523,000.00	523,000.00		-
06-08	Sidewalk Improvement Project	03/30/07	02/10/11	02/10/12	1.00%	14,611.00		920.00	13,691.00
06-14	Acquisition of a Fire Pumper Truck	03/30/07	08/02/10	02/15/11	0.83%	468,662.00	441,093.00	27,569.00	-
07-27	Various Capital Improvements	03/30/07	08/02/10	02/15/11	0.83%	420,084.00	396,849.00	23,235.00	-
09-15	Various Public Improvements	08/02/10	08/02/10	02/15/11	0.83%	310,725.00	310,725.00		-
						<u>\$ 4,551,867.00</u>	<u>\$4,171,000.00</u>	<u>\$ 367,176.00</u>	<u>\$ 13,691.00</u>
Reference						C	C-1	C-3	C

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-5

Ord. No.	Improvement Description	Balance December 31, 2010		2011 Authorizations	Paid or Charged	Canceled	Balance December 31, 2011	
		Funded	Unfunded				Funded	Unfunded
03-1	Acquisition of Real Property for Open Space and Recreation	\$ -	\$ 71,535.25	\$ -	\$ -	\$ -	\$ 71,535.25	\$ -
03-9	Various Capital Improvements		6,208.69				6,208.69	-
04-21	Various Capital Improvements		18,743.37		3,590.00		15,153.37	-
06-14	Acquisition of a Fire Pumper Truck		7,873.28		6,200.00		1,673.28	-
07-27	Various Capital Improvements		50,432.39		50,432.39		-	-
09-15	Various Capital Improvements		462,373.74		36,669.23		150,425.51	275,279.00
10-10	Resurfacing of Wierimus Lane		27,255.39		15,810.41		-	11,444.98
10-13	Resurfacing of Various Roads	6,000.00	119,000.00		19,925.56		105,074.44	-
11-14	2011 Road, Curb, Sidewalk and Drainage Improvement Program			305,000.00	230,892.87		74,107.13	-
		<u>\$ 6,000.00</u>	<u>\$ 763,422.11</u>	<u>\$ 305,000.00</u>	<u>\$ 363,520.46</u>	<u>\$ -</u>	<u>\$ 424,177.67</u>	<u>\$ 286,723.98</u>
		C	C	C-14	Below		C	C
				Ref				
	Encumbrances Payable			C-8	\$ 210,115.76			
	Disbursed			C-1	251,117.76			
	Prior Year Encumbrances Payable			C-8	(97,713.06)			
					<u>\$ 363,520.46</u>			
					Above			

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

C-6

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENTS

	Balance December 31, 2010	Increased By:	Paid or Charged	Balance December 31, 2011
Acquisition of Fire Apparatus and Renovation of Firehouse	\$ 112.00	\$ -	\$ -	\$ 112.00
Office of Emergency Management	1,707.33			1,707.33
Road Program/Bridges	-			-
Centennial Park Development	806.73			806.73
Landfill Closure Reserve	35,099.44			35,099.44
Reserve for Police Equipment	61.35			61.35
Fire Equipment		480.06		480.06
Municipal Building Improvement	2,511.43			2,511.43
Memorial Park Donation: American Legion-Flag Monument		5,600.00		5,600.00
	\$ 40,298.28	\$ 6,080.06	\$ -	\$ 46,378.34
<u>Ref.</u>	C	Below		C
	<u>Ref.</u>			
Reserve for Capital Improvements	C-10	\$ 480.06		
Cash Receipts	C-1	5,600.00		
		\$ 6,080.06		
		Above		

BOROUGH OF HILLSDALE
 CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Reference</u>	
Balance December 31, 2010	C	\$ 9,142.95
Increased By:		
Transfer From Budget Appropriations	C-1	155,000.00
		\$ 164,142.95
Decreased by:		
Down Payment on Improvements	C-14	155,000.00
		\$ 9,142.95
Balance December 31, 2011	C	\$ 9,142.95

C-8

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Reference</u>	
Balance December 31, 2010	C	\$ 97,713.06
Increased by:		
Charges to Improvement Authorizations	C-5	210,115.76
		307,828.82
Decreased by:		
Prior Year Encumbrances Disbursed - Improvement Authorizations	C-5	97,713.06
		\$ 210,115.76
Balance December 31, 2011	C	\$ 210,115.76

BOROUGH OF HILLSDALE
 CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

C-9

	<u>Reference</u>	
Balance December 31, 2010	C	<u>\$ 3,000.00</u>
Balance December 31, 2011	C	<u>\$ 3,000.00</u>

SCHEDULE OF DUE FROM/(TO) CURRENT FUND

C-10

	<u>Reference</u>	
Balance December 31, 2010	C	\$ 8,797.21
Increased by:		
Interest Transferred to Current Fund	C-1	\$ 490.09
Budget Appropriation	C-3	27,115.00
Reserve for Capital Improvements	C-6	480.06
		<u>28,085.15</u>
		36,882.36
Decreased by:		
Transfer from Current Fund		8,797.21
Interest Earned		490.09
	C-1	<u>9,287.30</u>
Balance December 31, 2011	C	<u>\$ 27,595.06</u>

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF GENERAL SERIAL BONDS

C-11

Purpose	Date of Issue	Original Issue	Maturates of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2010	New Issuance	Decreased	Balance Dec. 31, 2011
			Date	Amount					
General Improvement Bonds	02/15/2011	4,290,000.00	2012	375,000.00	2.00%				
			2013	385,000.00	2.00%				
			2014	400,000.00	2.00%				
			2015	410,000.00	2.00%				
			2016	420,000.00	2.25%				
			2017	430,000.00	2.75%				
			2018	450,000.00	2.75%				
			2019	460,000.00	3.00%				
			2020	475,000.00	3.00%				
			2021	485,000.00	3.25%				

\$ -	\$ 4,290,000.00	\$ -	\$ 4,290,000.00
C	C-3,13	C	C

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE FUND

	<u>Reference</u>	C-12
Balance December 31, 2010	C	\$ 115,507.12
Decreased by:		
Transfer Interest to Current Fund	C-1	<u>9,260.00</u>
Balance December 31, 2011	C	<u>\$ 106,247.12</u>

SCHEDULE OF DEFERRED CHARGE TO FUTURE TAXATION - FUNDED

	<u>Reference</u>	C-13
Balance December 31, 2010	C	\$ -
Increased by:		
General Serial Bonds Issued	C-11	<u>4,290,000.00</u>
Balance December 31, 2011	C	<u>\$ 4,290,000.00</u>

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-14

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorizations</u>	<u>Funded / Transferred</u>	<u>Bond Issued</u>	<u>Balance Dec. 31, 2011</u>
03-9	General Improvements	\$ 27,113.06	\$ -	\$ 27,113.06	\$ -	\$ -
07-27	Various Capital Improvements	26,006.45		1.94		26,004.51
09-15	Various Public Improvements	479,275.00		200,000.00		279,275.00
10-10	Resurfacing of Wierimus Lane	18,000.00				18,000.00
10-13	Resurfacing of Various Roads	119,000.00			119,000.00	-
11-14	2011 Road, Curb, Sidewalk and Drainage Improvement Program		305,000.00	305,000.00		-
		<u>\$ 669,394.51</u>	<u>\$ 305,000.00</u>	<u>\$ 532,115.00</u>	<u>\$ 119,000.00</u>	<u>\$ 323,279.51</u>
			C-5	Below		C
		<u>Ref.</u>				
	NJ DOT Grant Receivable	C-15		\$ 150,000.00		
	Reserve for Grant Receivable	C-16		200,000.00		
	Budget Appropriation	C-3		27,115.00		
	Capital Improvement Fund	C-7		155,000.00		
				<u>\$ 532,115.00</u>		
				Above		

BOROUGH OF HILLSDALE
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF GRANTS RECEIVABLE

C-15

<u>Grant</u>	<u>Ordinance Number</u>	Balance Dec. 31, 2010	<u>Grants Awarded</u>	Grants Received	Balance Dec. 31, 2011
New Jersey Department of Transportation:					
Magnolia Avenue	09-15	\$ 69,471.13		\$ 69,471.13	\$ -
Wierimus Lane Resurfacing	10-10	50,000.00			50,000.00
Ralph Avenue	11-14		150,000.00	76,751.63	73,248.37
Bergen County Open Space:					
Centennial Field Handicap Access & Bicycle Path	09-15	6,048.01			6,048.01
Memorial Field	09-15	98,385.00			98,385.00
St. Nicholas Park	09-15	33,386.00			33,386.00
Bergen County Community Development:					
Chambers Dias Handicap Access	09-15	40,000.00			40,000.00
Bergen County ADA Improvements	09-15	2,097.00			2,097.00
		<u>\$ 299,387.14</u>	<u>\$ 150,000.00</u>	<u>\$ 146,222.76</u>	<u>\$ 303,164.38</u>
Reference	C		C-14	C-1	C

SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

C-16

<u>Grant</u>	<u>Ordinance Number</u>	Balance Dec. 31, 2010	<u>Grants Awarded</u>	Grants Expended	Balance Dec. 31, 2011
New Jersey Department of Transportation:					
Magnolia Avenue	09-15	\$ 200,000.00	\$ -	\$ 200,000.00	\$ -
Bergen County Open Space:					
Centennial Field Handicap Access & Bicycle Path	09-15	107,500.00			107,500.00
Memorial Field	09-15	98,385.00			98,385.00
St. Nicholas Park	09-15	33,386.00			33,386.00
Bergen County Community Development:					
Chambers Dias Handicap Access	09-15	40,000.00			40,000.00
Bergen County ADA Improvements	09-15	2,097.00			2,097.00
		<u>\$ 481,368.00</u>	<u>\$ -</u>	<u>\$ 200,000.00</u>	<u>\$ 281,368.00</u>
Reference	C			C-3,14	C

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF ANALYSIS OF CASH

D-4

Improvement Authorizations	Ref.	Balance December 31, 2010	Cash Receipts	Cash Disbursements	Balance December 31, 2011
Reserve for Improvements	D-17	\$ 19,678.58	\$ 5,294.11	\$ -	\$ 24,972.69
Capital Improvement Fund	D-16	107.89			107.89
Ord. #95-9: Capital Improvements to Stonybrook	D-13	21,823.23			21,823.23
Ord. #11-15 Construction of Addition to Admin. Bldg.	D-13		285,000.00	3,435.64	281,564.36
		<u>\$ 41,609.70</u>	<u>\$ 290,294.11</u>	<u>\$ 3,435.64</u>	<u>\$ 328,468.17</u>
	Ref.	D	D-5	D-5	D

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER

D-5

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D	<u>\$ 473,642.18</u>	<u>\$ 41,609.70</u>
Increased by Cash Receipts:			
Membership Fees	D-1, 2	945,829.61	
Use of Facility	D-1, 2	51,787.00	
Interest on Investments	D-1, 2	317.00	
Miscellaneous Income	D-1, 2	90,504.28	
Swim Team	D-15	9,946.25	
Bond Issued	D-20		650,000.00
Petty Cash Returned	D-21	200.00	
Transfer from Swimming Pool Utility	D-4		290,294.11
		<u>1,098,584.14</u>	<u>940,294.11</u>
Decreased by Cash Disbursements:			
Budget Appropriations	D-3	1,248,101.69	
Appropriation Reserves	D-6	30,772.64	
Reserve for Swim Team	D-15	10,276.01	
BAN Payment	D-5		650,000.00
Accrued Interest	D-9	11,398.35	
Transfer to Swimming Pool Capital	D-7	5,294.11	
Improvement Authorizations	D-4,13		3,435.64
Petty Cash Established	D-21	100.00	
		<u>1,305,942.80</u>	<u>653,435.64</u>
Balance December 31, 2011	D	<u><u>\$ 266,283.52</u></u>	<u><u>\$ 328,468.17</u></u>

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF 2010 APPROPRIATION RESERVES

D-6

	<u>Balance</u> <u>Dec. 31, 2010</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	\$ 0.37	\$ 165.37	\$ 65.00	\$ -	\$ -	\$ 100.37
Other Expenses	9,998.90	31,366.31	30,595.64			770.67
Capital Improvements:						-
Capital Improvement Fund	447.49	447.49	112.00		335.49	-
	-					-
	<u>\$ 10,446.76</u>	<u>\$ 31,979.17</u>	<u>\$ 30,772.64</u>	<u>\$ -</u>	<u>\$ 335.49</u>	<u>\$ 871.04</u>
	<u>Ref.</u>	Below	D-5		D-7,17	D-1
	<u>Ref.</u>					
Appropriation Reserves	D	\$ 10,446.76				
Encumbrances	D	21,532.41				
	Above	<u>\$ 31,979.17</u>				

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2010			
Receivable	D	\$ -	\$ 5,294.11
Payable	D	(5,294.11)	
		<u>(5,294.11)</u>	<u>5,294.11</u>
Increased by:			
Reserve for Improvements	D-6		335.49
Cash Receipts	D-5	5,294.11	
		<u>5,294.11</u>	<u>335.49</u>
Decreased by:			
Transfer Balance of Reserve	D-6	335.49	
Cash Disbursements	D-5		5,294.11
		<u>335.49</u>	<u>5,294.11</u>
Balance, December 31, 2011			
Receivable	D	\$ -	\$ 335.49
Payable	D	(335.49)	
		<u><u>(335.49)</u></u>	<u><u>335.49</u></u>

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF ENCUMBRANCE PAYABLE

D-8

	<u>Reference</u>	
Balance December 31, 2010	D	\$ 21,532.41
Increased by:		
Encumbrance Payable	D-3	12,312.07
		33,844.48
Decreased by:		
Cash Disbursements		21,532.41
		\$ 12,312.07

SCHEDULE OF ACCRUED INTEREST

D-9

	<u>Reference</u>	
Balance December 31, 2010	D, D-5	\$ 2,480.90
Increased by:		
Budget Appropriations	D-3	15,075.00
		17,555.90
Decreased by:		
Cash Disbursements	D-5	\$ 11,398.35
Unexpended Balance of Appropriations	D-3	2.86
		11,401.21
Balance December 31, 2011	D	\$ 6,154.69

<u>Bond Outstanding</u> <u>December 31, 2011</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Accrued</u> <u>Interest</u>
\$650,000.00	2.00%	8/15/2011	2/15/2012	4.5 months	\$ 6,154.69
					Above

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

D-10

SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> December 31, 2010	<u>Increased by:</u> Budget Capital Outlay	<u>Completed Projects Transferred</u> <u>From Fixed Capital Authorized</u> <u>and Uncompleted</u>	<u>Balance</u> December 31, 2011
General & Playground Equipment	\$ 69,457.88			\$ 69,457.88
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	1,529,400.44	47,749.07		1,577,149.51
Barrier-Free Improvements	45,504.00			45,504.00
Landscaping Improvements	34,273.73			34,273.73
Bathroom Upgrades	80,464.90			80,464.90
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	46,624.14			46,624.14
Construction of an Addition to Admin. Bldg.	-		3,435.64	3,435.64
	<u>\$ 4,891,492.09</u>	<u>\$ 47,749.07</u>	<u>\$ 3,435.64</u>	<u>\$ 4,942,676.80</u>
<u>Ref.</u>	D	Below	D-11	D
Budget Expenditures	D-3	\$ 47,637.07		
Appropriation Reserve Expenditures	D-6	112.00		
	Above	<u>\$ 47,749.07</u>		

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-11

Ord. Number	Improvement Description	Original Issue		Balance December 31, 2010	Improvement Authorized	Completed Projects Transferred to Fixed Capital	Balance December 31, 2011
		Date	Amount				
95-9	Capital Improvements at Stonybrook	7/11/1995	\$ 530,000.00	\$ 70,823.23		\$ -	\$ 70,823.23
11-15	Construction of an Addition to Admin. Bldg. at Stonybrook	7/12/2011	285,000.00		285,000.00	3,435.64	281,564.36
				\$ 70,823.23	\$ 285,000.00	\$ 3,435.64	\$ 352,387.59
<u>Reference</u>				D	D-13	D-10	D

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND -CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2010	Bond Issued	Paid	Balance Dec. 31, 2011
04-12	Construction of a New Swim Pool	04/01/05	08/02/10	02/15/11	0.83%	\$ 428,450.00	\$ 374,065.00	\$ 54,385.00	\$ -
06-09	Construction of a New Swim Pool	03/30/07	08/02/10	02/15/11	0.83%	276,701.00	275,935.00	766.00	-
95-9/98-12	Capital Improvements to Stony Brook	03/28/08	08/02/10	02/15/11	0.83%	12,218.00		12,218.00	-
						<u>\$ 717,369.00</u>	<u>\$ 650,000.00</u>	<u>\$ 67,369.00</u>	<u>\$ -</u>
Reference						D	D-5	D-14	D

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-13

Number	Improvement Description	Original Authorization		Balance @ December 31, 2010		2011	Paid or Charged	Balance @ December 31, 2011	
		Date	Amount	Funded	Unfunded	Improvement Authorization		Funded	Unfunded
95-9	Capital Improvement to Stonybrook	7/11/1995	\$ 530,000.00	\$ -	\$ 70,823.23	\$ -		\$ 21,823.23	\$ 49,000.00
11-15	Construction of an Addition to Admin. Bldg. at Stonybrook	07/12/2011	285,000.00			285,000.00	3,435.64	281,564.36	-
				\$ -	\$ 70,823.23	\$ 285,000.00	\$ 3,435.64	\$ 303,387.59	\$ 49,000.00
			Ref.		D	D-11	D-5	D	D

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR AMORTIZATION

D-14

	<u>Reference</u>	
Balance December 31, 2010	D	\$ 4,165,946.32
Increased by:		
Capital Outlay:		
Operating Budgets	D-10	\$ 47,637.07
Appropriation Reserve	D-10	112.00
Bond Anticipation Notes Paid via		
Budget Appropriation	D-12	<u>67,369.00</u>
		<u>115,118.07</u>
Balance December 31, 2011	D	<u><u>\$ 4,281,064.39</u></u>

SCHEDULE OF RESERVE FOR SWIM TEAM EXPENDITURES

D-15

	<u>Reference</u>	
Balance December 31, 2010	D	\$ 21,748.53
Increased by:		
Interest Earned	Below	\$ 9.34
Cash Receipts	D-5	<u>9,946.25</u>
		<u>9,955.59</u>
		31,704.12
Decreased by:		
Transfer to Swim Pool Operating	Above	9.34
Cash Disbursements	D-5	<u>10,276.01</u>
		<u>10,285.35</u>
Balance December 31, 2011	D	<u><u>\$ 21,418.77</u></u>

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND - CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-16

	<u>Reference</u>	
Balance December 31, 2010	D	<u>\$ 107.89</u>
Balance December 31, 2011	D	<u><u>\$ 107.89</u></u>

SCHEDULE OF RESERVE FOR IMPROVEMENTS

D-17

	<u>Reference</u>	
Balance December 31, 2010	D	\$ 24,972.69
Increased by:		
Balance of 2011 Appropriation Reserves		
Capital Outlay	D-6	<u>335.49</u>
Balance December 31, 2011	D	<u><u>\$ 25,308.18</u></u>

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

D-18

Ord. Number	Improvement Description	Date	Original Issue Amount	Balance December 31, 2010	Increased by Improvements Authorization	Balance December 31, 2011
	Prior Years		\$ 30,000.00	\$ 30,000.00	-	\$ 30,000.00
11-15	Construction of an Addition to Admin. Bldg. At Stonybrook				285,000.00	285,000.00
				<u>\$ 30,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 315,000.00</u>
		<u>Ref.</u>		D		D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-19

Ord. Number	Improvement Description	Balance December 31, 2010	Decreased By:	Balance December 31, 2011
95-9	Capital Improvements to Stonybrook	\$ 49,000.00	-	\$ 49,000.00
		<u>\$ 49,000.00</u>	<u>-</u>	<u>\$ 49,000.00</u>
				D

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF SWIM POOL UTILITY BONDS

D-20

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturates of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>New Issuance</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
			<u>December 31, 2010 Date</u>	<u>Amount</u>					
Swim Pool Utility Bonds	02/15/2011	650,000.00	2012-2014	60,000.00	2.00%		\$ 650,000.00		\$ 650,000.00
			2015	65,000.00	2.00%				
			2016	65,000.00	2.25%				
			2017-2018	65,000.00	2.75%				
			2019-2020	70,000.00	3.00%				
			2021	70,000.00	3.25%				
						<u>\$ -</u>	<u>\$ 650,000.00</u>	<u>\$ -</u>	<u>\$ 650,000.00</u>
						D	D-5	D	D

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND - CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF PETTY CASH

D-21

	<u>Reference</u>	
Balance December 31, 2010	D	\$ 200.00
Increased by:		
Petty Cash Established		100.00
		<u>300.00</u>
Decreased by:		
Petty Cash Returned	D-5	<u>200.00</u>
Balance December 31, 2011	D	<u>\$ 100.00</u>

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

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

E-1

	<u>Reference</u>		
Balance December 31, 2010	E		\$ 17,641.53
Increased by:			
State Aid	E-2	50,500.00	
SSI	E-2	1,827.00	
Due to Current Fund	E-3	500.00	
Interest Earned	E-3	6.43	
			52,833.43
			70,474.96
Decreased by:			
Public Assistance - 2011	E-2,5	53,215.00	
Interest Transferred to Current	E-3	6.43	
			53,221.43
Balance, December 31, 2011	E		\$ 17,253.53
			Below

Reconciliation - December 31, 2011:

Balance per Bank Statement:			
Checking			\$ 17,253.53
Less: Outstanding Checks			_____
Balance - December 31, 2011			\$ 17,253.53
			Above

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

E-2

	<u>Reference</u>		
Balance December 31, 2010	E		\$ 17,741.53
Increased by:			
State Aid	E-1	\$ 50,500.00	
SSI	E-1	1,827.00	
			52,327.00
			70,068.53
Decreased by:			
Public Assistance Expenditures	E-1		53,215.00
Balance December 31, 2011	E		\$ 16,853.53

SCHEDULE OF AMOUNT DUE TO CURRENT FUND

E-3

	<u>Reference</u>		
Balance December 31, 2010	E		\$ -
Increased by:			
Transfer from Current Fund	E-1	\$ 500.00	
Interest Earned	E-1	6.43	
			506.43
Decreased by:			
Transfer to Current Fund	E-1		6.43
Balance December 31, 2011	E		\$ 500.00

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE OF REVENUES - CASH BASIS

E-4

	<u>Reference</u>	
State Aid Payments	E-1	\$ 50,500.00
SSI	E-1	1,827.00
		<hr/>
Total Revenues (P.A.T.F.)		<u>\$ 52,327.00</u>

SCHEDULE OF EXPENDITURES - CASH BASIS

E-5

	<u>Reference</u>	
Maintenance Payments	E-1	\$ 53,215.00
		<hr/>
Total Disbursements (P.A.T.F.)		<u>\$ 53,215.00</u>

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

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

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, 2011, and have issued our report thereon dated June 25, 2012. 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 ("Division"), that demonstrates compliance with a modified accrual basis 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 audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division.

Internal Control Over Financial Reporting

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

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

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

However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Audit Findings and Recommendations that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Division.

We noted certain matters that we reported to management of the Borough in a separate letter dated June 25, 2012.

The Borough's responses to findings identified in our audits are described in the accompanying schedule of 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 Division, 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.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPA's
Registered Municipal Accountants

June 25, 2012
Carlstadt, New Jersey

BOROUGH OF HILLSDALE

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

I-1

Grantor	Program	C.F.D.A. Number	Grant Year	Grant Award	Balance Dec. 31, 2010	Cash Received	Expended	Adjustment	Balance Dec. 31, 2011	MEMO Cumulative Expenditures
Department of Environmental Protection	Municipal Stormwater Regulation Program	66.605	PY	\$ 12,760.00	\$ 3,800.50		\$ 462.50		\$ 3,338.00	\$ 12,136.50
FEMA	DR 1897PA Storms Floods 3/12/10	97.036		64,213.32	59,623.32	9,903.38			69,526.70	4,590.00
FEMA	DR1954 PA Snow Storm 12/16-12/27	97.036				26,829.14	13,415.00	13,160.19	26,574.33	13,415.00
	Pre-Halloween Snow Storm 2011	97.036							-	
U.S. Department of Housing and Urban Development										
Community Development Block Grant Pass Through Funds:	ADA Improvements	14.218	2010	11,350.00	(2,097.00)				(2,097.00)	9,253.00
	Chambers Dias Handicap Access	14.218	2010	40,000.00					-	
	Senior Activities	14.218	2011	4,950.00		4,950.00	1,175.00		3,775.00	1,175.00
	Barrier Free Improvements Borough Hall	14.218	2011	25,000.00					-	
					\$ 61,326.82	\$ 41,682.52	\$ 15,052.50	\$ 13,160.19	\$ 101,117.03	

BOROUGH OF HILLSDALE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

State Grantor	Program	Grant Number	Grant Year	Grant Award	Balance Dec. 31, 2010	Cash Received	Expended	Adjustment	Balance Dec. 31, 2011	MEMO Cumulative Expenditures
Department of Transportation	Ralph Ave.	6320-480-078-6320-AK3-TCAP-6010	2011	\$ 150,000.00		\$ 76,751.63	\$ 150,000.00		\$ (73,248.37)	\$ 150,000.00
	Magnolia Avenue	6320-480-078-6320-AKE-TCAP-6010	2010	200,000.00	130,528.87	69,471.13	200,000.00		-	200,000.00
	Verimus Lane Resurfacing	6320-480-078-6320-AKL-TCAP-6010	2011	200,000.00	(50,000.00)				(50,000.00)	200,000.00
Administrative Office of the Courts	Alcohol Education and Rehabilitation	1110-448-031020-22	PY		1,377.84				1,377.84	2,440.00
		9735-760-098-Y900-001-X100-6020	2011	502.73	502.73				502.73	
Division of Criminal Justice	Body Armor	1020-718-066-1020-001-YCJS	PY		3,554.83			1,600.00	1,954.83	10,836.35
		1020-718-066-1020-001-YCJS-6120	2011	622.00		2,740.94			2,740.94	
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400	PY	7,113.53	2,810.91		2,358.82	9,860.42	10,312.51	10,861.44
Division of Highway Safety	GDL Enforcement Grant		PY		543.32				543.32	
Department of Environmental	Clean Communities Act	4900-765-042-4900-004	PY	44,020.22	68,777.16	15,785.55	17,715.13		66,847.58	46,190.55
		4900-765-042-4900-004-V42Y-6020	2011		16,641.73	16,641.73	16,641.73		-	16,641.73
	Environmental Grant		PY	5,000.00					-	
Department of Environmental	Recycling Tonnage Grant	4900-752-042-4900-001	PY		18,905.07		18,870.02		35.05	38,396.56
		4900-752-042-4900-001-V42Y-6020	2011	19,035.47	19,035.47	21,733.16			40,768.63	
Department of Human Services	Public Assistance	7550-150-158010-60							-	
		7550-100-054-7550-121-LLLL-6020	2012	50,500.00	6,731.99	50,500.00	51,388.00		5,843.99	51,388.00
					\$ 219,409.92	\$ 236,982.41	\$ 458,573.70	\$ 9,860.42	\$ 7,679.05	

BOROUGH OF HILLSDALE
 NOTES TO THE SCHEDULES OF EXPENDITURES
 OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2011

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	\$ 57,185.70	\$ 15,052.50	\$ 4,496.55	\$ 76,734.75
Capital Fund	350,000.00			350,000.00
Public Assistance Fund	51,388.00			51,388.00
	<u>\$ 458,573.70</u>	<u>\$ 15,052.50</u>	<u>\$ 4,496.55</u>	<u>\$ 478,122.75</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, 2011, 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	

Supplementary Data

BOROUGH OF HILLSDALE

Supplementary Data

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2011	\$ 1,722,339.77	\$ 1,320,000.00
2010	1,889,642.66	1,040,000.00
2009	1,635,473.56	1,121,900.00
2008	1,005,692.27	790,000.00
2007	1,319,278.83	700,000.00

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007*</u>
Tax Rate	<u>\$2.110</u>	<u>\$2.040</u>	<u>\$1.930</u>	<u>\$1.873</u>	<u>\$1.790</u>

Apportionment of Tax Rate

Municipal	0.430	0.422	0.404	0.392	0.354
County	0.207	0.204	0.202	0.198	0.181
Local School	0.946	0.906	0.860	0.830	0.800
Regional School	0.527	0.508	0.464	0.453	0.455

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

2011	<u>\$1,966,420,077</u>				
2010		<u>\$1,968,182,230</u>			
2009			<u>\$1,967,488,684</u>		
2008				<u>\$1,963,564,332</u>	
2007	*				<u>\$1,964,439,900</u>

* Revaluation

BOROUGH OF HILLSDALE

Supplementary Data

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>
2011	\$41,540,635.15	\$40,910,483.97	98.48%
2010	40,274,756.42	39,749,709.01	98.70%
2009	38,028,403.66	37,622,821.39	98.93%
2008	36,859,269.00	36,496,754.59	99.02%
2007	35,198,460.00	34,860,456.00	99.04%

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>
2011	\$18,265.91	\$430,753.52	\$449,019.43	1.08%
2010	16,976.70	407,510.74	424,487.44	1.05%
2009	31,019.52	361,879.80	392,899.32	1.03%
2008	29,840.29	314,113.25	343,953.54	0.93%
2007	25,568.00	297,242.67	322,810.67	0.92%

Assessed Valuations/Land and Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Total</u>
2011	\$15,864,900	\$1,816,573,400	\$758,100	\$124,664,000	\$1,957,840,400
2010	16,589,400	1,816,609,300	758,100	125,842,500	1,959,799,300
2009	12,081,100	1,821,722,900	758,100	125,842,500	1,960,404,600
2008	12,449,200	1,818,907,400	758,100	123,987,300	1,956,102,000
2007*	12,213,500	1,819,107,700	1,878,900	124,494,100	1,957,694,200

*Revaluation

BOROUGH OF HILLSDALE
OFFICIALS IN OFFICE AND SURETY BONDS
AT DECEMBER 31, 2011

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Max Arnowitz	Mayor	
Jonathan DeJoseph	Councilman	
Douglas Frank	Councilman	
Michael Giancarlo	Councilman	
Marie Hanlon	Councilwoman	
Donna Schiavone	Councilwoman (01/01/2011 - 12/28/2011)	
Andrew Weinstein	Councilman	
Victor Polce	Administrator (01/01/2011 – 04/12/2011)	
Catherine Henderson	Chief Financial Officer	
Candace Schaefer	Tax Collector	*
Robert P. Sandt	Borough Clerk	
Richard Mohr	Assessor (01/01/2011 – 09/02/2011)	
Patrick Wilkins	Assessor (09/02/2011 –)	
Lawrence Meyerson	Municipal Court Judge	
Susan Keenan	Court Administrator/Violations Clerk	
Debra Benigno	Deputy Court Administrator	
Elwood "Chip" Stalter	Police Chief	
Kate Leonard	Recreation Director (01/01/2011 – 1/14/2011)	
Patricia Gioe	Registrar of Vital Statistics (01/01/2011 – 11/10/2011)	
Denise Kohan	Registrar of Vital Statistics (11/10/2011 -)	
Michelle Wood	Construction Official	
Keith Durie	DPW Superintendent	
Katherine E. Elgert	Welfare Director	
Patty Hughes	Swim Pool Manager/Community Activity Director Recreation Director (01/14/2011 -)	

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.

Borough of Hillsdale
General Comments
For the Year Ended December 31, 2011

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 \$26,000...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 \$36,000."], 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 \$26,000.00 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 \$36,000.00 "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 \$3,900.00 or more and less than \$26,000 (\$5,400.00 or more and less than \$36,000 with qualified purchasing agent) 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 2, 2011 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 3, 2010 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.

Borough of Hillsdale
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2011

*** #10-01 RECOMMENDATION:**

All orders must be encumbered prior to purchase.

STATUS:

Corrective action has not been taken.

*** #10-02 RECOMMENDATION:**

A complete fixed asset inventory should be completed and updated periodically. All fixed assets should be tagged and the corresponding tag number should be reflected on the fixed asset list.

STATUS:

Corrective action has been taken.

#10-03 RECOMMENDATION:

Escrow account balances should be reviewed. Balances in escrow accounts should be refunded when the project is complete.

STATUS:

Corrective action has been taken.

*** #10-04 RECOMMENDATION:**

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

STATUS:

Corrective action has been taken.

*** #10-05 RECOMMENDATION:**

All monies collected must be deposited or transmitted to the treasurer within 48 hours of receipt.

STATUS:

Corrective action has not been taken.

*** #10-06 RECOMMENDATION:**

Tickets assigned over 180 days should be recalled and re-assigned.

STATUS:

Please see municipal court audit.

* Reported from prior year's audit

FINANCE/PURCHASING

***Finding #11-01**

That some orders were made prior to being encumbered.

Criteria:

All local units shall maintain an encumbrance accounting system in accordance with N.J.A.C.5:30-5.2.

Recommendation:

All orders must be encumbered prior to purchase.

Borough's Proposed Corrective Action Plan:

The purchasing policy will be in place for each department within the Borough.

Finding #11-02

Monies collected were not deposited within 48 hours of receipt by the Recreation Department and Swim Pool Utility Department. Not all the pre-numbered cash receipt books for Recreation Department were available for inspection.

Criteria:

N.J.S.A. 40A:5-15 states that all monies collected should be deposited or transmitted to the treasurer within 48 hours of receipt.

Recommendation:

All monies collected must be deposited or transmitted to the treasurer within 48 hours of receipt. All documents should be kept for inspection.

Borough of Hillsdale
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

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

	N/A		
D) Dollar threshold used to determine Type A Program	<u>\$300,000</u>		
E) Auditee qualified as low-risk auditee?	<u>Yes</u>		<u>No</u>
F) Type of auditor's report on compliance for major programs	<u>N/A</u>		
G) Internal Control over major programs			
1) Material weakness identified	<u>Yes</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, 2011

Summary of Auditor's Results (Continued)

State Awards Section

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

Borough of Hillsdale
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2011

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.
