

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

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2016

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

Report on the Financial Statements

We have audited the accompanying comparative financial statements -regulatory basis of the various funds of the Borough of Hillsdale (the "Borough"), County of Bergen, State of New Jersey, as of December 31, 2016 and 2015, and the related comparative statements of operations and changes in fund balance – regulatory basis for the year then ended, and the related statements of revenues and expenditures – regulatory basis, and comparative statement of general fixed assets group of accounts – regulatory basis for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

As described in Note 1, the financial statements are prepared and presented by the Borough on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinions on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough as of December 31, 2016, or the changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 20 of the financial statements, the financial statements- regulatory basis of the Length of Service Awards Program (LOSAP) of the Borough has not been audited for the year ended December 31, 2016 and 2015, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the accompanying comparative balance sheets – regulatory basis of the various funds of the Borough as of December 31, 2016 and 2015, and the results of the comparative statements operations and changes in fund balance – regulatory basis of such funds for the year then ended, and the revenues and expenditures – regulatory basis of the various funds, and general fixed assets group of accounts for the year ended December 31, 2016, in accordance with accounting principles and practices prescribed by the Division as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division, to supplement the financial statements and therefore it has not been presented by management. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary schedules and schedules of expenditures of federal, state and county financial assistance are presented for purpose of additional analysis and are not required as part of the basic financial statements.

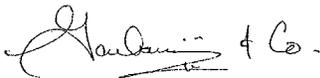
The supplement schedules and schedules of expenditures of federal, state and county financial assistance are the responsibility of management and were derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2017 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



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



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

June 14, 2017
Carlstadt, New Jersey

BOROUGH OF HILLSDALE
CURRENT FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

	Reference	At December 31:	
		<u>2016</u>	<u>2015</u>
ASSETS			
Current Assets:			
Cash	A-4	\$ 6,588,929.05	\$ 5,343,514.65
Change Fund	A-5	250.00	250.00
		6,589,179.05	5,343,764.65
Receivable and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	318,038.58	324,205.96
Tax Title Liens Receivable	A-8	12,689.49	12,010.99
Property Acquired for Taxes - Assessed Valuations	A-9	814,400.00	726,900.00
Revenue Accounts Receivable	A-13	6,195.53	6,675.00
Interfunds Receivable			
Assessment Trust Fund	B		12,530.80
Animal Control Trust Fund	B	5.22	4.05
Other Trust Fund	B	5,052.77	3,976.31
Recreation Trust Fund	B	48.30	31.73
Public Assistance Trust Fund	E	508.05	513.11
	Contra	1,156,937.94	1,086,847.95
Deferred Charges :			
Special Emergency Authorizations NJS A 40A:4-53	A-11		50,000.00
		7,746,116.99	6,480,612.60
Federal and State Grant Fund:			
Cash	A-4	3,027.19	3,027.19
Due from Current Fund	A-16	134,675.25	175,937.21
Grants Receivable	A-10	12,004.60	14,064.91
		149,707.04	193,029.31
TOTAL ASSETS		\$ 7,895,824.03	\$ 6,673,641.91

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
(CONTINUED)**

A

		At December 31:	
	Reference	2016	2015
LIABILITIES, RESERVES AND FUND BALANCES			
Liabilities:			
Appropriation Reserves	A-3,14	\$ 969,436.00	\$ 1,132,220.81
Encumbrances Payable	A-15	471,526.41	166,144.51
Due to State: Senior Citizen and Veterans' Deductions	A-6	1,500.98	2,955.09
Prepaid Taxes	A-17	227,486.78	167,770.06
Tax Overpayments	A-18	0.00	-
Miscellaneous Reserves	A-19	18,016.35	211,685.73
Reserve for Accumulated Absences	A-20	153,887.40	53,887.40
Reserve for Tax Appeals	A-21	196,984.32	204,156.08
Reserve for Revaluation	A-22	22,520.00	22,520.00
State Fees Payable			
Marriage License/ Domestic Partnership	A-23	978.00	78.00
DCA Fees	A-24	0.00	2,963.00
County Taxes Payable	A-25	3,062.66	2,708.41
Local School District Taxes Payable	A-26	498.00	498.00
Regional High School Taxes Payable	A-27	0.00	413,886.60
Interfund Payable:			
Grant Fund	A-16	134,675.25	175,937.21
Due to COAH Trust Fund	B	37.50	37.50
General Capital Fund	C	88,276.85	88,470.52
Swim Pool Utility Operating Fund	D	90,000.00	109,007.29
		2,378,886.50	2,754,926.21
Reserve for Receivable and Other Assets	Contra	1,156,937.94	1,086,847.95
Fund Balance	A-1	4,210,292.55	2,638,838.44
		7,746,116.99	6,480,612.60
Federal and State Grant Fund :			
Appropriated Reserve for Grants	A-28	104,807.51	151,753.00
Unappropriated Reserves	A-29	44,899.53	41,276.31
		149,707.04	193,029.31
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 7,895,824.03	\$ 6,673,641.91

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND

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

A-1

		For the Years Ended December 31,	
Reference		2016	2015
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,000,000.00	\$ 1,075,000.00
Miscellaneous Revenue Anticipated	A-2	2,475,295.52	2,486,306.63
Receipts from Delinquent Taxes	A-2	324,400.91	363,708.38
Receipts from Current Taxes	A-2	45,256,788.57	43,714,833.29
Non-Budget Revenues	A-2	40,081.55	559,719.58
Other Credits to Income:			
Interfunds Returned		12,530.80	
Unexpended Balance of Appropriation Reserves	A-14	894,407.27	713,141.47
Cancellation of Appropriated Grants	A-3	2.30	5.79
Cancellation of Miscellaneous Reserves	A-19	157,488.57	
Cancellation of Regional School Taxes	A-27	0.48	
Cancellation of Grant Reserves	A-28	24,098.80	
Total Revenues and Other Income		50,185,094.77	48,912,715.14
Expenditures:			
Budget and Emergency Appropriations			
Operations:			
Salaries and Wages	A-3	4,019,208.00	4,109,438.00
Other Expenses	A-3	6,597,682.43	6,284,665.69
Capital Improvements	A-3	150,000.00	100,000.00
Municipal Debt Service	A-3	515,455.00	492,893.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	944,000.00	1,072,715.00
County Taxes including Added Taxes	A-25	4,419,578.71	4,272,447.42
Local District School Taxes	A-26	20,369,366.00	20,000,588.00
Regional High School Taxes	A-27	10,586,019.00	10,563,576.00
Lien Interest Paid	A-19	1,757.74	
Exempt Veterans - Refunded	A-18	9,196.39	
Prior Year Senior Citizens' and Veterans' Deductions Disallowed	A-6	1,377.39	1,785.62
Total Expenditures		47,613,640.66	46,898,108.73
Excess in Revenue		2,571,454.11	2,014,606.41
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A		
Fund Balance January 1	A	2,638,838.44	1,699,232.03
		5,210,292.55	3,713,838.44
Decreased by:			
Fund Balance Utilizes as Budget Revenue	A-2	1,000,000.00	1,075,000.00
Fund Balance December 31	A	\$ 4,210,292.55	\$ 2,638,838.44

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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	\$ 1,000,000.00	\$ 1,000,000.00	\$ -
Miscellaneous Revenues:				
Licenses				
Alcoholic Beverages		17,500.00	17,750.00	250.00
Other		18,500.00	15,927.00	(2,573.00)
Fees and Permits		105,500.00	100,394.93	(5,105.07)
Fines and Costs - Municipal Court		93,500.00	82,562.50	(10,937.50)
Interest and Costs on Taxes		78,500.00	82,609.37	4,109.37
Parking Meters		86,500.00	77,503.61	(8,996.39)
Interest on Investments and Deposits		15,000.00	36,425.49	21,425.49
Sewer Agreement Revenue		24,500.00	46,963.83	22,463.83
Payments in Lieu of Taxes- Senior Housing		45,000.00	48,754.97	3,754.97
Communication Tower and Cable		266,000.00	307,143.31	41,143.31
Police Administration Changes		79,500.00	79,500.00	0.00
Energy Receipts Tax		1,180,070.00	1,180,070.00	0.00
Water Shed Aid		2,303.00	2,303.00	0.00
Uniform Construction Code Fees		228,000.00	275,544.00	47,544.00
Pistol Range Rental - River Vale		2,274.00	2,319.69	45.69
Public and Private Revenues:				
Recycling Tonnage		20,514.13	20,514.13	0.00
Clean Communities		20,762.30	20,762.30	0.00
Community Development - Senior Activities		4,500.00	4,500.00	0.00
Chapter 159's:				
Click-it-or-Ticket Grant		5,000.00	5,000.00	0.00
Drive Sober End of Year Holiday Crackdown Grant		5,000.00	5,000.00	0.00
Special Items of Revenue Anticipated with Prior Written Consent of the Director of Local Government Services:				
Uniform Fire Safety Act		9,300.00	7,551.05	(1,748.95)
Recycling Revenue		22,500.00	16,196.34	(6,303.66)
Hillsdale BOE - Cop in School		5,000.00	5,000.00	0.00
Pascack Valley Regional High School - Cop in School		35,000.00	35,000.00	0.00
 Total Miscellaneous Revenues	 A-1	 2,370,223.43	 2,475,295.52	 105,072.09

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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

A-2

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	A-1, Next Pg.	326,000.00	324,400.91	(1,599.09)
Subtotal General Revenues		3,696,223.43	3,799,696.43	103,473.00
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-8, Next Pg.	8,708,075.00	9,209,562.86	501,487.86
Minimum Library Tax		597,047.00	597,047.00	-
Total General Revenues - Adopted	A-3	\$13,001,345.43	13,606,306.29	\$604,960.86
Non-Budget Revenues	A-1, Next Pg.		40,081.55	
			\$13,646,387.84	

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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

A-2

	<u>Reference</u>	<u>2016</u>
Analysis of Realized Revenues		
Allocation of Current Tax Collections		
Revenue from Collections	A-1	\$ 45,256,788.57
Less: Allocated to School and County Taxes	A-7	36,225,178.71
		9,031,609.86
Balance for Support of Municipal Appropriations		9,031,609.86
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	775,000.00
Amount for Support of Municipal Budget Appropriations	Previous Pg.	\$ 9,806,609.86
Receipts from Delinquent Taxes		
Prior Year Taxes	Previous Pg.	\$ 324,400.91
Analysis of Miscellaneous Revenues		
Cash Received - Treasurer	A-4,13	\$ 2,419,325.42
Grant Receivable - Grant Fund	A-10	14,500.00
Grants - Reserve Transfer	A-28	41,276.43
Interest Income Other Funds	A-13	193.67
		\$ 2,475,295.52
Analysis of Non-Budget Revenues		
Miscellaneous Revenues Not Anticipated:		
DPW Assist Stonybrook		\$ 1,000.00
Motor Vehicle Inspections		595.50
Senior & Vets 2% Administrative Fees		1,619.77
Sale of Borough Property		8,294.13
Insurance Refund- Motor Vehicle Accident		7,681.48
BCUA- Rebate		1,870.88
Bergen County JIF Fund		1,500.00
Miscellaneous Refunds/Reimbursements		15,654.29
NSF Check Fees		40.00
Van Cleaning Fine		100.00
Restitution		1,025.50
Bid Fees		150.00
Wedding Ceremony		550.00
	A-4, Previous Pg.	\$ 40,081.55

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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	6,300.00	6,300.00	3,473.44	2,826.56		
Administrative and Executive						
Salaries and Wages	50,000.00	56,000.00	54,219.28	1,780.72		
Other Expenses						
Public Information	8,000.00	8,000.00	5,913.51	2,086.49		
Miscellaneous	42,000.00	42,000.00	41,734.11	265.89		
Financial Administration						
Salaries and Wages	230,000.00	230,000.00	220,607.90	9,392.10		
Other Expenses	51,050.00	51,050.00	50,570.43	479.57		
Auditing and Accounting Services						
Other Expenses	30,000.00	30,000.00	28,000.00	2,000.00		
Collection of Taxes						
Salaries and Wages	50,000.00	50,000.00	47,831.64	2,168.36		
Other Expenses	11,628.00	11,628.00	7,692.37	3,935.63		
Assessment of Taxes						
Salaries and Wages	23,000.00	23,000.00	21,973.00	1,027.00		
Other Expenses	14,414.00	14,414.00	3,436.20	10,977.80		
Clerk's Office						
Salaries and Wages	65,000.00	65,000.00	58,038.76	6,961.24		
Other Expenses	39,500.00	39,500.00	29,888.61	9,611.39		
Legal						
Other Expenses	203,000.00	203,000.00	134,285.58	68,714.42		
Engineering						
Other Expenses	71,000.00	71,000.00	47,129.40	23,870.60		

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See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

OPERATIONS - WITHIN "CAPS" (CONT'D)	APPROPRIATIONS		EXPENDED			Over- Expenditure
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>	
MUNICIPAL LAND USE:						
Planning Board						
Other Expenses	\$ 10,000.00	\$ 15,000.00	\$ 8,655.07	\$ 6,344.93	-	-
Zoning Official						
Salaries and Wages	24,000.00	24,000.00	20,535.00	3,465.00		
Other Expenses	2,530.00	2,530.00	328.75	2,201.25		
Insurance						
Unemployment Compensation	14,000.00	14,000.00	12,467.45	1,532.55		
General Liability Premiums	187,000.00	187,000.00	168,411.00	18,589.00		
Group Insurance Plan for Employees	1,347,772.00	1,347,772.00	1,306,028.69	41,743.31		
Worker's Compensation	218,129.00	182,129.00	179,229.00	2,900.00		
PUBLIC SAFETY:						
Police						
Salaries and Wages	2,516,708.00	2,552,708.00	2,551,538.24	1,169.76		
Other Expenses	180,853.00	180,853.00	170,065.42	10,787.58		
Emergency Management						
Salaries and Wages	4,000.00	4,000.00	4,000.00	-		
Other Expenses	15,660.00	15,660.00	14,552.72	1,107.28		
First Aid Organization						
Other Expenses	25,300.00	28,300.00	27,315.66	984.34		
Fire						
Salaries and Wages	26,600.00	29,800.00	29,714.18	85.82		
Other Expenses	286,618.00	295,618.00	294,734.59	883.41		
Fire Prevention						
Salaries and Wages	40,550.00	40,550.00	32,746.00	7,804.00		
Other Expenses	6,870.00	6,870.00	6,309.74	560.26		

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See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED			Over-Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled	
OPERATIONS - WITHIN "CAPS" (CONTD)						
Municipal Court						
Salaries and Wages	\$ 85,600.00	\$ 85,600.00	\$ 70,777.83	\$ 14,822.17	\$ -	\$ -
Other Expenses	21,343.00	21,343.00	16,853.82	4,489.18		
Public Defender						
Salaries and Wages	4,200.00	4,200.00		4,200.00		
Prosecutor						
Salaries and Wages	11,750.00	11,750.00	11,717.88	32.12		
STREETS AND ROADS:						
Road Repair and Maintenance						
Salaries and Wages	480,000.00	\$ 470,000.00	\$ 447,063.51	22,936.49		
Other Expenses	155,100.00	155,100.00	154,436.09	663.91		
Snow Removal - Contractual	40,000.00	40,000.00	23,125.00	16,875.00		
Buildings and Grounds						
Other Expenses	43,100.00	43,100.00	41,291.43	1,808.57		
SANITATION:						
Garbage and Trash Removal						
Other Expenses	760,000.00	760,000.00	608,651.33	151,348.67		
Recycling						
Other Expenses	176,000.00	176,000.00	101,546.65	74,453.35		
Vehicle Maintenance	100,000.00	110,000.00	98,523.58	11,476.42		
Train Station						
Other Expenses	8,000.00	8,000.00	5,116.71	2,883.29		
HEALTH AND WELFARE:						
Board of Health						
Salaries and Wages	64,020.00	67,020.00	66,585.38	434.62		
Other Expenses	65,442.00	65,442.00	62,171.44	3,270.56		

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See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED			Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled	
OPERATIONS - WITHIN "CAPS" (CONTD)						
Blood Bourne Pathogens	\$ 1,000.00	\$ 1,000.00		\$ 1,000.00	\$ -	\$ -
Administration of Public Assistance						
Salaries and Wages	15,100.00	15,300.00	15,203.13	96.87		
Environmental Construction						
Other Expenses	945.00	945.00	426.00	519.00		
PARKS AND RECREATION:						
Board of Recreation Commissioners						
Salaries and Wages	16,730.00	1,730.00	450.00	1,280.00		
Other Expenses	10,150.00	10,150.00	8,386.18	1,763.82		
Senior Citizens Committee						
Salaries and Wages	13,950.00	28,950.00	27,090.44	1,859.56		
Other Expenses	15,050.00	15,050.00	12,430.78	2,619.22		
Parks and Playgrounds						
Salaries and Wages	110,000.00	92,600.00	72,846.69	19,753.31		
Other Expenses	70,000.00	70,000.00	62,816.51	7,183.49		
Anniversary or Holiday						
Other Expenses	5,800.00	5,800.00	3,253.00	2,547.00		
UNIFORM CONSTRUCTION CODE:						
Uniform Construction Code Officials						
Salaries and Wages	143,000.00	143,000.00	133,922.86	9,077.14		
Other Expenses	37,280.00	37,280.00	29,504.88	7,775.12		

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See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED			Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled	
OPERATIONS - WITHIN "CAPS" (CONT'D)						
UNCLASSIFIED:						
Electricity and Gas	\$ 253,000.00	\$ 238,000.00	\$ 188,443.38	\$ 49,556.62	\$ -	\$ -
Telephone	46,050.00	46,050.00	29,937.40	16,112.60		
Water	31,900.00	31,900.00	29,474.47	2,425.53		
Gasoline	65,000.00	65,000.00	60,081.45	4,918.55		
Accumulated Absences	100,000.00	100,000.00	100,000.00	-		
	<u>8,795,992.00</u>	<u>8,792,992.00</u>	<u>8,108,553.56</u>	<u>684,438.44</u>	<u>-</u>	<u>-</u>
TOTAL OPERATIONS WITHIN "CAPS"						
CONTINGENT	100,000.00	100,000.00	2,199.01	97,800.99	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>\$ 8,895,992.00</u>	<u>\$ 8,892,992.00</u>	<u>\$ 8,110,752.57</u>	<u>\$ 782,239.43</u>	<u>\$ -</u>	<u>\$ -</u>
Detail:						
Salaries and Wages	\$ 4,019,208.00	\$ 4,040,208.00	\$ 3,931,861.72	\$ 108,346.28	\$ -	\$ -
Other Expenses (Including Contingent)	4,876,784.00	4,852,784.00	4,178,890.85	673,893.15	-	-
STATUTORY EXPENDITURES:						
Public Employees' Retirement System	210,000.00	210,000.00	204,110.94	5,889.06		
Social Security System (O.A.S.I.)	185,000.00	185,000.00	149,690.71	35,309.29		
Police and Firemen's Retirement System of N.J.	490,000.00	490,000.00	489,927.00	73.00		
Defined Contribution Retirement Program	9,000.00	12,000.00	11,070.41	929.59		
	<u>894,000.00</u>	<u>897,000.00</u>	<u>854,799.06</u>	<u>42,200.94</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>\$ 9,789,992.00</u>	<u>\$ 9,789,992.00</u>	<u>\$ 8,965,551.63</u>	<u>\$ 824,440.37</u>	<u>\$ -</u>	<u>\$ -</u>

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See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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"						
Stormwater						
Salaries and Wages				\$ -	\$ -	\$ -
Other Expenses	3,000.00	3,000.00	3,000.00	-		
Bergen County Utilities Authority						
Operating	660,000.00	660,000.00	627,916.63	32,083.37		
Debt Service	284,450.00	284,450.00	256,534.19	27,915.81		
Recycling Tax	12,000.00	12,000.00	10,803.72	1,196.28		
Maintenance of Free Public Library	634,442.00	634,442.00	620,090.63	14,351.37		
LOSAP	69,000.00	69,000.00	-	69,000.00		
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	<u>\$ 1,662,892.00</u>	<u>\$ 1,662,892.00</u>	<u>\$ 1,518,345.17</u>	<u>\$ 144,546.83</u>	<u>\$ -</u>	<u>\$ -</u>
Interlocal Municipal Service Agreements:						
Pistol Range Rental - River Vale	<u>2,230.00</u>	<u>2,230.00</u>	<u>1,781.20</u>	<u>448.80</u>		
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	<u>\$ 2,230.00</u>	<u>\$ 2,230.00</u>	<u>\$ 1,781.20</u>	<u>\$ 448.80</u>	<u>\$ -</u>	<u>\$ -</u>

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See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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"						
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Recycling Tonnage	\$ 20,514.13	\$ 20,514.13	\$ 20,514.13	\$ -	\$ -	\$ -
Clean Communities	20,762.30	20,762.30	20,762.30			
Click-it-or-Ticket Grant	5,000.00	5,000.00	5,000.00	-		
Drive Sober End of Year Holiday Crackdown Grant	5,000.00	5,000.00	5,000.00	-		
Community Development - Senior Activities	4,500.00	4,500.00	4,500.00	-		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Public and Private Programs Offset by Revenues	55,776.43	55,776.43	55,776.43	-	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	<u>\$ 1,720,898.43</u>	<u>\$ 1,720,898.43</u>	<u>\$ 1,575,902.80</u>	<u>\$ 144,995.63</u>	<u>\$ -</u>	<u>\$ -</u>
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	1,720,898.43	1,720,898.43	1,575,902.80	144,995.63	-	-

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See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ -	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 420,000.00	\$ 420,000.00	\$ 420,000.00	\$ -	\$ -	\$ -
Payment of Bond Anticipation Notes and Capital Notes	10,000.00	10,000.00	10,000.00			
Interest on Bonds	72,738.00	72,738.00	72,737.50		0.50	
Interest on Notes	12,717.00	12,717.00	12,715.20		1.80	
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	<u>\$ 515,455.00</u>	<u>\$ 515,455.00</u>	<u>\$ 515,452.70</u>	<u>\$ -</u>	<u>\$ 2.30</u>	<u>\$ -</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 years	50,000.00	50,000.00	50,000.00	-		
TOTAL MUNICIPAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	<u>\$ 2,436,353.43</u>	<u>\$ 2,436,353.43</u>	<u>\$ 2,291,355.50</u>	<u>\$ 144,995.63</u>	<u>\$ 2.30</u>	<u>\$ -</u>
SUBTOTAL GENERAL APPROPRIATIONS	\$ 12,226,345.43	\$ 12,226,345.43	\$ 11,256,907.13	\$ 969,436.00	\$ 2.30	\$ -
Reserve for Uncollected Taxes	775,000.00	775,000.00	775,000.00	-	-	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 13,001,345.43</u>	<u>\$ 13,001,345.43</u>	<u>\$ 12,031,907.13</u>	<u>\$ 969,436.00</u>	<u>\$ 2.30</u>	<u>\$ -</u>
	Reference	A-2	Below	Below	A	A-1
	Reference					
General Appropriations		\$ 12,991,345.43				
Chapter 159's		10,000.00				
	Above	<u>\$ 13,001,345.43</u>				
Cash Disbursements	A-4		\$ 10,800,391.76			
Deferred Charges- Emergency Authorizations	A-12		50,000.00			
Reserve for Accumulated Absences	A-20		100,000.00			
Due to Grant Fund	A-16		55,776.43			
Reserve for Uncollected Taxes	A-2		775,000.00			
Budget Offsets	A-4		(220,787.47)			
Encumbrance Payable	A-15		471,526.41			
	Above		<u>\$ 12,031,907.13</u>			

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

	<u>Reference</u>	At December 31,	
		<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Assessment Fund			
Cash	B-2	\$ 11,648.09	\$ 19,259.56
Assessment Receivable	B-4	1,168.76	5,953.44
		<u>12,816.85</u>	<u>25,213.00</u>
Animal Control Trust Fund:			
Cash and Cash Equivalents	B-2	14,462.54	13,876.37
Other Trust Fund:			
Cash and Cash Equivalents	B-2	1,254,554.55	1,284,414.75
Deferred Charges- Over-expenditure	B-12		779.79
Due from Current Fund- Coah Trust Fund	B-2	37.50	37.50
		<u>1,254,592.05</u>	<u>1,285,232.04</u>
Recreation Trust Fund			
Cash and Cash Equivalents	B-2	141,359.35	118,312.99
Length of Service Award Program Fund (Unaudited)			
Investments	B-2	997,396.22	904,382.86
Contribution Receivable	B-16	51,471.25	69,000.00
		<u>1,048,867.47</u>	<u>973,382.86</u>
TOTAL ASSETS		<u><u>\$ 2,472,098.26</u></u>	<u><u>\$ 2,416,017.26</u></u>
<u>LIABILITIES AND RESERVES</u>			
Assessment Fund			
Due to Current Fund	B-5	\$ -	\$ 12,530.80
Reserve for Assessments Receivable	B-4	1,168.76	5,953.44
Fund Balance	B-1	11,648.09	6,728.76
		<u>12,816.85</u>	<u>25,213.00</u>
Animal Control Trust Fund:			
Due to State of New Jersey	B-6	243.00	179.40
Due to Current Fund	B-7	5.22	4.05
Reserve for Animal Control Expenditures	B-8	14,214.32	13,692.92
		<u>14,462.54</u>	<u>13,876.37</u>
Other Trust Fund:			
Due to Current Fund	B-9	5,052.77	3,976.31
Reserve for:			
Other Trust Deposits	B-12	789,952.03	987,938.17
Medical Benefits	B-11	31,915.28	31,915.28
Escrow Deposits	B-10	420,427.22	223,213.15
Payroll Deductions and Withholdings Payable	B-13	2,825.38	32,989.97
Fund Balance	B-1	4,419.37	5,199.16
Total Other Trust Fund		<u>1,254,592.05</u>	<u>1,285,232.04</u>
Recreation Trust Fund:			
Due to Current Fund	B-15	48.30	31.73
Reserve for Recreation Expenditures	B-14	141,311.05	118,281.26
		<u>141,359.35</u>	<u>118,312.99</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B-17	1,048,867.47	973,382.66
TOTAL LIABILITIES AND RESERVES		<u><u>\$ 2,472,098.26</u></u>	<u><u>\$ 2,416,017.06</u></u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENTS OF CHANGES IN FUND BALANCE - ASSESSMENT & TRUST FUND

B-1

	<u>Reference</u>	Assessment Fund <u>2016</u>	Trust Fund <u>2016</u>
Balance, January 1		\$ 6,728.76	\$ 5,199.16
Increased by:			
Interest Income	B-2	134.65	
Collection of Unpledged Assessments	B-4	4,784.68	
		<u>11,648.09</u>	<u>5,199.16</u>
Decreased by:			
Deferred Charge	B	<u>-</u>	<u>779.79</u>
Balance, December 31		<u>\$ 11,648.09</u>	<u>\$ 4,419.37</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND

C

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

ASSETS	<u>Reference</u>	<u>At December 31,</u>	
		<u>2016</u>	<u>2015</u>
Cash	C-1,1a	\$ 1,324,076.09	\$ 1,638,569.38
Grants Receivable	C-3	455,819.65	598,663.27
Due from Current Fund	C-4	88,276.85	88,470.52
Deferred Charges to Future Taxation			
Funded	C-5	2,300,000.00	2,720,000.00
Unfunded	C-6	1,750,375.93	1,900,368.27
		<u>5,918,548.52</u>	<u>6,946,071.44</u>
TOTAL ASSETS		\$ 5,918,548.52	\$ 6,946,071.44
LIABILITIES, RESERVE AND FUND BALANCE			
Bond Anticipation Notes Payable	C-9	1,620,305.00	1,630,305.00
General Serial Bonds Payable	C-8	2,300,000.00	2,720,000.00
Improvement Authorizations			
Funded	C-7	425,486.42	601,409.24
Unfunded	C-7	304,421.38	1,351,520.50
Reserve for Grants Receivable	C-3	92,408.63	226,514.27
Reserve for Capital Improvements	C-12	55,371.15	56,583.04
Capital Improvement Fund	C-10	79,327.95	79,327.95
Contracts Payable	C-11	710,860.76	161,563.64
Down Payments on Improvements	C-13	3,000.00	3,000.00
Reserve for Payment of Bonds/BANs	C-14	4,375.00	4,375.00
Reserve for Municipal Open Space Fund	C-15	103,512.12	103,512.12
Fund Balance	C-2	219,480.11	7,960.68
		<u>5,918,548.52</u>	<u>6,946,071.44</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		\$ 5,918,548.52	\$ 6,946,071.44

Bonds and notes authorized but not issued on December 31, 2016
(Exhibit C-16). Amounted to \$ 130,070.93

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

D

	<u>Reference</u>	At December 31,	
		<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 27,710.75	\$ 13,913.97
Cash - Stonybrook Swim Team	D-4	20,902.79	18,283.87
Due From Current Fund	D-8	90,000.00	109,007.29
		<u>138,613.54</u>	<u>141,205.13</u>
Deferred Charges			
Overexpenditure of Appropriations	D-9	-	1,680.64
Deficit in Operations	D-9	-	23,235.35
		<u>-</u>	<u>24,915.99</u>
Total Operating Fund		<u>138,613.54</u>	<u>166,121.12</u>
Capital Fund:			
Cash and Cash Equivalents	D-4, 5	305,336.83	323,554.26
Due from Swimming Pool Operating Fund	D-6	184.53	206.10
Fixed Capital	D-13	5,206,244.03	5,158,158.43
Fixed Capital Authorized and Uncompleted	D-14	352,387.59	352,387.59
		<u>5,864,152.98</u>	<u>5,834,306.38</u>
Total Capital Fund		<u>5,864,152.98</u>	<u>5,834,306.38</u>
TOTAL ASSETS		<u>\$ 6,002,766.52</u>	<u>\$ 6,000,427.50</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE:</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3, 10	\$ 6,350.62	\$ 36,879.15
Encumbrance Payable	D-11	6,826.15	15,000.00
Due to Swimming Pool Capital Fund	D-6,8	184.53	206.10
Accrued Interest on bonds	D-7	3,768.75	4,317.00
Reserve for Swim Team Expenditures	D-12	20,902.79	18,283.87
		<u>38,032.84</u>	<u>74,686.12</u>
Fund Balance	D-1	<u>100,580.70</u>	<u>91,435.00</u>
Total Operating Fund		<u>138,613.54</u>	<u>166,121.12</u>
Capital Fund:			
Liabilities:			
Bonds Payable	D-17	340,000.00	405,000.00
Improvement Authorizations:			
Funded	D-22	277,105.23	295,344.23
Unfunded	D-22	49,000.00	49,000.00
Reserve for Improvements	D-16	25,308.18	25,308.18
Capital Improvement Fund	D-15	107.95	107.95
Contracts Payable	D-20	3,000.00	3,000.00
Reserve for Amortization	D-19	4,854,631.62	4,741,546.02
Reserve for Deferred Amortization	D-18	315,000.00	315,000.00
		<u>5,864,152.98</u>	<u>5,834,306.38</u>
Total Capital Fund		<u>5,864,152.98</u>	<u>5,834,306.38</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 6,002,766.52</u>	<u>\$ 6,000,427.50</u>

There were bonds and notes authorized but not issued on December 31, 2016 in the amount of \$ 49,000 (Exhibit D-21).

See independent auditor's report and notes to the 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>2016</u>	<u>2015</u>
Operating Surplus Anticipated	D-2	\$ 43,792.00	\$ 40,000.00
Membership Fees	D-2	657,196.01	654,068.90
Use of Facility	D-2	37,141.00	46,559.00
Miscellaneous Revenue	D-2	118,353.75	85,878.25
Other Credits to Income:			
Unexpended Balance of Appropriations	D-3	553.01	53,258.50
Unexpended Balance of Appropriation Reserves	D-10	25,993.93	
Total Income		883,029.70	879,764.65
 <u>EXPENDITURES</u>			
Budget Appropriations			
Operating	D-3	679,390.00	683,680.34
Capital	D-3	50,000.00	45,000.00
Debt Service	D-3	75,785.00	77,962.00
Deferred Charges	D-3	24,917.00	46,067.00
Surplus (General Budget)	D-3		51,971.00
Total Expenditures		830,092.00	904,680.34
D-3		830,092.00	904,680.34
Deficit in Operations		52,937.70	(24,915.69)
Adjustment to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charged to Budget of Succeeding Year			24,915.69
Statutory Excess to Fund Balance	D-9	52,937.70	0.00
Fund Balance, Beginning of Year	D	91,435.00	131,435.00
		144,372.70	131,435.00
Less: Fund Balance Utilized	D-2	43,792.00	40,000.00
Fund Balance, End of Year	D	\$ 100,580.70	\$ 91,435.00

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>D-2</u> Excess or (Deficit)
Surplus Anticipated	D-1	\$ 43,792.00	\$ 43,792.00	\$ -
Membership Fees	D-1,4	653,500.00	657,196.01	(3,696.01)
Use of Facility	D-1,4	46,550.00	37,141.00	9,409.00
Miscellaneous Income	D-1, Below	86,250.00	118,353.75	(32,103.75)
		<hr/>	<hr/>	<hr/>
	D-3	<u>\$ 830,092.00</u>	<u>\$ 856,482.76</u>	<u>\$(26,390.76)</u>
 Miscellaneous Income:				
Cash Receipts	D-4		\$ 812,669.19	
Surplus Anticipated	D-1		43,792.00	
Swim Pool Capital Interest Income	D-4		1,095.48	
Transfer to Swim Pool- Capital Int Income	D-4		<u>(1,073.91)</u>	
Miscellaneous Income	Above		<u>\$ 856,482.76</u>	

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

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>	<u>Over- Expenditure</u>
Operating:							
Salaries and Wages	D-1	\$ 305,700.00	\$ 317,200.00	\$ 316,536.72	\$ -	\$ 663.28	
Other Expenses	D-1	374,175.00	362,190.00	358,417.06		3,772.94	
Capital Outlay	D-1, 10	50,000.00	50,000.00	48,085.60		1,914.40	
Debt Service:							
Payment of Bond Principal	D-1, 19	65,000.00	65,000.00	65,000.00	-	-	
Interest on Bonds	D-1,9	10,300.00	10,785.00	10,233.00	552.00	-	
Deferred Charges:							
Deficit in Operations		23,236.00	23,236.00	23,235.35	0.65		
Overexpenditures of Appropriations		1,681.00	1,681.00	1,680.64	0.36		
	D-1						
		\$ 830,092.00	\$ 830,092.00	\$ 823,188.37	\$ 553.01	\$ 6,350.62	\$ -
	<u>Ref.</u>	D-2	D-1	Below	D-1	D	D, D-9
Cash Disbursements	D-5			\$ 781,213.23			
Deferred Charges	D-9			24,915.99			
Interest on Bonds	D-7			10,233.00			
Encumbrance Payable	D-11			6,826.15			
	Above			\$ 823,188.37			

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

E

		At December 31,	
	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash	E-1	\$ 27,318.08	\$ 58,986.14
Petty Cash		100.00	100.00
TOTAL ASSETS		<u>\$ 27,418.08</u>	<u>\$ 59,086.14</u>
<u>LIABILITIES AND RESERVES</u>			
Due to Current Fund	E-3	\$ 508.05	\$ 513.11
Reserve for Public Assistance Fund	E-2	<u>26,910.03</u>	<u>58,573.03</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 27,418.08</u>	<u>\$ 59,086.14</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL FIXED ASSETS ACCOUNTS GROUP

**COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
GROUP OF ACCOUNTS - REGULATORY BASIS**

F

	At December 31,	
	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Land	\$ 31,693,800.00	\$ 31,781,800.00
Buildings and Improvements	3,545,800.00	3,545,800.00
Land Stonybrook Swim Pool	5,367,500.00	5,367,500.00
Buildings and Improvements- Stonybrook	5,206,244.03	5,158,158.43
Machinery and Equipment	<u>6,058,851.00</u>	<u>5,613,711.00</u>
TOTAL ASSETS	<u>\$ 51,872,195.03</u>	<u>\$ 51,466,969.43</u>
 <u>LIABILITIES AND RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 51,872,195.03</u>	<u>\$ 51,466,969.43</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 51,872,195.03</u>	<u>\$ 51,466,969.43</u>

* Restated to include Stonybrook Swim Pool Land & Improvements

** Fixed Asset Inventory was not completed for the year ended 12/31/15.

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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 -- resources and expenditures for governmental operations of a general nature.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

B. **Fund Accounting (Continued)**

Trust Fund – receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Division of Local Government Services regulates the accounting for these funds.

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

Swimming Pool Utility Fund – operations and acquisition of these capital facilities and municipally-owned swim pool utility.

Public Assistance Fund – receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group – used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

C. **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

All governmental funds, proprietary funds and expendable trust funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

See independent auditor’s report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the 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

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

C. **Measurement Focus and Basis of Accounting (Continued)**

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 2016, the Mayor and Council approved several budget transfers.

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.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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)

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 – **N.J.A.C. 5:30-5.6 accounting for governmental fixed assets** continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principals for State, Local and Indian Governments and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensures that property records are maintained accurately, to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

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.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

C. **Measurement Focus and Basis of Accounting (Continued)**

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.

D. **Measurement Focus and 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, 2016, \$0 of the Borough's bank balance of \$10,389,811.13 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, 2016 and 2015, the Borough did not have any investments.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

4. Property Taxes Receivable, Tax Title Liens

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens 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.

For the year ended December 31, 2016 and 2015, property taxes receivable were \$318,038.58, and \$324,205.96 respectively.

5. Municipal Debt

Long-term debt as of December 31, 2016 consisted of the following:

	Balance Dec. 31, 2015	Additions	Reductions	Balance Dec.31, 2016	Due in One Year
General Improvement Bonds	\$2,720,000.00		\$420,000.00	\$ 2,300,000.00	\$430,000.00
Swim Pool Utility Bonds	405,000.00		65,000.00	340,000.00	65,000.00
Compensated Absences	812,063.85		162,067.25	649,996.60	50,000.00
	<u>\$ 3,937,063.85</u>	<u>\$ -</u>	<u>\$647,067.25</u>	<u>\$ 3,289,996.60</u>	<u>\$ 545,000.00</u>

Long-term debt as of December 31, 2016 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		
	Total	Principal	Interest	Total	Principal	Interest
2017	492,100.00	430,000.00	62,100.00	74,157.00	65,000.00	9,157.00
2018	500,000.00	450,000.00	50,000.00	72,369.00	65,000.00	7,369.00
2019	496,912.00	460,000.00	36,912.00	75,425.00	70,000.00	5,425.00
2020	497,887.50	475,000.00	22,887.50	73,325.00	70,000.00	3,325.00
2021	492,881.25	485,000.00	7,881.25	71,137.50	70,000.00	1,137.50
	<u>2,479,780.75</u>	<u>2,300,000.00</u>	<u>179,780.75</u>	<u>366,413.50</u>	<u>340,000.00</u>	<u>26,413.50</u>

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

5. Municipal Debt (Continued):

Summary of Municipal Debt

	<u>Year 2016</u>	<u>Year 2015</u>
Issued:		
General:		
Bonds and Notes	\$ 3,920,305.00	\$ 4,350,305.00
Swim Pool Utility		
Bonds and Notes	<u>340,000.00</u>	<u>405,000.00</u>
Debt Issued	<u>4,260,305.00</u>	<u>4,755,305.00</u>
Authorized but not Issued:		
General:		
Bonds and Notes	130,070.93	270,063.27
Swim Pool Utility		
Bonds and Notes	<u>49,000.00</u>	<u>49,000.00</u>
	<u>179,070.93</u>	<u>319,063.27</u>
Less Deductions	<u>4,375.00</u>	<u>4,375.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 4,435,000.93</u>	<u>\$ 5,069,993.27</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 0.234%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 7,419,989.39	\$ 7,419,989.39	\$ -
General Debt	4,050,375.93	4,375.00	4,046,000.93
Swim Pool Utility Debt	<u>389,000.00</u>	<u>389,000.00</u>	<u>-</u>
	<u>\$ 11,859,365.32</u>	<u>\$ 7,813,364.39</u>	<u>\$ 4,046,000.93</u>

Net Debt of \$ 4,046,000.93 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$1,787,018,555 = 0.226%.

See independent auditor's report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015
 (Continued)

5. Municipal Debt (Continued):

<u>Calculation of "Self-Liquidating Purpose", Swim Pool Utility</u>		
Cash Receipts from Fees, Rents or Other Charges		\$ 839,237.70
Deductions:		
Operating and Maintenance Cost	\$ 754,307.00	
Debt Service	75,785.00	
		830,092.00
Excess in Revenue		\$ 9,145.70

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 62,545,649.42
Net Debt	4,046,000.93
Remaining Borrowing Power	\$ 58,499,648.49

6. Bond Anticipation Notes

On December 31, 2016 and 2015, the Borough had outstanding bond anticipation notes of \$1,620,305 and \$1,630,305 respectively.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2016.

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Notes Payable:				
Pascack Community				
Bank	\$ 1,630,305.00	\$ 1,620,305.00	\$ 1,630,305.00	\$ 1,620,305.00

7. Fund Balance Appropriated

Fund Balance at December 31, which was appropriated and included as anticipated revenue in the 2017 and 2016 budgets were as follows:

	2017 Budget	2016 Budget
Current Fund	\$ 2,179,000.00	\$ 1,000,000.00
Swim Pool Utility Fund	-	43,792.00

8. Deferred Charges to be Raised in Succeeding Budgets

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

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(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. Regional School and County taxes have been raised on the calendar year. Local School taxes were deferred in the amount of \$5,718,117 for 2016 and \$4,867,902 for 2015.

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 2015 taxes was held on October 19, 2016.

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:

	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>
Prepaid Taxes	<u>\$ 227,486.78</u>	<u>\$ 167,770.06</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 or can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued):

Summary of Significant Accounting Policies -PERS and PFRS

GASB 68, *Accounting and Financial Reporting for Pensions*, is effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Amendments to and further clarification of GASB 68, include GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB 67 and 68.*, and GASB 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*.

New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Therefore, the following information with regards to GASB 68 is for disclosure purposes only.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Borough has disclosed a liability of \$6,182,125 for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the Borough's proportion was 0.02087%, which was a decrease of .00019% from its proportion measured as of June 30, 2015.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the Borough recognized pension expense of \$ 204,111 as measured on June 30, 2016. At June 30, 2016, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2016		June 30, 2015	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 114,969	\$ -	\$ 121,928	\$ -
Changes of assumptions	1,280,606		548,871	
Net difference between projected and actual earnings on pension plan investments	235,730			82,174
Changes in proportion and differences between Borough and proportionate share of contributions		320,398		388,158
Borough contributions subsequent to the measurement date				
Total	<u>\$ 1,631,305</u>	<u>\$ 320,398</u>	<u>\$ 670,799</u>	<u>\$ 470,332</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2016	\$ 174,817.00
2017	\$ 174,817.00
2018	\$ 174,817.00
2019	\$ 174,817.00
2020	\$ 174,817.00
Thereafter	\$ 436,822.00
Total	\$ 1,310,907.00

	6/30/2016	6/30/2015
Collective deferred outflows of resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective deferred inflows of resources	1,129,328,184	360,920,604
Collective net pension liability (Non-State-Local Group)	29,617,131,759	22,447,996,119
Borough's portion of net pension liability	6,182,126	5,110,914
Borough's proportion %	0.0208734783%	0.0227677979%

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

Actuarial assumptions. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65% – 4.15% based on age
Thereafter	2.65% – 5.15% based on age
Investment Rate of Return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disability Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. To the extent the actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65 % at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/ Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

Discount rate. The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2016 and 2015, calculated using the discount rate of 3.98% and 4.90% respectively, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	(2.98%)	(3.98%)	(4.98%)
Borough's proportionate share of the net pension liability	\$ 7,575,474	\$ 6,182,126	\$ 5,031,797

	June 30, 2015		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	(3.90%)	(4.90%)	(5.90%)
Borough's proportionate share of the net pension liability	\$ 6,166,093	\$ 5,110,914	\$ 4,227,728

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

PERS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(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.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Borough has disclosed a liability of \$11,376,315 for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2016 and 2015. At June 30, 2016, the Borough's proportion was 0.05955%, which was a decrease of 0.00072% from its proportion measured as of June 30, 2015.

A special funding situation exists for Local employers of the PFRS, in which the State of New Jersey is required to pay additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. Since the local participating employers do not contribute under this legislation, there is no pension liability, deferred inflows or outflows to report. The amount of the Borough's proportionate share of collective net pension liability at June 30, 2016 and 2015 respectively was \$ 955,328 and \$880,415.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the Borough recognized pension expense of \$489,927. At December 31, 2016 as measured on June 30, 2016, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2016		June 30, 2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 74,573	\$ -	\$ 86,592
Changes of assumptions	1,575,713		1,853,509	
Net difference projected and actual earnings on pension plan investments	797,118			174,726
Changes in proportion and differences between Borough's and proportionate share of contributions		868,177		1,024,115
Borough contributions subsequent to the measurement date				
Total	<u>\$ 2,372,831</u>	<u>\$ 942,750</u>	<u>\$ 1,853,509</u>	<u>\$ 1,285,433</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2017	\$ 256,287.00
2018	256,287.00
2019	256,287.00
2020	256,287.00
2021	256,287.00
Thereafter	148,646.00
Total	<u>\$ 1,430,081.00</u>

	6/30/2016	6/30/2015
Collective deferred outflows of resources	\$ 3,984,339,036	\$ 2,785,314,314
Collective deferred inflows of resources	125,220,083	143,667,728
Collective net pension liability (Non-State-Local Group)	20,706,699,056	18,117,234,618
Borough's portion of net pension liability	11,376,315	10,039,328
Borough's portion of net pension liability	0.0595553885%	0.0602726815%

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Actuarial assumptions. The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	2.10-8.98% based on age
Thereafter	3.10-9.98% based on age
Investment Rate of Return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65%) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/ Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

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BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Discount rate. The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employees contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2016 and 2015, calculated using the discount rate of 5.55% and 5.79%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	<u>1% Decrease</u> <u>(4.55%)</u>	<u>Rate</u> <u>(5.55%)</u>	<u>1% Increase</u> <u>(6.55)</u>
Borough's proportionate share of the net pension liability	\$ 14,668,924	\$ 11,376,315	\$ 8,691,390
	June 30, 2015		
	<u>1% Decrease</u> <u>(4.79%)</u>	<u>Rate</u> <u>(5.79%)</u>	<u>1% Increase</u> <u>(6.79)</u>
Borough's proportionate share of the net pension liability	\$ 13,235,022	\$ 10,039,328	\$ 7,433,525

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

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BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

13. Pension Plans (Continued)

PFRS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after 4 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of the final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek early retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and tier 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Funding Policy- PERS and PFRS

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. 2012, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. 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, 2012. 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
2016	\$ 204,111.00	\$ 489,537.00
2015	206,955.00	488,537.00
2014	190,129.00	517,525.00
2013	208,130.00	574,338.00

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 \$2,696.56 and \$15,420.38 in 2016 and 2015, respectively.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

15. Deferred Compensation Plan

The Borough 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 and Medical Benefits

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In July, 2009, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 09103. Any PBA 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 health insurance coverage ends when the retiree reaches the age of 65.

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

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

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

16. Post-Employment Benefits (Continued)

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

The Borough contributions to SHBP for the years ended December 31, 2016 and 2015 were \$618,724 and \$611,594, respectively, which equaled the required contributions. There were approximately 29 and 30 retired participants eligible at December 31, 2016 and 2015, respectively.

The Borough 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 \$11,916 in 2016 and \$12,540 in 2015, and the Borough's payments to the retirees' Medicare premiums, co-pay reimbursements and medical assistance were \$24,776 in 2016 and \$20,675 in 2015.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting: The financial statements of the health benefits program are prepared on the accrual basis of accounting. Employer contributions are recognized when payable in accordance with terms of the health benefit program.

Significant Legislation: P.L. 2011, C.78, effective October 2011, set new employee contribution requirements towards the cost of employer-provided health coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions have been phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

Health Insurance Waiver: The Borough offers health insurance waivers in an amount of the lesser of \$5,000 or the actual net insurance cost to employees that can show that coverage is provided by a spouse or other means. In 2016 the Borough paid two employees a total of \$ 10,000 and included the waiver as wages on their respective W-2's.

Investment Valuation: Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

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, 2016 and December 31, 2015 was \$649,997 and \$812,064, respectively. This amount is not reported either as an expenditure or liability.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

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, 2016 financial position.

Pending Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2016 and 2015, the Borough reserved \$ 196,984.32 and \$204,156.08, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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 \$121,387.00. 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 \$31,915.28 and \$31,915.28 as of December 31, 2016 and 2015, 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, 2016, 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.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

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 2016 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.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

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 \$100 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.

The Borough of Hillsdale has contributed \$1,410 and \$1,390 for 2016 and 2015, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,410 and \$1,390 for 2016 and 2015, respectively for each eligible volunteer first aid squad members in to the Plan. The total Borough contributions were \$44,521.75 and \$48,357.60 for 2016 and 2015, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their families. 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.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services. Since the review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

See independent auditor's report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016 AND 2015
 (Continued)

21. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2016 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 5,614.34	\$ 312,989.60
Grant Fund	134,675.25	
Trust Fund	37.50	5,106.29
Capital Fund	88,276.85	
Swim Pool Utility Fund	90,184.53	184.53
Public Assistance Fund		508.05
Total Interfund Receivables/Payables	<u>\$ 318,788.47</u>	<u>\$ 318,788.47</u>

22. Subsequent Events

The Borough has evaluated subsequent events through June 14, 2017, which is the date the financial statements were available to be issued. The 2017 Municipal Budget was adopted on April 17, 2017.

See independent auditor's report.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CASH - TREASURER

A-4

	<u>Reference</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2015	A	\$ 5,343,514.65	\$ 3,027.19
Increased by:			
Taxes Receivable	A-7	45,330,669.42	
Non-Budget Revenue	A-2	40,081.55	
Budget Offsets	A-3	220,787.47	
Due From State - Senior Citizens and Veterans Deductions	A-6	79,918.50	
Prepaid Taxes	A-17	227,486.78	
Grants Receivable	A-10	8,619.31	
Revenue Accounts Receivable	A-2	2,419,325.42	
Tax Overpayments	A-18	18,898.46	
Unappropriated Grant Reserves	A-29	44,899.65	
Due to State of New Jersey - Marriage License Fees	A-23	1,075.00	
Due to State of New Jersey - DCA Training Fees	A-24	14,304.00	
Receipts from Outside Tax Title Liens	A-19	218,285.53	
Receipts from Assessment Trust Fund	B	12,530.80	
Due from COAH Trust Fund	B		
Due from Capital	Contra	39,873.64	
Due from Swim Pool Utility	D	90,000.00	
Petty Cash	Contra	600.00	
Accounts Payable- Canceled	A-19		
		<u>48,767,355.53</u>	<u> </u>
		54,110,870.18	3,027.19
Decreased by:			
Current Year Budget Appropriations	A-3	10,800,391.76	
Appropriation Reserves for Grants	A-28	70,682.12	
Appropriation Reserves	A-14	388,958.05	
County Taxes Payable	A-25	4,419,224.46	
Local District School Taxes Payable	A-26	20,369,366.00	
Regional High School Taxes Payable	A-27	10,999,905.12	
Miscellaneous Reserves- Outside Tax Title Liens Payable	A-19	271,224.08	
Tax Overpayments Refunded	A-18	35,266.61	
Due to State of New Jersey - Marriage License Fees	A-23	175.00	
Due to State of New Jersey - DCA Training Fees	A-24	17,267.00	
Due to Capital	Contra	39,873.64	
Due to Swim Pool Utility	D	109,007.29	
Petty Cash	Contra	600.00	
		<u>47,521,941.13</u>	<u> </u>
Balance December 31, 2016	A	<u>\$ 6,588,929.05</u>	<u>\$ 3,027.19</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

A-5

SCHEDULE OF CASH - CHANGE FUND

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 250.00
Balance December 31, 2016	A	\$ 250.00
<u>Analysis of Balance:</u>		
Tax Collector		250.00
		\$ 250.00

**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, 2015	A	\$ 2,955.09
Increased by:		
Received in Cash from State	A-4	79,918.50
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector	A-1	1,377.39
Prior Year Taxes		81,295.89
		84,250.98
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings	Below	82,250.00
Senior Citizens' and Veterans' Allowed by Tax Collector	Below	500.00
		82,750.00
Balance December 31, 2016	A	\$ 1,500.98
Calculation of Amount Realized		
Senior Citizens		\$ 6,750.00
Veterans		75,500.00
Senior Citizens & Veterans Deductions Allowed		500.00
		\$ 82,750.00
		82,750.00
Less: Current Year/Seniors & Veterans Disallowed-CY	Above	
Realized as Tax Revenue	A-7	\$ 82,750.00

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-7

	Balance <u>Dec. 31, 2015</u>	2016 <u>Levy</u>	Collections <u>2015</u>	<u>2016</u>	Transfer <u>to Lien</u>	Added (Canceled/ (Judgments)	Balance <u>Dec. 31, 2016</u>
2015 Taxes	\$ 324,205.96	\$ -	\$ -	\$ 324,400.91	\$ -	\$ 194.95	\$ 0.00
2016 Taxes		45,583,793.04	167,770.06	45,089,018.51	678.50	(8,287.39)	318,038.58
	<u>\$ 324,205.96</u>	<u>\$ 45,583,793.04</u>	<u>\$ 167,770.06</u>	<u>\$ 45,413,419.42</u>	<u>\$ 678.50</u>	<u>\$ (8,092.44)</u>	<u>\$ 318,038.58</u>
Reference	A	Below	A-17	Below	A-9		A
			<u>Reference</u>				
Cash Receipts			A-4	\$ 45,330,669.42			
Seniors and Veterans Deductions			A-6	82,750.00			
			Above	<u>\$ 45,413,419.42</u>			
 <u>Analysis of Property Tax Levy</u>							
Tax yield:							
General Property Tax		\$ 45,542,778.24					
Added Tax (R.S. 54:4-63.1 et seq.)		31,484.60					
Added Penalty & Billing Adjustment		9,530.20					
		<u>\$ 45,583,793.04</u>					
 Tax Levy							
Local District School Tax		\$ 20,369,366.00	A-26				
Regional High School Tax		11,436,234.00	A-27				
County Tax including Open Space Tax		4,416,516.05	A-25				
Added County Taxes		3,062.66	A-25				
		<u>36,225,178.71</u>	A-2				
Local Tax for Municipal Purposes		8,708,075.00	A-2				
Local Tax for Library Purposes		597,047.00	A-2				
Additional Taxes		53,492.33					
		<u>\$ 45,583,793.04</u>	Above				

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF TAX TITLE LIENS

A-8

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 12,010.99
Increased by:		
Transfer from Taxes Receivable	A-8	678.50
		12,689.49
Decreased by:		
Cancellations		_____
Balance December 31, 2016	A	\$ 12,689.49

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

A-9

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 726,900.00
Increased by:		
Foreclosed Property		87,500.00
Balance December 31, 2016	A	\$ 814,400.00

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
1108	9.00	87,500.00
1706	40	22,100.00
1706	41	15,400.00
1706	42	10,400.00
		\$ 814,400.00

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GRANTS RECEIVABLE - FEDERAL AND STATE GRANT FUND

A-10

<u>Grant</u>	Balance Dec. 31, 2015	Budget Revenue	Received	Cancelled	Balance Dec. 31, 2016
Municipal Alliance on Alcoholism & Drug Abuse	\$ 5,681.80		\$ 4,490.00		\$ 1,191.80
CDBG - Senior Activities	-	4,500.00			4,500.00
Radon Awareness Program	442.11				442.11
Green Communities	3,000.00			3,000.00	-
Stormwater Management Grant	4,941.00			4,941.00	-
Drive Sober End of Year Holiday Crackdown Grant		5,000.00	804.31		4,195.69
Click-it-or Ticket Grant		5,000.00	3,325.00		1,675.00
	<u>\$ 14,064.91</u>	<u>\$ 14,500.00</u>	<u>\$ 8,619.31</u>	<u>\$ 7,941.00</u>	<u>\$ 12,004.60</u>
Reference	A	A-2,16,28	A-4,16	A-28	A

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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

A-11

<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2015</u>	<u>Authorized in 2016</u>	<u>Budget Appropriation</u>	<u>Balance Dec. 31, 2016</u>
Revaluation of Real Property	250,000.00	\$ 50,000.00	\$ 50,000.00		\$ 50,000.00	\$ -
			<u>\$ 50,000.00</u>	<u>\$ -</u>	<u>\$ 50,000.00</u>	<u>\$ -</u>
			A		A-3	A

SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATION

A-12

<u>Purpose</u>	<u>Balance Dec. 31, 2016</u>	<u>Amount Resulting from 2016</u>	<u>Budget Appropriation</u>	<u>Balance Dec. 31, 2016</u>
Not Applicable - 2016	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	A		A-3	A

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-13

Revenue Accounts Receivable:	Balance December 31, <u>Ref.</u> <u>2015</u>	Accrued <u>in 2016</u>	Collected <u>in 2016</u>	Balance December 31, <u>2016</u>
Borough Clerk	\$ -	\$ -	\$ -	\$ -
Licenses				-
Alcoholic Beverages		17,750.00	17,750.00	-
Other		75.00	75.00	-
Fees and Permits		9,478.23	9,478.23	-
Police Department				-
Fees and Permits		2,463.67	2,463.67	-
Planning/Zoning /Other Construction				-
Fees and Permits		48,619.03	48,619.03	-
Fire Prevention				-
Fees and Permits		34,242.00	34,242.00	-
Board of Health				-
Licenses		15,852.00	15,852.00	-
Fees and Permits		5,592.00	5,592.00	-
Municipal Court				-
Fines and Costs	6,675.00	82,083.03	82,562.50	6,195.53
Interest and Cost on Taxes		82,609.37	82,609.37	-
Interest on Investments and Deposits		36,425.49	36,425.49	-
Parking Fees		77,503.61	77,503.61	-
Sewer Agreement Revenue		46,963.83	46,963.83	-
Anticipated Utility Operating Surplus				-
Payment in Lieu of Taxes - Senior Housing		48,754.97	48,754.97	-
Police Administrative Charge		79,500.00	79,500.00	-
Communication Tower and Cable		307,143.31	307,143.31	-
Energy Receipts Tax		1,180,070.00	1,180,070.00	-
Watershed Aid		2,303.00	2,303.00	-
Uniform Construction Code Fees		275,544.00	275,544.00	-
Interlocal Agreement				-
Pistol Range Rental - River Vale		2,319.69	2,319.69	-
Hillsdale Board of Education-COPS in School		5,000.00	5,000.00	-
Pascack Valley Regional High School		35,000.00	35,000.00	-
Uniform Fire Safety Act		7,551.05	7,551.05	-
Recycling Revenues		16,196.34	16,196.34	-
	<u>\$ 6,675.00</u>	<u>\$ 2,419,039.62</u>	<u>\$ 2,419,519.09</u>	<u>\$ 6,195.53</u>
<u>Reference</u>	A		A-2,4	A

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF EXPENDITURES FOR 2015 RESERVES

A-14

	Balance Dec. 31, 2015	Transfers	Encumbrances	Modified by Transfers	Paid or Charged	Lapsed	Reserved/ Overexpenditures
SALARIES AND WAGES WITHIN "CAPS":							
General Administration							
Mayor and Council							
Salaries and Wages				\$ -	\$ -	\$ -	\$ -
Other Expenses	1,795.89		53.95	1,849.84	417.12	-	1,432.72
Administrative and Executive							
Salaries and Wages	20.86	920.00		940.86	934.36	6.50	-
Other Expenses:							
Public Information	19,723.79		54.61	19,778.40	924.61	-	18,853.79
Miscellaneous	3,428.92		996.55	4,425.47	1,602.35	-	2,823.12
Financial Administration							
Salaries and Wages	16,241.39			16,241.39	864.00	-	15,377.39
Other Expenses	30,433.64		8,875.00	39,308.64	39,308.64	-	-
Audit Services							
Other Expenses	28,000.00			28,000.00	18,000.00	-	10,000.00
Collection of Taxes							
Salaries and Wages	17,755.08			17,755.08	-	-	17,755.08
Other Expenses	1,912.02			1,912.02	-	-	1,912.02
Assessment of Taxes							
Salaries and Wages	9,577.55			9,577.55	-	-	9,577.55
Other Expenses	12,102.92			12,102.92	100.00	-	12,002.92
Clerk's Office							
Salaries and Wages	1,514.18	827.00		2,341.18	2,341.00	0.18	-
Other Expenses	20,311.13		259.76	20,570.89	657.41	-	19,913.48
Legal Services							
Other Expenses	89,736.83		2,134.52	91,871.35	14,124.96	-	77,746.39
Engineering							
Other Expenses	10,298.74		1,842.50	12,141.24	9,196.25	-	2,944.99
Train Station							
Other Expenses	3,121.55			3,121.55	-	-	3,121.55
Planning Board							
Other Expenses	9,346.81			9,346.81	103.17	-	9,243.64
Zoning Official							
Salaries and Wages				-	-	-	-
Other Expenses	2,570.14			2,570.14	-	-	2,570.14
Building and Grounds							
Other Expenses	255.45	2,889.00	693.48	3,837.93	3,837.93	-	-
Environmental Commission							
Other Expenses	654.67		231.00	885.67	231.00	-	654.67
Municipal Court							
Salaries and Wages	87.85			87.85	-	-	87.85
Other Expenses	7,541.68			7,541.68	1,942.00	-	5,599.68
Public Defender							
Salaries and Wages	4,200.00			4,200.00	-	-	4,200.00
Prosecutor							
Salaries and Wages	12.39			12.39	-	-	12.39
Insurance							
Unemployment Compensation	5,437.53			5,437.53	-	-	5,437.53
Police							
Salaries and Wages	104,441.37			104,441.37	15,730.46	-	88,710.91
Other Expenses	1,533.69		17,306.61	18,840.30	17,154.30	-	1,686.00
Police Dispatch							
Salaries and Wages				-	-	-	-
Emergency Management Services							
Other Expenses	139.72		1,497.73	1,637.45	1,569.73	-	67.72
First Aid Organization:							
Other Expenses	3,210.33			3,210.33	160.00	-	3,050.33
Fire:							
Salaries and Wages	17.44			17.44	-	-	17.44
Other Expenses	0.16		17,661.29	17,661.45	15,335.96	-	2,325.49
Fire Prevention Bureau:							
Salaries and Wages	24,299.91			24,299.91	1,100.00	-	23,199.91
Other Expenses	2,569.58		232.22	2,801.80	320.68	-	2,481.12
Road Repairs and Maintenance							
Salaries and Wages	46,922.99			46,922.99	12,131.80	-	34,791.19
Other Expenses	11,346.03		17,497.64	28,843.67	9,574.82	-	19,268.85
Snow Removal- Contractual	8,417.50			8,417.50	-	-	8,417.50
Garbage and Trash Removal							
Salaries and Wages	1,880.38			1,880.38	-	-	1,880.38
Other Expenses	107,893.31	(9,300.00)	974.85	99,568.16	22,375.19	-	77,192.97
Recycling							
Other Expenses	390.30		1,275.92	1,666.22	508.50	-	1,157.72
Insurance							
General Liability Premiums	2,614.83		41,396.51	44,011.34	41,396.51	-	2,614.83
Group Insurance Plan for Employees	29,144.21			29,144.21	2,314.64	-	26,829.57
Workers Compensation	16,437.80		35,709.80	52,147.60	35,709.80	-	16,437.80
Board of Health							
Salaries and Wages	15,008.84			15,008.84	2,205.00	-	12,803.84
Other Expenses	4,314.22			4,314.22	9.02	-	4,305.20
Administration of Public Assistance							
Salaries and Wages	8.20			8.20	-	-	8.20

(Continued Next Page)

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF EXPENDITURES FOR 2015 RESERVES

A-14

	Balance Dec. 31, 2015	Transfers	Encumbrances	Modified by Transfers	Paid or Charged	Lapsed	Reserved / Overexpenditures
Board of Recreation							
Salaries and Wages	\$ 15,412.00			\$ 15,412.00		\$ 15,412.00	
Other Expenses	1,066.67			1,066.67		1,066.67	
Senior Citizen Committee							
Salaries and Wages	2,096.00			2,096.00	508.50	1,587.50	
Other Expenses	8,124.02		785.60	8,909.62	1,090.75	7,818.87	
Parks and Playgrounds							
Salaries and Wages	53,669.14			53,669.14		53,669.14	
Other Expenses	2,096.79		2,308.90	4,405.69	66.58	4,339.11	
Celebration of Public Events, Anniversary, or Holidays							
Other Expenses	1,887.37			1,887.37		1,887.37	
Blood borne Pathogens							
Other Expenses	1,000.00			1,000.00		1,000.00	
Uniform Construction Code Official							
Salaries and Wages	19.12	3,164.00		3,183.12	3,182.58	0.54	
Other Expenses	1,105.51			1,105.51	253.65	851.86	
Unclassified:							
Utilities:							
Gas and Electricity	32,839.98		764.40	33,604.38	17,933.94	15,670.44	
Telephone	13,225.54			13,225.54	2,865.51	10,360.03	
Water/Fire Hydrants	8,910.34			8,910.34	893.01	8,017.33	
Gasoline	46,661.54			46,661.54	8,720.16	37,941.38	
Vehicle maintenance		1,500.00	9,025.55	10,525.55	9,789.57	735.98	
Accumulated Absences							
Contingent	146.90			146.90		146.90	
TOTAL OTHER EXPENSES WITHIN "CAPS"	864,932.74	-	161,578.39	1,026,511.13	317,485.46	709,025.67	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS":							
Social Security System (O.A.S.I.)	\$ 44,014.69			\$ 44,014.69		\$ 44,014.69	\$ -
Defined Contribution Retirement Program	1,708.07			1,708.07	167.67	1,540.40	
Police & Fireman's Retirement System	31,223.00			31,223.00	1,770.97	29,452.03	
Public Employees Retirement System	1,744.52			1,744.52	1,744.52	0.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	78,690.28	0.00	0.00	78,690.28	3,683.16	75,007.12	0.00
TOTAL RESERVES WITHIN "CAPS"	943,623.02	0.00	161,578.39	1,105,201.41	321,168.62	784,032.79	0.00
OTHER EXPENSES EXCLUDED FROM "CAPS":							
Maintenance of Free Public Library	39,165.71		4,566.12	43,731.83	34,431.83	9,300.00	
LOSAP	69,000.00			69,000.00	48,357.60	20,642.40	
Recycling Tax (FCOA Code 32-465)	54.52			54.52		54.52	
Bergen County Utilities Authority							
Service Charges-Contractual	147.56			147.56		147.56	
Storm Water:							
Salaries and Wages	78,000.00			78,000.00		78,000.00	
Police Pistol Range Rental	2,230.00			2,230.00		2,230.00	
Reserve for Tax Appeals							
Emergency Solid Waste Disposal							
Capital Improvements							
Police Department							
Fire Department							
Fire Turnout Gear, SCBA, & Misc Equipment							
Public Works Salter				0.00		0.00	
TOTAL OTHER EXPENSES EXCLUDED FROM "CAPS"	188,597.79	-	4,566.12	193,163.91	82,789.43	110,374.48	-
TOTAL RESERVES EXCLUDED FROM "CAPS"	188,597.79	-	4,566.12	193,163.91	82,789.43	110,374.48	-
TOTAL RESERVES	\$ 1,132,220.81	\$ -	\$ 166,144.51	\$ 1,298,365.32	\$ 403,958.05	\$ 894,407.27	\$ -
	A		A-15		Below	A-1	

Cash Disbursements	A-4	388,958.05
Transfer to Reserve for LOSAP	A-19	15,000.00
	Above	<u>\$ 403,958.05</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF ENCUMBRANCES PAYABLE

A-15

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 166,144.51
Increased by:		
Transfer from Current Appropriations	A-3	471,526.41
		637,670.92
Decreased by:		
Transfer to Appropriations Reserves	A-14	166,144.51
		166,144.51
Balance December 31, 2016	A	\$ 471,526.41

SCHEDULE OF DUE FROM CURRENT FUND (GRANT FUND)

A-16

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 175,937.21
Increased by:		
Budget Appropriation	A-3,28	\$ 55,776.43
Grants Receivable - Cash Receipts	A-10	8,619.31
Current Fund Receipts - Unappropriated Grants	A-29	44,899.65
		109,295.39
		285,232.60
Decreased by:		
Grant Receivable	A-10	14,500.00
Cancelled Grants Appropriated	A-1,28	24,098.80
Current Fund - Expenditures	A-28	70,682.12
Unappropriated Reserve for State Grants	A-29	41,276.43
		150,557.35
Balance December 31, 2016	A	\$ 134,675.25

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF PREPAID TAXES

	<u>Reference</u>	A-17
Balance December 31, 2015	A	\$ 167,770.06
Increased by:		
Receipts - Prepaid 2017 Taxes	A-4	227,486.78
		395,256.84
Decreased by:		
Applied to 2016 Taxes	A-7	167,770.06
		167,770.06
Balance December 31, 2016	A	\$ 227,486.78

SCHEDULE OF TAX OVERPAYMENTS

	<u>Reference</u>	A-18
Balance December 31, 2015	A	\$ -
Increased by:		
Canceled Disabled Vet	A-1	9,196.39
Tax Appeals	A-19	7,171.76
Overpayments Received	A-4	18,898.46
		35,266.61
		35,266.61
Decreased by:		
Cash Disbursements	A-4	35,266.61
		35,266.61
Balance December 31, 2016	A	\$ -

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF MISCELLANEOUS REVENUES

A-19

	Balance December 31, <u>2015</u>	Cash Receipts /Adj	Cash Disbursements	Balance December 31, <u>2016</u>
Open Space - Pascack Bridge	\$ 41,310.00		\$ 41,310.00	\$ -
Insurance Claims	80,315.73		80,315.73	0.00
Insurance Claims - FEMA	35,862.84		35,862.84	0.00
Outside Tax Title Liens	51,180.81	220,043.27	271,224.08	0.00
Accounts Payable	494.95			494.95
Reserve for LOSAP	-	15,000.00		15,000.00
Watershed Aid	<u>2,521.40</u>			<u>2,521.40</u>
	<u>\$ 211,685.73</u>	<u>\$ 235,043.27</u>	<u>\$ 428,712.65</u>	<u>\$ 18,016.35</u>
	A	Below	A-4	A
Cash Receipts		A-4 \$ 218,285.53		
Cash Disbursements			A-4 271,224.08	
Canceled			A-1 157,488.57	
Transfer from Approp. Reserves		A-14 15,000.00		
Interest owed on Lien Redemptions		A-1 <u>1,757.74</u>		
		<u>\$ 235,043.27</u>	<u>\$ 428,712.65</u>	

SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

A-20

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 53,887.40
Increased by:		
Budget Appropriations	A-3	<u>100,000.00</u>
Balance December 31, 2016	A	<u>\$ 153,887.40</u>

SCHEDULE OF RESERVE FOR TAX APPEALS

A-21

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 204,156.08
Increased by:		
Transfer from Appropriation Reserves	A-14	<u>204,156.08</u>
Decreased by:		
Overpayments- Tax Appeals	A-18	<u>7,171.76</u>
Balance December 31, 2016	A	<u>\$ 196,984.32</u>

SCHEDULE OF RESERVE FOR REVALUATION

A-22

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 22,520.00
Balance December 31, 2016	A	<u>\$ 22,520.00</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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

A-23

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 78.00
Increased by:		
Cash Receipts	A-4	1,075.00
		1,153.00
Decreased by:		
Cash Disbursements	A-4	175.00
		175.00
Balance December 31, 2016	A	\$ 978.00

SCHEDULE OF DUE TO STATE OF NEW JERSEY DCA FEES

A-24

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 2,963.00
Increased by:		
Cash Receipts	A-4	14,304.00
		17,267.00
Decreased by:		
Cash Disbursements	A-4	17,267.00
		17,267.00
Balance December 31, 2016	A	\$ -

SCHEDULE OF COUNTY TAXES PAYABLE

A-25

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 2,708.41
Increased by:		
Levy Including Open Space Tax	A-8	\$ 4,416,516.05
Added and Omitted Taxes	A-8	3,062.66
		4,419,578.71
		4,422,287.12
Decreased by:		
Payments	A-4	4,419,224.46
		4,419,224.46
Balance December 31, 2016	A	\$ 3,062.66

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-26

	<u>Reference</u>	
Balance December 31, 2015	A	\$ 498.00
Increased by:		
2016 Levy	A-1,7	20,369,366.00
		<u>20,369,864.00</u>
Decreased by:		
Payments	A-4	<u>20,369,366.00</u>
Balance December 31, 2016	A	<u>\$ 498.00</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-27

	<u>Reference</u>	
Balance December 31, 2015	A	
School Taxes Payable		\$ 413,886.60
Deferred School Taxes		<u>4,867,902.00</u>
		\$ 5,281,788.60
Increased by:		
2016 Levy	A-1	11,436,234.00
		<u>16,718,022.60</u>
Decreased by:		
Canceled	A-1	\$ 0.48
Payments	A-1,4	<u>10,999,905.12</u>
		<u>10,999,905.60</u>
Balance December 31, 2016	A	
School Taxes Payable		
Deferred School Taxes		<u>5,718,117.00</u>
		<u>\$ 5,718,117.00</u>
2016 Liability for Regional High School Tax		
Tax Paid	A-4	\$ 10,999,905.12
Tax Cancelled	A-1	0.48
Regional School tax payable - 12/31/15	A	(413,886.60)
Regional School tax payable - 12/31/16	A	<u>-</u>
Amount charged to 2016 operations	A-1	<u>\$ 10,586,019.00</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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

A-28

<u>Grant</u>	Balance Dec. 31, 2015	Budget Revenue	Expended	Cancel	Balance Dec. 31, 2016
Clean Communities program	\$ 64,989.51	\$ 20,762.30	\$ 46,534.75		\$ 39,217.06
Drive Sober End of Year Holiday Crackdown Grant	50.00	5,000.00	4,104.31		945.69
Click-it or Ticket Grant	-	5,000.00	3,325.00		1,675.00
Recycling Tonnage Grant	33,365.61	20,514.13	11,833.50		42,046.24
Alcohol Education and Rehabilitation Grant	1,483.74		173.50		1,310.24
Municipal Alliance Grant	3,058.00				3,058.00
CDBG - 2012	10,225.00			10,225.00	-
Community Development - Senior Activities	10,026.20	4,500.00	473.72		14,052.48
Association of NJ Environmental Commission	91.74			91.74	-
JIF Safety Committee Award	1,543.51		711.45	832.06	-
Bergen County Rifles	7,691.00			7,691.00	-
Radon Awareness Program	442.11				442.11
GDL Enforcement Grant	543.00				543.00
Drunk Driving Enforcement Fund	2,645.89		2,645.89		0.00
Body Armor Replacement Fund	2,397.69		880.00		1,517.69
Stormwater Management	7,629.00			7,629.00	-
Safety Committee Awards	2,571.00			2,571.00	-
Green Communities	3,000.00			3,000.00	-
	<u>\$ 151,753.00</u>	<u>\$ 55,776.43</u>	<u>\$ 70,682.12</u>	<u>\$ 32,039.80</u>	<u>\$ 104,807.51</u>
	A	A-3, 16,Below	A-4,16	Below	A
Budget Appropriation	A-10,25	\$ 14,500.00		7,941.00	A-10
Transfer Unappropriated Reserve	A-2,29	41,276.43		24,098.80	A-1,16
	Above	<u>\$ 55,776.43</u>		<u>\$ 32,039.80</u>	Above
				Canceled to Grant Receivable	
				Canceled to Current Operations	

SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS

A-29

<u>Grant</u>	Balance Dec. 31, 2015	Transfer to 2016 Budget	Received	Canceled	Balance Dec. 31, 2016
Recycling Tonnage Grant	\$ 20,514.03	\$ 20,514.13	\$ 16,726.02		\$ 16,725.92
Body Armor Replacement Fund	0.32		1,943.57		1,943.89
Clean Communities	20,761.96	20,762.30	23,740.13		23,739.79
Drunk Driving Enforcement Fund			2,489.93		2,489.93
	<u>\$ 41,276.31</u>	<u>\$ 41,276.43</u>	<u>\$ 44,899.65</u>	<u>\$ -</u>	<u>\$ 44,899.53</u>
	A	A-2,16	A-4,16		A

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUND

SCHEDULE OF TRUST CASH

		Animal License Fund	Other Trust Funds	Recreation Trust	Assessment Trust	Length of Service Awards Program Fund
	<u>Reference</u>					<u>B-2</u>
Balance December 31, 2015	B	\$ 13,876.37	\$ 1,284,414.75	\$ 118,312.99	\$ 19,259.56	\$ 904,382.86
Increased by:						
Dog License Fees Collected	B-8	11,813.40				
Cat License Fees Collected	B-8	1,320.00				
State Fees	B-6	1,089.60				
Other Trust Receipts	B-12		762,197.00			
Escrow Deposits	B-10		375,828.60			
Recreation Receipts	B-14			351,614.01		
Late Fees	B-8	-				
Interest Income	B-7,9,15	51.81	2,045.92	619.14	134.65	
Assessments Receivable	B-4				4,784.68	
Contributions Deposited	B-16					48,357.60
Increase in Investment Value	B-17					73,080.22
Payroll Deductions Payable	B-13		6,661,499.28			
		<u>14,274.81</u>	<u>7,801,570.80</u>	<u>352,233.15</u>	<u>4,919.33</u>	<u>121,437.82</u>
		<u>28,151.18</u>	<u>9,085,985.55</u>	<u>470,546.14</u>	<u>24,178.89</u>	<u>1,025,820.68</u>
Decreased by:						
Animal License Expenditures	B-8	12,612.00				
State Fees	B-6	1,026.00				
Other Trust Fund Disbursements	B-12		960,183.14			
Escrow Disbursements	B-10		178,614.53			
Recreation Disbursements	B-14			328,584.22		
Payroll Deductions Payable	B-13		6,691,663.87			
Payments Made to Current Fund	B-7,9,15	50.64	969.46	602.57	12,530.80	
Due From Current for COAH	B					
Loss on Investments	B-17					
Plan Service Charges	B-17					1,675.00
Distributions	B-17					26,749.46
		<u>13,688.64</u>	<u>7,831,431.00</u>	<u>329,186.79</u>	<u>12,530.80</u>	<u>28,424.46</u>
Balance December 31, 2016	B	<u>\$ 14,462.54</u>	<u>\$ 1,254,554.55</u>	<u>\$ 141,359.35</u>	<u>\$ 11,648.09</u>	<u>\$ 997,396.22</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

**ASSESSMENT TRUST FUND
SCHEDULE OF CASH**

B-3

	<u>Reference</u>	
Due to Current Fund	B	\$ -
Fund Balance	B	<u>11,648.09</u>
	B	<u><u>\$ 11,648.09</u></u>

**ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE**

B-4

<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Balance December 31, 2015</u>	<u>Increases</u>	<u>Cash Receipts</u>	<u>Balance December 31, 2016</u>
Ord. 06-08 Sidewalk Improvements	4/8/2008	\$ 5,953.44	-	4,784.68	\$ 1,168.76
		B		B-1,2	B

**ASSESSMENT TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND**

B-5

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 12,530.80
Decreased by:		
Transfer to Current Fund	B-2	<u>12,530.80</u>
Balance December 31, 2016	B	<u><u>\$ -</u></u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

B-6

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 179.40
Increased by:		
Fees Collected	B-2	1,089.60
		<u>1,269.00</u>
Decreased by:		
Paid to State	B-2	1,026.00
		<u>1,026.00</u>
Balance December 31, 2016	B	<u>\$ 243.00</u>

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND**

B-7

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 4.05
Increased by:		
Interest Earned	B-2	51.81
		<u>55.86</u>
Decreased by:		
Transfer to Current Fund	B-2	50.64
		<u>50.64</u>
Balance December 31, 2016	B	<u>\$ 5.22</u>

**ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

B-8

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 13,692.92
Increased by:		
Dog Licenses Issued		\$ 11,813.40
Cat Licenses Issued		1,320.00
	B-2	<u>13,133.40</u>
		26,826.32
Decreased by:		
Expenditures Under R.S. 4:19-15.11	B-2	12,612.00
		<u>12,612.00</u>
Balance December 31, 2016	B	<u>\$ 14,214.32</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

**OTHER TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND**

B-9

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 3,976.31
Increased by:		
Interest Earned	B-2	2,045.92
		6,022.23
Decreased by:		
Transfer to Current	B-2	969.46
		969.46
Balance December 31, 2016	B	\$ 5,052.77

**OTHER TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW DEPOSITS**

B-10

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 223,213.15
Increased by:		
Cash Receipts	B-2	375,828.60
		599,041.75
Decreased by:		
Cash Disbursements	B-2	178,614.53
		178,614.53
Balance December 31, 2016	B	\$ 420,427.22

**OTHER TRUST FUND
SCHEDULE OF RESERVE FOR MEDICAL BENEFITS**

B-11

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 31,915.28
Balance December 31, 2016	B	\$ 31,915.28

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF RESERVE FOR OTHER TRUST FUNDS

B-12

	Balance December 31, 2015	Cash Receipts	Cash Disbursements	Adjustment	Balance December 31, 2016
UCA/Fire Penalties	\$ 95,149.00	\$ 5,075.00			\$ 100,224.00
Dedicated Fire Penalties	250.00				250.00
POAA	1,993.16	116.00	190.00		1,919.16
DARE Program	6,768.00				6,768.00
Tax Title Lien Premiums	473,300.00	410,200.00	620,800.00		262,700.00
Tax Map Revisions	300.00				300.00
Memorial Day Parade	2,756.06				2,756.06
Centennial	985.66				985.66
Reserve For COAH Payments	110,248.64	26,224.65	18,870.42		117,602.87
Stonybrook Police Donation	48,085.32	21,784.19	43,509.47		26,360.04
2002 Disability	25,124.58	2,153.76	929.12		26,349.22
Developer's Contribution	58,452.00				58,452.00
Paterson Bridge Design	22,950.00				22,950.00
Hillsdale Board of Education	297.71				297.71
Celebration of Public Events	2,135.48	930.00	465.56		2,599.92
Curbs/Roads Sidewalks	27,710.00	400.00	825.00		27,285.00
Senior Lunch	1,004.11	872.00	1,157.00		719.11
Summer Concerts	1,993.00	6,675.00	6,811.00		1,857.00
Train Station	2,991.06	1,998.00	1,313.95		3,675.11
Snow Rider	44,735.00	10,000.00			54,735.00
Police Reserves	60,709.39	275,768.40	265,311.62		71,166.17
	<u>\$ 987,938.17</u>	<u>\$ 762,197.00</u>	<u>\$ 960,183.14</u>	<u>\$ -</u>	<u>\$ 789,952.03</u>
<u>Ref.</u>	B	B-2	B-2	Below	B

OTHER TRUST FUND

SCHEDULE OF PAYROLL DEDUCTIONS AND WITHHOLDINGS PAYABLE

B-13

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 32,989.97
Increased by:		
Payroll Deposits	B-2	6,661,499.28
		<u>6,694,489.25</u>
Decreased by:		
Cash Disbursements	B-2	6,691,663.87
Balance December 31, 2016	B	<u>\$ 2,825.38</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

**RECREATION TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION EXPENDITURES**

B-14

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 118,281.26
Increased by:		
Cash Receipts	B-2	<u>351,614.01</u> 469,895.27
Decreased by:		
Cash Disbursements	B-2	<u>328,584.22</u>
Balance December 31, 2016	B	<u><u>\$ 141,311.05</u></u>

**RECREATION TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND**

B-15

	<u>Reference</u>	
Balance December 31, 2015	B	\$ 31.73
Increased by:		
Interest on Investments	B-2	<u>619.14</u> 650.87
Decreased by:		
Cash Disbursements	B-2	<u>602.57</u>
Balance December 31, 2016	B	<u><u>\$ 48.30</u></u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF LENGTH OF SERVICE AWARD CONTRIBUTIONS RECEIVABLES

	<u>Reference</u>		B-16
Balance December 31, 2015	B	\$ 69,000.00	
Increased by:			
Service Award Contributions Receivable	B-17	44,521.75	
		113,521.75	
Decreased by:			
Cancellation of 2015 Awards	B-17	\$ 13,692.90	
Contributions Deposited	B-2	48,357.60	
		62,050.50	
Balance December 31, 2016	B	\$ 51,471.25	
		51,471.25	

SCHEDULE OF RESERVE FOR L.O.S.A.P.

	<u>Reference</u>		B-17
Balance December 31, 2015	B	\$ 973,382.86	
Increased by:			
Contributions	B-16	\$ 44,521.75	
Interest/ Gain on Investments	B-2	73,080.22	
		117,601.97	
		1,090,984.83	
Decreased by:			
Withdrawal by Plan Participants	B-2	26,749.46	
Cancellation of 2015 Awards	B-16	13,692.90	
Plan Service Charges	B-2	1,675.00	
		42,117.36	
Balance December 31, 2016	B	\$ 1,048,867.47	
		1,048,867.47	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CASH - TREASURER

C-1

	<u>Reference</u>	
Balance December 31, 2015	C, C-2	\$ 1,638,569.38
Increased by:		
Grants Received	C-3	152,758.98
Grants Received- Applied to Deferred Charges	C-3	49,873.64
Interest Earned	C-4	5,259.24
Refunds Improvement Authorizations	C-7	1,840.00
Capital Improvement Fund	C-10	150,000.00
Bond Anticipation Notes	C-9	1,620,305.00
		1,980,036.86
	C-2	3,618,606.24
Decreased by:		
Improvement Authorizations	C-7	506,384.05
Contracts Payable	C-11	161,563.64
Reserve for Improvements	C-12	1,211.89
Bond Anticipation Notes	C-9	1,620,305.00
Payments to Current Fund - Interest	C-4	5,065.57
	C-2	2,294,530.15
Balance December 31, 2016	C, C-2	\$ 1,324,076.09

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

C-1a

	Balance <u>Dec. 31, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfer To/(From)</u>	Balance <u>Dec. 31, 2016</u>
Grants Receivable	\$ (372,149.00)	\$ 152,758.98		\$ (144,021.00)	\$ (363,411.02)
Due from Current Fund	(88,470.52)	5,259.24	5,065.57		(88,276.85)
Contracts Payable	161,563.64		161,563.64	710,860.76	710,860.76
Capital Improvement Fund	79,327.95	150,000.00		(150,000.00)	79,327.95
Reserve for Capital Improvements	56,583.04		1,211.89		55,371.15
Down Payments on Improvements	3,000.00				3,000.00
Reserve for Payment of Debt	4,375.00				4,375.00
Reserve for Municipal Open Space Fund	103,512.12				103,512.12
Bond Anticipation Note Renewals		1,620,305.00	1,620,305.00		
Fund Balance	7,960.68			211,519.43	219,480.11
Improvement Authorizations:					
Ord. #	Improvement Description				
03-01	Acquisition of Real Property for Open Space and Recreation	71,535.25		(71,535.25)	-
03-09	Various Capital Improvements	499.21		(499.21)	0.00
04-21	Various Capital Improvements	15,153.37		(15,153.37)	-
06-14	Acquisition of Fire Pumper Truck	1,673.28		(1,673.28)	-
07-27	Various Capital Improvements	(0.27)			(0.27)
09-15	Various Capital Improvements	242,564.00		(242,564.00)	-
10-10	Resurfacing of Wierimus Lane	(0.13)			(266.30)
10-13	Resurfacing of Various Roads	105,074.00		266.17	(0.00)
11-14	2011 Road, Curb, Sidewalk and Drainage Improvement Program	83,648.49		(83,648.49)	-
12-12	Municipal Improvements	3,117.00		(3,117.00)	-
13-05	Improvements at Central Ave. and Installation of ADA Ramps	78,144.64			78,144.64
13-08	2013 Road Improvement Program	24,627.05		266.17	24,360.88
14-12	2014 Road Improvement Program	(58,826.87)	49,873.64	10,394.88	(129,804.36)
15-13	Various Capital Impr. & Acq. Of Equip	1,115,657.45		412,322.16	280,060.50
16-09	Various Public Improvements & Acquisitions			81,028.50	150,000.00
16-11	Various Public Improvements & Acquisitions			278,370.28	68,971.50
		<u>\$ 1,638,569.38</u>	<u>\$ 1,978,196.86</u>	<u>\$ 2,292,690.15</u>	<u>\$ -</u>
	Reference	C,C-1	C-1	C-1	C,C-1

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

C-2

SCHEDULE OF FUND BALANCE

	<u>Reference</u>	
Balance December 31, 2015	C	\$ 7,960.68
Increased by:		
Cancellation of Ordinances	C-7	<u>511,519.43</u>
		519,480.11
Decreased by:		
Fund Improvement Authorization	C-6,16	<u>300,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 219,480.11</u></u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GRANTS RECEIVABLE

C-3

<u>Grant</u>	<u>Ordinance Number</u>	Balance Dec. 31, <u>2015</u>	<u>Grants Awarded</u>	Grants Canceled/ <u>Received</u>	Balance Dec. 31, <u>2016</u>
New Jersey Department of Transportation:					
Ralph Avenue	11-14	\$ 11,479.00		\$ 11,479.00	\$ -
2013 Road Improvement Program	13-08	94,195.00			94,195.00
2014 Road Improvement Program - Discretionary	14-12	142,282.27		49,873.64	92,408.63
2016 Hillsdale Avenue	16-09		155,500.00		155,500.00
FEMA- Installation of Generator	15-13	56,475.00			56,475.00
Bergen County Open Space					
Centennial Field Handicap Access & Bicycle Path	09-15	6,048.00		6,048.00	-
Memorial Field	09-15	42,701.00		42,701.00	-
St. Nicholas Park	09-15	33,386.00		33,386.00	-
County of Bergen					
ADA Improvements	09-15	2,097.00		2,097.00	-
Installation of ADA Ramps	13-05	210,000.00		152,758.98	57,241.02
		<u>\$ 598,663.27</u>	<u>\$ 155,500.00</u>	<u>\$ 298,343.62</u>	<u>\$ 455,819.65</u>
	Reference	C	C-16	Below	C
Grants Canceled- to Ordinance					
	C-7			11,479.00	
Grants Canceled against Reserve					
	Below			84,232.00	
Grants Received					
	C-1			152,758.98	
Grants Received- Applied to Deferred Charges					
	C-1, Below Above			49,873.64	
				<u>\$ 298,343.62</u>	
Pledged to:					
Ordinance		\$ 372,149.00	\$ 155,500.00	\$ 164,237.98	\$ 363,411.02
Reserve for Grants Receivable		226,514.27		134,105.64	92,408.63
		<u>\$ 598,663.27</u>	<u>\$ 155,500.00</u>	<u>\$ 298,343.62</u>	<u>\$ 455,819.65</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF DUE FROM CURRENT FUND

C-4

	<u>Reference</u>			
Balance December 31, 2015	C		\$	88,470.52
Increased by:				
Payments to Current Fund	C-1	\$		5,065.57
				-
				5,065.57
				93,536.09
Decreased by:				
Interest Earned	C-1			5,259.24
				5,259.24
Balance December 31, 2016	C		\$	88,276.85

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

C-5

	<u>Reference</u>			
Balance December 31, 2015	C		\$	2,720,000.00
Decreased by:				
Bond Principal - Budget Appropriation	C-8			420,000.00
Balance December 31, 2016	C		\$	2,300,000.00

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

Ord. #	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Funded/Canceled Transferred	Balance Dec. 31, 2016	Analysis of Balance - Dec. 31, 2016		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
07-27	Various Capital Improvements	\$ 26,005.27	\$ -	\$ 2,732.00	\$ 23,273.27	\$ 23,273.00	\$ 23,273.27	
09-15	Various Capital Improvements	82,139.00		82,139.00	-			-
10-10	Resurfacing of Wierimus Lane	18,000.00		5,247.70	12,752.30	12,486.00	12,752.30	-
13-08	2013 Road Improvement Program	190,000.00		10,000.00	180,000.00	180,000.00	155,639.12	24,360.88
14-12	2014 Road Improvement Program	179,678.00		49,873.64	129,804.36		129,804.36	-
15-13	Various Public Impr. & Equip Acquisitions	1,404,546.00			1,404,546.00	1,404,546.00	1,124,485.50	280,060.50
16-09	Various Public Improvements & Acquisitions		305,500.00	305,500.00	-			
16-11	Various Public Improvements & Acquisitions		300,000.00	300,000.00	-			
		<u>\$ 1,900,368.27</u>	<u>\$ 605,500.00</u>	<u>\$ 755,492.34</u>	<u>\$ 1,750,375.93</u>	<u>\$ 1,620,305.00</u>	<u>\$ 1,445,954.55</u>	<u>\$ 304,421.38</u>
		C	C-7	Below	C	C-9		C

Capital Improvements Fund	C-10	\$ 150,000.00
Canceled Improvement Auth.	C-7	90,118.70
BAN Paydown	C-9	10,000.00
Fund Balance	C-2	300,000.00
Grants Received Applied	C-3	49,873.64
Grants Receivable	C-3	155,500.00
		<u>\$ 755,492.34</u>
		Above

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

Ord. No.	Improvement Description	Balance December 31, 2015		2016 Authorizations	Paid or Charged	Refunds	Canceled	Balance December 31, 2016	
		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	499.21					499.21	-	-
04-21	Various Capital Improvements	15,153.37					15,153.37	-	-
06-14	Acquisition of a Fire Pumper Truck	1,673.28					1,673.28	-	-
07-27	Various Capital Improvements	-	2,732.00				2,732.00	-	-
09-15	Various Capital Improvements	242,564.00	82,139.00				324,703.00	-	-
10-10	Resurfacing of Wierimus Lane		5,513.87		266.17		5,247.70	-	-
10-13	Resurfacing of Various Roads	105,074.00	-		266.17		104,807.83	-	-
11-14	2011 Road/Curb/Sidewalk/Drainage Improvement Program	83,648.49	-				83,648.49	-	-
12-12	Municipal Improvements	3,117.00	-				3,117.00	-	-
13-05	Improvements at Central Ave. & Installations of ADA Ramps	78,144.64						78,144.64	
13-08	2013 Road Improvement Program		24,627.05		266.17				24,360.88
14-12	2014 Road Improvement Program		120,851.13		120,851.13				-
15-13	Various Public Improvements & Equipment Purchases		1,115,657.45		837,436.95	1,840.00			280,060.50
16-09	Various Public Improvements & Acquisitions			305,500.00	236,528.50			68,971.50	
16-11	Various Public Improvements & Acquisitions			300,000.00	21,629.72			278,370.28	
		<u>\$ 601,409.24</u>	<u>\$ 1,351,520.50</u>	<u>\$ 605,500.00</u>	<u>\$ 1,217,244.81</u>	<u>\$ 1,840.00</u>	<u>\$ 613,117.13</u>	<u>\$ 425,486.42</u>	<u>\$ 304,421.38</u>
		C	C	C-6,16	Below	C-1	Below	C	C
					Fund Balance	C-2	511,519.43		
					Canceled Receivable	C-3	11,479.00		
					Def. Charges-Unfunded	C-6,16	90,118.70		
							<u>\$ 613,117.13</u>		
				Ref.		Above			
	Disbursed			C-1	\$ 506,384.05				
	Encumbered- Contracts Payable			C-11	710,860.76				
					<u>\$ 1,217,244.81</u>				
					Above				

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF GENERAL SERIAL BONDS

C-8

<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, 2015</u>	<u>New Issuance</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>						
General Improvement Bonds	02/15/2011	4,290,000.00	2017	430,000.00		2.75%	\$ 2,720,000.00	\$ -	\$ 420,000.00	\$ 2,300,000.00
			2018	450,000.00		2.75%				
			2019	460,000.00		3.00%				
			2020	475,000.00		3.00%				
			2021	485,000.00		3.25%				
						\$ 2,720,000.00	\$ -	\$ 420,000.00	\$ 2,300,000.00	
						C		C-5	C	

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 GENERAL CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

C-9

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Purpose	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	BANS Issued	Paid	Balance Dec. 31, 2016
13-08	2013 Road Improvement Program	12/19/13	12/15/16	12/16/17	1.17997%	\$ 190,000.00	\$ 180,000.00	\$ 190,000.00	\$ 180,000.00
07-27	Various Capital Improvements	12/15/15	12/15/16	12/16/17	1.17997%	23,273.00	23,273.00	23,273.00	23,273.00
10-10	Resurfacing of Wierimus Lane	12/15/15	12/15/16	12/16/17	1.17997%	12,486.00	12,486.00	12,486.00	12,486.00
15-13	Various Capital Impr. & Acq. Of Equip	12/15/15	12/15/16	12/16/17	1.17997%	1,404,546.00	1,404,546.00	1,404,546.00	1,404,546.00
						<u>\$ 1,630,305.00</u>	<u>\$ 1,620,305.00</u>	<u>\$ 1,630,305.00</u>	<u>\$ 1,620,305.00</u>
					Reference	C	Below	Below	C
					Rollover on BANS		C-1 1,620,305.00	\$ 1,620,305.00	
					BAN Paydowns		C-6	10,000.00	
							<u>\$ 1,620,305.00</u>	<u>\$ 1,630,305.00</u>	
							Above	Above	

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

C-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Reference</u>	
Balance December 31, 2015	C	\$ 79,327.95
Increased By:		
Budget Appropriations	C-1	150,000.00
		<u>\$ 229,327.95</u>
Decreased by:		
Down Payment on Improvements	C-6,16	150,000.00
Reserve for Capital Improvements		-
		<u>150,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 79,327.95</u></u>

C-11

SCHEDULE OF CONTRACTS PAYABLE

	<u>Reference</u>	
Balance December 31, 2015	C	\$ 161,563.64
Increased by:		
Charges to Improvement Authorizations	C-7	710,860.76
		<u>872,424.40</u>
Decreased by:		
Cash Disbursements	C-1	161,563.64
		<u>161,563.64</u>
Balance December 31, 2016	C	<u><u>\$ 710,860.76</u></u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 GENERAL CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

C-12

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENTS

	Balance December 31, 2015	Increased By:	Canceled/ Paid or Charged	Balance December 31, 2016
Centennial Park Development	\$ 731.83	\$ -	\$ 731.83	\$ -
Landfill Closure Reserve	35,099.44			35,099.44
Municipal Building Improvement	20,751.77		480.06	20,271.71
	<u>\$ 56,583.04</u>	<u>\$ -</u>	<u>\$ 1,211.89</u>	<u>\$ 55,371.15</u>
<u>Ref.</u>	C		C-1	C

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

C-13

	<u>Reference</u>	
Balance December 31, 2015	C	<u>\$ 3,000.00</u>
Balance December 31, 2016	C	<u>\$ 3,000.00</u>

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS

C-14

	<u>Reference</u>	
Balance December 31, 2015	C	\$ 4,375.00
Balance December 31, 2016	C	<u>\$ 4,375.00</u>

SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE FUND

C-15

	<u>Reference</u>	
Balance December 31, 2015	C	\$ 103,512.12
Balance December 31, 2016	C	<u>\$ 103,512.12</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-16

Ord. No.	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Authorizations</u>	<u>Funded / Transferred</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2016</u>
07-27	Various Capital Improvements	\$ 2,732.27	\$ -	\$ -	\$ 2,732.00	\$ 0.27
09-15	Various Public Improvements	82,139.00			82,139.00	-
10-10	Resurfacing of Wierimus Lane	5,514.00			5,247.70	266.30
14-12	2014 Road Improvement Program	179,678.00		49,873.64		129,804.36
16-09	Various Public Improvements & Acquisitions		305,500.00	305,500.00		-
16-11	Various Public Improvements & Acquisitions		300,000.00	300,000.00		
		<u>\$ 270,063.27</u>	<u>\$ 605,500.00</u>	<u>\$ 655,373.64</u>	<u>\$ 90,118.70</u>	<u>\$ 130,070.93</u>
			C-7	Below	C-6,7	C
		<u>Ref.</u>				
Capital Improvement Fund			C-10	150,000.00		
Capital Surplus			C-2	300,000.00		
Grants Received Applied			C-3	49,873.64		
Reserve for Grant Receivable			C-3	155,500.00		
				<u>\$ 655,373.64</u>		
				Above		

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER

D-4

	<u>Reference</u>	<u>Operating</u>	<u>Swim Team</u>	<u>Capital</u>
Balance December 31, 2015	D	<u>\$ 13,913.97</u>	<u>\$ 18,283.87</u>	<u>\$ 323,554.26</u>
Increased by Cash Receipts:				
Membership Fees	D-1, 2	657,196.01		
Use of Facility	D-1, 2	37,141.00		
Miscellaneous Revenue	D-1, 2,5,6	118,332.18		1,095.48
Due from Current Fund	D-8	109,007.29		
Swim Team	D-12		7,310.81	
		<u>921,676.48</u>	<u>7,310.81</u>	<u>1,095.48</u>
Decreased by Cash Disbursements:				
Budget Appropriations	D-3	781,213.23		
Appropriation Reserves	D-10	25,885.22		
Reserve for Swim Team	D-12		4,691.89	
Payments to Swim Pool Utility Operating Fund	D-2,5,6			1,073.91
Transfer to Current Fund	D-8	90,000.00		
Interest Payment	D-7	10,781.25		
Capital Ordinance Disbursements	D-22			18,239.00
		<u>907,879.70</u>	<u>4,691.89</u>	<u>19,312.91</u>
Balance December 31, 2016	D	<u><u>\$ 27,710.75</u></u>	<u><u>\$ 20,902.79</u></u>	<u><u>\$ 305,336.83</u></u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF ANALYSIS OF CASH

D-5

Improvement Authorizations	Ref.	Balance December 31, 2015	Cash Receipts	Cash Disbursements	Balance December 31, 2016
Reserve for Improvements	D-16	\$ 25,308.18	\$ -	\$ -	\$ 25,308.18
Capital Improvement Fund	D-15	107.95			107.95
Contracts Payable	D-20	3,000.00			3,000.00
Due from Swim Pool Utility Fund	D-6	(206.10)	1,095.48	1,073.91	(184.53)
Ord. #95-9: Capital Improvements to Stonybrook	D-22	21,823.23		18,239.00	3,584.23
Ord. #11-15 Construction of Addition to Admin. Bldg.	D-22	273,521.00			273,521.00
		<u>\$ 323,554.26</u>	<u>\$ 1,095.48</u>	<u>\$ 19,312.91</u>	<u>\$ 305,336.83</u>
	Ref.	D	D-4	D-4	D

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF DUE TO SWIM POOL UTILITY CAPITAL FUND

D-6

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 206.10
Increased by:		
Disbursements	D-4	1,073.91
		<u>1,280.01</u>
Decreased by:		
Interest Earned in Swim Pool Utility Capital Fund	D-4	1,095.48
		<u>1,095.48</u>
Balance December 31, 2016	D	<u><u>\$ 184.53</u></u>

SCHEDULE OF ACCRUED INTEREST ON BONDS

D-7

	<u>Reference</u>	
Balance December 31, 2015	D, D-5	\$ 4,317.00
Increased by:		
Budget Appropriations	D-3	10,233.00
		<u>14,550.00</u>
Decreased by:		
Cash Disbursements	D-4	10,781.25
		<u>10,781.25</u>
Balance December 31, 2016	D	<u><u>\$ 3,768.75</u></u>

<u>Bond Outstanding</u> <u>December 31, 2015</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Accrued</u> <u>Interest</u>
\$340,000.00	2.00%	8/15/2015	12/31/2016	4.5 months	\$ 3,768.75
					<u><u>Above</u></u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF DUE FROM CURRENT FUND

D-8

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 109,007.29
Increased by:		
Cash Disbursements	D-4	<u>90,000.00</u> 199,007.29
Decreased by:		
Cash Receipts	D-4	<u>109,007.29</u>
Balance December 31, 2016	D	<u><u>\$ 90,000.00</u></u>

SCHEDULE OF DEFERRED CHARGES

D-9

	Balance December 31, <u>2015</u>	Amount Resulting from <u>2016</u>	Appropriated 2016 <u>Budget</u>	Balance December 31, <u>2016</u>
Emergency Authorizations		\$ -		\$ -
Deficit In Operations	23,235.35		23,235.35	-
Overexpenditure of Appropriation	<u>1,680.64</u>		<u>1,680.64</u>	-
	<u>\$ 24,915.99</u>	<u>\$ -</u>	<u>\$ 24,915.99</u>	<u>\$ -</u>
	D	D-1,3	D-3	D

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF 2015 APPROPRIATION RESERVES

D-10

	<u>Balance Dec. 31, 2015</u>	<u>Balance After Transfers & Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Transferred</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	16,859.30	31,859.30	25,885.22		5,974.08
Capital Improvements:					
Capital Outlay	20,019.85	20,019.85	-		20,019.85
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 36,879.15</u>	<u>\$ 51,879.15</u>	<u>\$ 25,885.22</u>	<u>\$ -</u>	<u>\$ 25,993.93</u>
	<u>Ref.</u>	Below	D-4		
	 <u>Ref.</u>				
Appropriation Reserves	D	\$ 36,879.15			
Encumbrances	D-11	15,000.00			
	Above	<u>\$ 51,879.15</u>			

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF ENCUMBRANCE PAYABLE

D-11

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 15,000.00
Increased by:		
Encumbrance Payable	D-3	6,826.15
		<u>21,826.15</u>
Decreased by:		
Transfer to Appropriation Reserves	D-10	15,000.00
		<u>15,000.00</u>
Balance December 31, 2016	D	<u>\$ 6,826.15</u>

SCHEDULE OF RESERVE FOR SWIM TEAM EXPENDITURES

D-12

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 18,283.87
Increased by:		
Cash Receipts	D-4	7,310.81
		<u>25,594.68</u>
Decreased by:		
Cash Disbursements	D-4	4,691.89
		<u>4,691.89</u>
Balance December 31, 2016	D	<u>\$ 20,902.79</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

D-13

SCHEDULE OF FIXED CAPITAL

	<u>Balance December 31, 2015</u>	<u>Increased by: Budget Capital Outlay</u>	<u>Completed Projects Transferred From Fixed Capital Authorized and Uncompleted</u>	<u>Balance December 31, 2016</u>
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	1,792,631.14	48,085.60		1,840,716.74
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>\$ 5,158,158.43</u>	<u>\$ 48,085.60</u>	<u>\$ -</u>	<u>\$ 5,206,244.03</u>
<u>Ref.</u>	D	Below	D-11	D
Budget Expenditures	D-3,19	\$ 48,085.60		
	Above	<u>\$ 48,085.60</u>		

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-14

Ord. Number	Improvement Description	Original Issue		Balance December 31, 2015	Improvement Authorized	Completed Projects Transferred to Fixed Capital	Balance December 31, 2016
		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	281,564.36			281,564.36
				\$ 352,387.59	\$ -	\$ -	\$ 352,387.59
			<u>Reference</u>	D			D

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
SWIMMING POOL UTILITY FUND - CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-15

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 107.95
		<hr/>
Balance December 31, 2016	D	\$ 107.95
		<hr/> <hr/>

SCHEDULE OF RESERVE FOR IMPROVEMENTS

D-16

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 25,308.18
Balance December 31, 2016	D	\$ 25,308.18
		<hr/> <hr/>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF SWIM POOL UTILITY BONDS

D-17

<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, 2015</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Swim Pool Utility Bonds	02/15/2011	650,000	2017-2018	65,000	2.75%	\$ 405,000	\$ 65,000	\$ 340,000	
			2019-2020	70,000	3.00%				
			2021	70,000	3.25%				
						\$ 405,000	\$ 65,000	\$ 340,000	
						D	D-3,19	D	

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

D-18

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 315,000.00
Balance December 31, 2016	D	<u>\$ 315,000.00</u>
 <u>Analysis of Balance</u>		
Ordinance 1995-09		\$ 30,000.00
Ordinance 2011-15		<u>285,000.00</u>
		<u>\$ 315,000.00</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

D-19

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 4,741,546.02
Increased by:		
Serial Bonds Paid by Operating Budget	D-17	\$ 65,000.00
Capital Outlay Operating Budget	D-3,13	<u>48,085.60</u>
		<u>113,085.60</u>
		4,854,631.62
Decreased by:		
Capital Outlay Operating Budget - Cancelled Encumbrances		<u>-</u>
Balance December 31, 2016	D	<u>\$ 4,854,631.62</u>

SCHEDULE OF CONTRACTS PAYABLE

D-20

	<u>Reference</u>	
Balance December 31, 2015	D	\$ 3,000.00
Balance December 31, 2016	D	<u>\$ 3,000.00</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-21

Ord. Number	Improvement Description	Balance December 31, 2015	Decreased By:	Balance December 31, 2016
95-9	Capital Improvements to Stonybrook	\$ 49,000.00	\$ -	\$ 49,000.00
		\$ 49,000.00	\$ -	\$ 49,000.00
		D		D

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-22

Number	Improvement Description	Original Authorization		Balance at December 31, 2015		Paid or Charged	Balance at December 31, 2016	
		Date	Amount	Funded	Unfunded		Funded	Unfunded
95-9	Capital Improvement to Stonybrook	7/11/1995	\$ 530,000.00	\$ 21,823.23	\$ 49,000.00	\$ 18,239.00	\$ 3,584.23	\$ 49,000.00
11-15	Construction of an Addition to Admin. Bldg. at Stonybrook	07/12/2011	285,000.00	273,521.00			273,521.00	-
				<u>\$ 295,344.23</u>	<u>\$ 49,000.00</u>	<u>\$ 18,239.00</u>	<u>\$ 277,105.23</u>	<u>\$ 49,000.00</u>
			<u>Ref.</u>	D	D	D-4,5	D	D

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

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

E-1

	<u>Reference</u>		
Balance December 31, 2015	E		\$ 58,986.14
Increased by:			
State Aid	E-2,4	33,700.00	
Refund of Security Deposit	E-2,4		
Interest	E-3	128.36	
			33,828.36
			92,814.50
Decreased by:			
Public Assistance Payments	E-2,5	65,363.00	
Interest Transferred to Current	E-3	133.42	
			65,496.42
Balance, December 31, 2016	E		\$ 27,318.08
			Below

Reconciliation - December 31, 2016:

Balance per Bank Statement:		
Checking		\$ 29,637.08
Less: Outstanding Checks		(2,319.00)
Balance - December 31, 2016		\$ 27,318.08
		Above

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE FUND

E-2

	<u>Reference</u>		
Balance December 31, 2015	E		\$ 58,573.03
Increased by:			
State Aid	E-1	\$ 33,700.00	
	E-1		33,700.00
			92,273.03
Decreased by:			
Public Assistance Payments	E-1		65,363.00
Balance December 31, 2016	E		\$ 26,910.03

SCHEDULE OF AMOUNT DUE TO CURRENT FUND

E-3

	<u>Reference</u>		
Balance December 31, 2015	E		\$ 513.11
Increased by:			
Interest Income	E-1		128.36
			641.47
Decreased by:			
Interest Transferred to Current	E-1		133.42
Balance December 31, 2016	E		\$ 508.05

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF REVENUES - REGULATORY BASIS

E-4

	<u>Reference</u>	
State Aid Payments		\$ 33,700.00
		<hr/>
Total Revenues (P.A.T.F.)	E-1	<u>\$ 33,700.00</u>

SCHEDULE OF EXPENDITURES - REGULATORY BASIS

E-5

	<u>Reference</u>	
Current Year Assistance:		
Maintenance Payments		\$ 26,695.00
Temporary Rental Assistance		32,095.00
Security Deposits		2,025.00
Emergency Assistance		2,700.00
Transportation		<u>1,848.00</u>
Total Disbursements (P.A.T.F.)	E-1	<u>\$ 65,363.00</u>

See independent auditor's report and notes to the financial statements.

BOROUGH OF HILLSDALE
LAST TEN FISCAL YEARS ENDED JUNE 30,

Exhibit G-1

SCHEDULE OF BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Police and Firemen's Retirement System (PFRS)

	<u>Fiscal Year Ended June 30,</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Borough's proportionate share of the net pension liability (asset) **	0.05955%	0.06027%	0.06361%	0.07093%						
Borough's proportionate share of the net pension liability (asset) associated with the Borough	\$ 11,376,315	\$ 10,039,328	\$ 8,001,028	\$ 9,430,150						
Total	<u>11,376,315</u>	<u>10,039,328</u>	<u>8,001,028</u>	<u>9,430,150</u>						
Borough's covered employee payroll	1,951,994	\$ 1,820,302	1,881,557	\$ 2,017,494						
Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	583%	552%	425%	467%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.01%	56.31%	62.41%	58.70%						

Public Employees' Retirement System (PERS)

	<u>Fiscal Year Ended June 30,</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Borough's proportionate of the net pension liability (asset)	0.02087%	0.02277%	0.02510%	0.02523%						
Borough's proportionate share of the net pension liability (asset)	\$ 6,182,126	\$ 5,110,914	\$ 4,700,184	\$ 4,822,616						
Borough's covered employee payroll	1,344,025	1,258,409	1,669,604	1,757,256						
Borough's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	460%	406%	282%	274%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	47.93%	52.08%	48.72%						

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

BOROUGH OF HILLSDALE
LAST TEN FISCAL YEARS ENDED JUNE 30,

Exhibit G-2

SCHEDULE OF BOROUGH CONTRIBUTIONS
Police and Firemen's Retirement System (PFRS)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution*	\$ 485,567	\$ 489,927	\$ 488,537	\$ 517,525						
Contributions in relation to the contractually required contributions*	(485,567)	(489,927)	(488,537)	(517,525)						
Contributions deficiency (excess)	-	-	-	-						
Borough's covered employee payroll	1,951,994	\$ 1,820,302	1,881,557	\$ 2,017,494						
Contributions as a percentage of covered-employee payroll	24.88%	26.91%	25.96%	25.65%						

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution*	\$ 185,437	\$ 195,742	\$ 206,955	\$ 190,129						
Contributions in relation to the contractually required contributions*	(185,437)	(195,742)	(206,955)	(190,129)						
Contributions deficiency (excess)	-	-	-	-						
Borough's covered employee payroll	1,344,025	1,258,409	1,669,604	1,757,256						
Contributions as a percentage of covered-employee payroll	13.80%	15.55%	12.40%	10.82%						

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

BOROUGH OF HILLSDALE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Exhibit G-3

Police & Firemen's Retirement System

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service, and disability benefits after 4 years of service

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, 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 of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of Hillsdale (the "Borough"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated June 14, 2017. As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the 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.

Internal Control Over Financial Reporting

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

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. 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 to those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all the deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Borough in the schedule of comments and recommendations as item numbers 2016-01 through 2016-05.

Purpose of this Report

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



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



Garbarini & Co. P.C. CPAs
Registered Municipal Accountants

June 14, 2017
Carlstadt, New Jersey

BOROUGH OF HILLSDALE

I-1

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Grantor</u>	<u>Program</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Balance Dec. 31, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Canceled Adjustment</u>	<u>Balance Dec. 31, 2016</u>	<u>MEMO Cumulative Expenditures</u>
U.S. Department of Transportation	2013 Road Program (Ord # 13-08)	20.205	2013	\$ 211,500.00	\$ 75,095.00	\$ -	\$ -		\$ 75,095.00	\$ 136,405.00
	2014 Road Program - Discretionary (Ord # 14-12)	20.205	2013	250,000.00	142,282.00		142,282.00		-	250,000.00
	2016 Hillsdale Avenue (Ord #16-09)	20.205	2016	155,500.00		155,500.00	155,500.00		-	155,500.00
Division of Highway Traffic:										
Alcohol Impaired Driving Countermeasures Incentive Grant										
	Drive Sober or Get Pulled Over Year End Crackdown Grant	20.616	2015	2,376.22	50.00		50.00		-	2,376.22
	Drive Sober or Get Pulled Over Year End Crackdown Grant	20.616	2016	5,000.00		5,000.00	4,054.31		945.69	4,054.31
	Drive Sober or Get Pulled Over Labor Day Crackdown	20.616	2015	1,317.98					-	1,317.98
	Distracted Driver Grant	20.616	2015	5,000.00					-	5,000.00
Occupant Protection Program										
	Click-it-or-Ticket	20.616	2016	5,000.00		5,000.00	3,325.00		1,675.00	3,325.00
Department of Homeland Security										
	FEMA Assistance	97.036		18,544.00	35,862.84				35,862.84	
	FEMA Assistance	97.036							-	53,573.21
	Installation Generator Ord # 15-13	97.036	2015	56,475.00					-	
Department of Housing & Urban Development										
	Senior Activities	14.218	2016	4,500.00		4,500.00	473.72		4,026.28	473.72
	Senior Activities	14.218	2015	4,500.00	1,547.28				1,547.28	2,952.72
	Senior Activities	14.218	Prior Yr.	3,638.00	735.92				735.92	2,902.08
	Senior Activities	14.218	Prior Yr.	831.00	831.00				831.00	
	Senior Activities	14.218	Prior Yr.	3,638.00	3,638.00				3,638.00	
	Senior Activities	14.218	Prior Yr.	3,274.00	3,274.00				3,274.00	
	Barrier Free Improvements	14.218	Prior Yr.	10,225.00	10,225.00			(10,225.00)	-	
									-	
					\$ 273,541.04	\$ 170,000.00	\$ 305,685.03	\$ (10,225.00)	\$ 127,631.01	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HILLSDALE

SCHEDULE OF EXPENDITURES OF STATE/COUNTY FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>State Grant Program</u>	<u>Grant Number/Account Numbers</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Balance Dec. 31, 2015</u>	<u>Cash Received</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance Dec. 31, 2016</u>	<u>MEMO Cumulative Expenditures</u>
Alcohol Education and Rehabilitation	1110-448-031020-22	2013-2014	\$ 3,995.00	\$ 1,483.74		\$ 173.50		\$ 1,310.24	\$ 2,511.00
Body Armor	1020-718-066-1020-001-YCIS-6020	2016	1,943.57		1,943.57		0.32	1,943.89	
		2015	2,114.49	2,114.49		596.80		1,517.69	596.80
		2011-2014	9,464.00	283.20		283.20		(0.00)	9,464.00
Drunk Driving Enforcement Fund	6400-100-078-6400	2016	2,489.93		2,489.93			2,489.93	
		2014	8,965.00	2,645.89		2,645.89		0.00	8,965.00
Association of NJ Environmental Commission		2015		40.00			(40.00)	-	290.00
		2014	670.00	51.74			(51.74)	-	
GDL Enforcement Grant				543.00				543.00	
Clean Communities Act	4900-765-042-4900-004	2016	23,740.13		23,740.13		(0.34)	23,739.79	
	4900-765-042-4900-004	2015	20,761.96	20,761.96			0.34	20,762.30	
	4900-765-042-4900-004	2014	17,085.00	1,366.00				1,366.00	15,719.00
	4900-765-042-4900-004	Prior	147,579.00	63,623.51		46,534.75		17,088.76	130,490.24
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2016	16,726.02	16,726.02			(0.10)	16,725.92	
	4900-752-042-4900-001-V42Y-6020	2015	20,514.03	20,514.03			0.10	20,514.13	
	4900-752-042-4900-001-V42Y-6020	2014	24,037.00	24,037.00		2,504.89		21,532.11	2,504.89
	4900-752-042-4900-001-V42Y-6020	Prior	76,215.00	9,328.61		9,328.61		-	76,215.00
Municipal Stormwater Regulation		2012	15,475.00	7,629.00			(7,629.00)	-	7,846.00
Public Assistance	7550-100-054-7550-121-LLLL-6020	2016	65,363.00	58,573.03	33,700.00	65,363.00		26,910.03	65,363.00
Safe Committee Award		2012	2,500.00	71.00			(71.00)	-	2,429.00
		2013	2,500.00	2,500.00			(2,500.00)	-	
Municipal Alliance on Alcohol and Drug Abuse		2013	9,876.00	3,058.00				3,058.00	6,818.00
Radon Awareness Program		2014	1,000.00	442.11				442.11	557.89
Green Communities		2012	3,000.00	3,000.00			(3,000.00)	-	
				<u>\$ 238,792.33</u>	<u>\$ 61,873.63</u>	<u>\$ 127,430.64</u>	<u>\$ (13,291.42)</u>	<u>\$ 159,943.90</u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HILLSDALE
 NOTES TO THE SCHEDULES OF EXPENDITURES
 OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2016

1. General

The accompanying schedules present the activity of all federal and state financial assistance programs of the Borough. 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>Total</u>
Current / Grant Fund	\$ 62,067.64	\$ 7,903.03	\$ 69,970.67
Capital Fund		297,782.00	
Public Assistance Fund	65,363.00		65,363.00
	<u>\$ 127,430.64</u>	<u>\$ 305,685.03</u>	<u>\$ 135,333.67</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.

See independent auditor's report.

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>
2016	\$ 4,210,292.55	\$ 2,179,000.00
2015	2,638,838.44	1,000,000.00
2014	1,699,233.00	1,075,000.00
2013	1,533,278.00	1,075,000.00
2012	1,352,092.00	950,000.00

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>\$2.714</u>	<u>\$2.628</u>	<u>\$2.609</u>	<u>\$2.569</u>	<u>\$2.160</u>
<u>Apportionment of Tax Rate</u>					
Municipal	0.554	0.548	0.537	0.528	0.443
County	0.264	0.256	0.253	0.240	0.212
Local School	1.214	1.194	1.174	1.153	0.970
Regional School	0.682	0.630	0.645	0.648	0.535

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

2016	<u>\$1,797,317,792</u>				
2015		<u>\$1,778,154,309</u>			
2013			<u>\$1,674,602,941</u>		
2013				<u>\$1,676,352,441</u>	*
2012					<u>\$1,956,518,271</u>

* Revaluation

See independent auditor's report and accompanying notes to financial statements.

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>
2016	\$ 45,583,793.04	\$ 45,256,788.57	99.28%
2015	44,066,073.38	43,714,833.29	99.20%
2014	43,736,441.00	43,341,517.00	99.10%
2013	43,120,242.00	42,721,948.00	99.08%
2012	42,371,740.24	41,773,872.50	98.59%

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 four 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>
2016	\$ 12,689.49	\$ 318,038.58	\$ 330,728.07	0.73%
2015	12,010.99	324,205.96	336,216.95	0.76%
2014	11,353.99	361,922.76	373,276.75	0.85%
2013	17,778.00	385,268.00	403,046.00	0.93%
2012	19,585.67	373,532.37	393,118.04	0.93%

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>
2016	\$10,541,400	\$1,547,451,500	\$634,000	\$113,600,600	\$1,672,227,500
2015	10,606,300	1,544,839,900	634,000	113,891,200	1,669,971,400
2014	10,606,300	1,548,840,800	634,000	109,054,900	1,669,136,000
2013	11,462,800	1,548,298,100	688,400	109,418,800	1,669,868,100
2012	15,382,100	1,809,213,560	758,100	122,735,700	1,948,089,460

See independent auditor's report and accompanying notes to financial statements.

BOROUGH OF HILLSDALE
 OFFICIALS IN OFFICE AND SURETY BONDS
 AT DECEMBER 31, 2016

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Douglas Frank	Mayor	
Anthony DeRosa	Councilman	
Scott Karcich	Councilman	
Chrisoula Looes	Councilwoman	
Abby Lundy	Councilwoman	
Frank Pizzella	Councilman	
John Ruocco	Councilman	
Jonathan DeJoseph	Chief Financial Officer Business Administrator	
Candace Schaefer	Tax Collector thru 11/30/16	
Dawn Wheeler	Tax Collector from 12/01/16	
Denise Kohan	Borough Clerk	
Patrick Wilkins	Assessor	
Warren Clark	Municipal Court Judge	*
Susan Keenan	Court Administrator/Violations Clerk	
Robert Francaviglia	Police Chief	
Denise Kohan	Registrar of Vital Statistics	
Michelle Wood	Construction Official	
Dan O'Rourke	Interim DPW Superintendent	
Katherine E. Elgert	Welfare Director	
Patty Hughes	Swim Pool Manager/Community Activity Director Recreation Director	

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

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

See independent auditor's report and accompanying notes to financial statements.

Borough of Hillsdale
General Comments
For the Year Ended December 31, 2016

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 \$17,500...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 \$40,000.”], 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 \$40,000 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 \$40,000 “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 \$2,625 or more and less than \$17,500 (\$6,000 or more and less than \$40,000 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.”

Borough of Hillsdale
General Comments (Continued)
For the Year Ended December 31, 2016

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 1, 2016 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
Schedule of Findings and Responses
For the Year Ended December 31, 2016

Part 1- Summary of Auditor's Results

Financial Statement Section

A) Type of Auditors Report Issued

Modified (Unaudited LOSAP)

B) Internal Control over Financial Reporting

1) Material weakness identified

<u>Yes</u>	<u>X</u>	<u>No</u>
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2) Were reportable conditions identified that were not considered to be material weaknesses?

<u>Yes</u>	<u>X</u>	<u>No</u>
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C) Noncompliance material to financial statements notes?

<u>Yes</u>	<u>X</u>	<u>No</u>
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Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

Borough of Hillsdale
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2016

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

“None”

Part 3- Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by the Uniform Guidance and New Jersey OMB’s Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

Not Applicable

Status of Prior Year Findings

Finding 2015-001

Budget transfers and or modifications be made to the Swim Pool Operating Fund prior to the over-expenditure available appropriations. Over-expenditure of Trust Fund Reserves be avoided.

Status:

Corrective action has been taken.

Finding 2015-002

A complete fixed asset inventory should be completed and updated annually. 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.

Borough of Hillsdale
Status of Prior Year's Audit Findings/Recommendations
Year Ended December 31, 2016

15-03 RECOMMENDATION:

Monthly reports be prepared by Swim Pool personnel and reconciled to the Treasurer's receipts.

STATUS:

Corrective action has *not* been taken.

***15-04 RECOMMENDATION:**

Appropriate action be taken to clear of record the grants receivables in the Current Fund and General Capital Fund.

STATUS:

Corrective action has been taken.

***15-05 RECOMMENDATION:**

Public Assistance GA-12 state reports should be generated monthly and submitted to the NJ Division of Family Development. All refunds and voided checks should be reflected on this report.

STATUS:

Corrective action has been taken.

15-06 RECOMMENDATION:

That all contracts that are above the bid threshold be bid in accordance with the Local Public Contract Law. Written notification of the existing emergency be obtained and emergency contract awards in excess of the bid threshold be approved by resolution of the governing body.

STATUS:

Corrective action has been taken.

15-07 RECOMMENDATION:

Proof of insurance is required to be maintained on file for all employees that receive health insurance waiver payments.

STATUS:

Corrective action has been taken.

15-08 RECOMMENDATION:

All timecards for hourly pay and or overtime contain the required employee and supervisor authorizing signatures.

STATUS:

Corrective action has been taken.

Borough of Hillsdale
Status of Prior Year's Audit Findings/Recommendations
Year Ended December 31, 2016

15-09 RECOMMENDATION:

The payroll system be corrected to include the correct hire and termination dates for all employees.

STATUS:

Corrective action has been taken

15-10 RECOMMENDATION:

All Chapter 159's for grant budget amendments, must be submitted to the Division of Local Government Services for approval.

STATUS:

Corrective action has been taken

* Reported from prior year's audit

Borough of Hillsdale
Schedule of Current Year Audit Findings & Recommendations
Year Ended December 31, 2016

***16-01 FINDING:**

Monthly reports were not reconciled by the Swim Pool and Recreation personnel and did not agree with the Treasurer's receipts deposited.

RECOMMENDATION:

Monthly reports be reconciled by Swim Pool and Recreation personnel to the Treasurer's receipts.

16-02 FINDING:

Our audit revealed that two vendors for repairs and maintenance of the Swim Pool facilities did not have the required quotes solicited in accordance with N.J.S.A. 40A:11-6.1(a).

RECOMMENDATION:

That all contracts that are above the quote threshold have quotes solicited in accordance with the Local Public Contract Law and N.J.S.A. 40A:11-6.1(a).

16-03 FINDING:

Our audit revealed the existence of 14 stale checks greater than a year old in various accounts.

RECOMMENDATION:

That all stale dated checks be reviewed for cancellation or re-issue.

Municipal Court:

16-04 FINDING:

When bail monies are collected by the Police Department for an out-of-town municipal court and the payment is in the form of a check, the check is made payable to another municipality and mailed directly there. These payments are not processed through the Hillsdale Municipal Court ATS/ACS systems as "out-of-town bail" as they should be.

RECOMMENDATION:

All "out-of-town" traffic and criminal bail monies posted at the Police Department must be receipted and disbursed through Hillsdale ATS/ACS system. When accepting bail monies in the form of a check for an "out-of-town" summons/warrant, the check should be made payable to Hillsdale Municipal Court.

16-05 FINDING:

Manual receipt #05973 was missing from the prenumbered receipt book used by the Police Department

RECOMMENDATION:

All pre-numbered receipt copies should remain in the manual receipt book used by the Police Department.

* Reported from prior year's audit

Appreciation

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