

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

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019 and 2018, 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, 2019, 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, 2019, 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019, 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 30, 2020 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. CPAs
Registered Municipal Accountants

June 30, 2020
Carlstadt, New Jersey

BOROUGH OF HILLSDALE
CURRENT FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

| | | <u>At December 31:</u> | |
|--|-----------|------------------------|------------------------|
| | Reference | <u>2019</u> | <u>2018</u> |
| ASSETS | | | |
| Current Assets: | | | |
| Cash | A-4 | \$ 7,230,618.31 | \$ 5,805,425.68 |
| Change Fund | A-5 | 250.00 | 250.00 |
| | | 7,230,868.31 | 5,805,675.68 |
| Receivable and Other Assets with Full Reserves: | | | |
| Delinquent Taxes Receivable | A-7 | 294,426.02 | 307,915.26 |
| Tax Title Liens Receivable | A-8 | 0.00 | 14,078.51 |
| Property Acquired for Taxes - Assessed Valuations | A-9 | 751,900.00 | 751,900.00 |
| Revenue Accounts Receivable | A-13 | 20,412.39 | 27,516.23 |
| Interfunds Receivable | | - | - |
| Animal Control Trust Fund | B | 17.14 | 22.37 |
| Other Trust Fund | B | 12,458.03 | 4,923.41 |
| Recreation Trust Fund | B | 250.61 | 248.11 |
| Public Assistance Trust Fund | E | 513.55 | 524.32 |
| | Contra | 1,079,977.74 | 1,107,128.21 |
| Deferred Charges : | | | |
| Special Emergency Authorizations NJSA 40A:4-53 | A-11 | - | - |
| | | 8,310,846.05 | 6,912,803.89 |
| Federal and State Grant Fund: | | | |
| Cash | A-4 | 3,027.19 | 3,027.19 |
| Due from Current Fund | A-16 | 158,340.98 | 115,648.59 |
| Grants Receivable | A-10 | 68,979.45 | 51,886.45 |
| | | 230,347.62 | 170,562.23 |
| TOTAL ASSETS | | \$ 8,541,193.67 | \$ 7,083,366.12 |

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 | 2019 | 2018 | |
| LIABILITIES, RESERVES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3, 14 | \$ 1,587,988.60 | \$ 1,165,048.68 |
| Encumbrances Payable | A-15 | 527,885.61 | 517,327.30 |
| Due to State: Senior Citizen and Veterans' Deductions | A-6 | 1,452.24 | 1,342.76 |
| Prepaid Taxes | A-17 | 273,255.79 | 212,221.51 |
| Tax Overpayments | A-18 | 0.00 | 9,443.14 |
| Miscellaneous Reserves | A-19 | 32,914.15 | 18,016.35 |
| Reserve for Accumulated Absences | A-20 | 253,887.40 | 203,887.40 |
| Reserve for Tax Appeals | A-21 | 158,023.77 | 158,023.77 |
| Reserve for Revaluation | A-22 | 22,520.00 | 22,520.00 |
| State Fees Payable | | | |
| Marriage License/ Domestic Partnership | A-23 | 1,003.00 | 903.00 |
| DCA Fees | A-24 | 3,153.00 | 3,491.00 |
| County Taxes Payable | A-25 | 5,114.74 | 6,802.49 |
| Local School District Taxes Payable | A-26 | 498.00 | 498.00 |
| Interfund Payable: | | | |
| Grant Fund | A-16 | 158,340.98 | 115,648.59 |
| Due to COAH Trust Fund | B | 37.50 | 37.50 |
| General Capital Fund | C | 162,253.66 | 161,611.91 |
| Swim Pool Utility Operating Fund | D | - | - |
| | | 3,188,328.44 | 2,596,823.40 |
| Reserve for Receivable and Other Assets | Contra | 1,079,977.74 | 1,107,128.21 |
| Fund Balance | A-1 | 4,042,539.87 | 3,208,852.28 |
| | | 8,310,846.05 | 6,912,803.89 |
| Federal and State Grant Fund : | | | |
| Appropriated Reserve for Grants | A-28 | 179,731.10 | 139,210.83 |
| Unappropriated Reserves | A-29 | 15,986.52 | 351.40 |
| Encumbrance Payable | A-28 | 34,630.00 | 31,000.00 |
| | | 230,347.62 | 170,562.23 |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | \$ 8,541,193.67 | \$ 7,083,366.12 |

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

| | | <u>For the Years Ended December 31,</u> | |
|---|-------------|---|-----------------|
| Reference | <u>2019</u> | <u>2018</u> | |
| Revenue and Other Income Realized: | | | |
| Fund Balance Utilized | A-2 | \$ 1,600,000.00 | \$ 2,225,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 2,906,504.49 | 3,090,592.24 |
| Receipts from Delinquent Taxes | A-2 | 305,805.58 | 307,255.32 |
| Receipts from Current Taxes | A-2 | 48,779,233.30 | 46,962,930.60 |
| Non-Budget Revenues | A-2 | 119,704.55 | 57,300.51 |
| Other Credits to Income: | | | |
| Interfunds Returned | | 7,103.84 | - |
| Unexpended Balance of Appropriation Reserves | A-14 | 1,052,703.17 | 801,527.83 |
| Appropriations Canceled | A-3 | 927.94 | 1,811.61 |
| Prior Year Senior Citizen Deductions | A-6 | 1,000.00 | - |
| Total Revenues and Other Income | | 54,772,982.87 | 53,446,418.11 |
| Expenditures: | | | |
| Budget and Emergency Appropriations | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | 4,533,730.00 | 4,486,600.00 |
| Other Expenses | A-3 | 7,057,665.25 | 7,313,532.59 |
| Capital Improvements | A-3 | 700,000.00 | 1,199,000.00 |
| Municipal Debt Service | A-3 | 631,000.00 | 615,000.00 |
| Deferred Charges and Statutory Expenditures - Municipal | A-3 | 932,000.00 | 844,000.00 |
| County Taxes including Added Taxes | A-25 | 4,584,696.47 | 4,446,967.66 |
| Local District School Taxes | A-26 | 21,727,815.00 | 21,209,256.00 |
| Regional High School Taxes | A-27 | 12,172,388.50 | 11,596,076.50 |
| Canceled Regional School Taxes | A-27 | 0.06 | 0.24 |
| Exempt Veterans - Refunded | A-18 | - | - |
| Interfund Advance | | - | 21,741.19 |
| Prior Year Senior Citizens' and Veterans' Deductions Disallowed | A-6 | - | 663.70 |
| Total Expenditures | | 52,339,295.28 | 51,732,837.88 |
| Excess in Revenue | | 2,433,687.59 | 1,713,580.23 |
| 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 | 3,208,852.28 | 3,720,272.05 |
| | | 5,642,539.87 | 5,433,852.28 |
| Decreased by: | | | |
| Fund Balance Utilizes as Budget Revenue | A-2 | 1,600,000.00 | 2,225,000.00 |
| Fund Balance December 31 | A | \$ 4,042,539.87 | \$ 3,208,852.28 |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

| | Reference | Anticipated Budget | Realized | Excess or (Deficit) |
|--|-----------|-----------------------|---------------------|------------------------|
| Surplus Anticipated | A-1 | \$ 1,600,000.00 | \$ 1,600,000.00 | \$ - |
| Miscellaneous Revenues: | | | | |
| Licenses | | | | |
| Alcoholic Beverages | | 17,500.00 | 17,500.00 | - |
| Other | | 15,000.00 | 18,580.00 | 3,580.00 |
| Fees and Permits | | 83,732.00 | 95,216.85 | 11,484.85 |
| Fines and Costs - Municipal Court | | 68,000.00 | 64,262.22 | (3,737.78) |
| Interest and Costs on Taxes | | 74,477.00 | 74,975.64 | 498.64 |
| Parking Meters | | 75,000.00 | 96,139.18 | 21,139.18 |
| Interest on Investments and Deposits | | 75,000.00 | 163,427.24 | 88,427.24 |
| Sewer Agreement Revenue | | 20,000.00 | 25,772.87 | 5,772.87 |
| Payments in Lieu of Taxes- Senior Housing | | 40,000.00 | 44,454.39 | 4,454.39 |
| Communication Tower and Cable | | 250,000.00 | 281,765.88 | 31,765.88 |
| Police Administration Changes | | 75,000.00 | 141,443.06 | 66,443.06 |
| Energy Receipts Tax | | 1,180,070.00 | 1,180,070.00 | - |
| Water Shed Aid | | 2,303.00 | 2,303.00 | - |
| Uniform Construction Code Fees | | 280,000.00 | 349,578.00 | 69,578.00 |
| Pistol Range Rental - River Vale | | 4,000.00 | 5,895.00 | 1,895.00 |
| Public and Private Revenues: | | | | |
| Recycling Tonnage | | 11,200.62 | 11,200.62 | - |
| Body Armor - State - Reserves | | 351.40 | 351.40 | - |
| Community Development - Senior Activities | | 5,623.00 | 5,623.00 | - |
| BCUA Grant | | 3,000.00 | 3,000.00 | - |
| JIF Accreditation | | 25,000.00 | 25,000.00 | - |
| JIF Safety Committee Award | | 1,750.00 | 1,750.00 | - |
| Municipal Alliance Grant | | 9,876.00 | 9,876.00 | - |
| Hillsdale BOE - Class 111 Police Officers | | 58,400.00 | 46,076.58 | (12,323.42) |
| PVRHS Class 111 Police Officers - Hillsdale BOE | | 161,400.00 | 146,397.15 | (15,002.85) |
| Chapter 159's: | | | | |
| Clean Communities | | 21,563.23 | 21,563.23 | - |
| Drive Sober Labor Day | | 5,500.00 | 5,500.00 | - |
| Radon Awareness Program (RAP) | | 2,000.00 | 2,000.00 | - |
| Community Development - Senior Citizen Arts | | 6,000.00 | 6,000.00 | - |
| Special Items of Revenue Anticipated with Prior Written Consent of the Director of Local Government Services: | | | | |
| Uniform Fire Safety Act | | 7,500.00 | 10,783.18 | 3,283.18 |
| Hillsdale BOE - Cop in School | | 10,000.00 | 10,000.00 | - |
| Pascack Valley Regional High School - Cop in School | | 40,000.00 | 40,000.00 | - |
| Total Miscellaneous Revenues | A-1 | <u>2,629,246.25</u> | <u>2,906,504.49</u> | <u>277,258.24</u> |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

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. | <u>\$ 307,255.32</u> | <u>\$ 305,805.58</u> | <u>\$ (1,449.74)</u> |
| Subtotal General Revenues | | 4,536,501.57 | 4,812,310.07 | 275,808.50 |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | | |
| Local Tax for Municipal Purposes | | 9,469,343.68 | 9,986,274.83 | 516,931.15 |
| Minimum Library Tax | | <u>623,550.00</u> | <u>623,550.00</u> | - |
| Subtotal Amount to be Raised by Taxes | A-7, Next Pg. | <u>10,092,893.68</u> | <u>10,609,824.83</u> | <u>516,931.15</u> |
| Total General Revenues - Adopted | A-3 | <u>\$ 14,629,395.25</u> | 15,422,134.90 | <u>\$ 792,739.65</u> |
| Non-Budget Revenues | A-1, Next Pg. | | <u>119,704.55</u> | |
| | | | <u>\$ 15,541,839.45</u> | |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

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

A-2

| | <u>Reference</u> | <u>2019</u> |
|--|-------------------|------------------|
| Analysis of Realized Revenues | | |
| Allocation of Current Tax Collections | | |
| Revenue from Collections | A-1 | \$ 48,779,233.30 |
| Less: Allocated to School and County Taxes | A-7 | 38,944,408.47 |
| | | 9,834,824.83 |
| Balance for Support of Municipal Appropriations | | 9,834,824.83 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | 775,000.00 |
| Amount for Support of Municipal Budget Appropriations | Previous Pg. | \$ 10,609,824.83 |
| Receipts from Delinquent Taxes | | |
| Prior Year Taxes | Previous Pg. | \$ 307,255.32 |
| Analysis of Miscellaneous Revenues | | |
| Cash Received - Treasurer | A-4,13 | \$ 2,822,385.83 |
| Grant Receivable - Grant Fund | A-10 | 91,512.85 |
| Grants - Reserve Transfer | A-28 | 351.40 |
| PVRHS Class III Police Officers Receivable-Adjustment | A-13 | 13,542.54 |
| Hillsdale BOE- Class III Police Officers Receivable Adjustment | A-13 | (20,646.38) |
| Interfund Adjustment | | (641.75) |
| | | (641.75) |
| | Previous Pg. | \$ 2,906,504.49 |
| Analysis of Non-Budget Revenues | | |
| Miscellaneous Revenues Not Anticipated: | | |
| Senior & Veteran NJ Admin Fee | | \$ 1,305.89 |
| Homestead Rebate NJ Admin Fee | | 705.00 |
| FEMA Reimbursement | | 41,953.05 |
| BCUA Sewer Connection Fees | | 6,419.93 |
| Motor Vehicle Inspections | | 540.00 |
| Misc. Refunds/Reimbursements | | 760.74 |
| Mayors Fee | | 175.00 |
| Restitution | | 314.90 |
| Insurance Refund | | 1,000.00 |
| Bergen Mun Emp Benefit | | 6,434.96 |
| NSF Check Fees | | 220.00 |
| Escrow Disability Funds | | 31,666.31 |
| Refunds/Overpayments | | 8,402.60 |
| Lost Dog | | 375.00 |
| Charge Off Trust Fund Penalties | | 1,849.18 |
| Voided Checks | | 7,348.09 |
| Recycling Revenue | | 10,233.90 |
| | A-4, Previous Pg. | \$ 119,704.55 |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

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 | 7,000.00 | 7,000.00 | 6,066.21 | 933.79 | - | - |
| Administrative and Executive | | | | | | |
| Salaries and Wages | 80,000.00 | 100,000.00 | 98,009.22 | 1,990.78 | - | - |
| Other Expenses | | | | | | |
| Public Information | 8,000.00 | 8,000.00 | 4,165.45 | 3,834.55 | - | - |
| Miscellaneous | 44,400.00 | 44,400.00 | 30,948.84 | 13,451.16 | - | - |
| Financial Administration | | | | | | |
| Salaries and Wages | 253,000.00 | 228,000.00 | 211,192.06 | 16,807.94 | - | - |
| Other Expenses | 58,950.00 | 58,950.00 | 58,564.39 | 385.61 | - | - |
| Auditing and Accounting Services | | | | | | |
| Other Expenses | 29,000.00 | 29,000.00 | 28,000.00 | 1,000.00 | - | - |
| Collection of Taxes | | | | | | |
| Salaries and Wages | 28,000.00 | 28,000.00 | 26,448.64 | 1,551.36 | - | - |
| Other Expenses | 9,615.00 | 10,615.00 | 9,898.45 | 716.55 | - | - |
| Assessment of Taxes | | | | | | |
| Salaries and Wages | 23,500.00 | 23,500.00 | 23,334.91 | 165.09 | - | - |
| Other Expenses | 11,825.00 | 11,825.00 | 3,272.35 | 8,552.65 | - | - |
| Clerk's Office | | | | | | |
| Salaries and Wages | 82,000.00 | 87,000.00 | 85,260.85 | 1,739.15 | - | - |
| Other Expenses | 37,650.00 | 37,650.00 | 24,937.75 | 12,712.25 | - | - |
| Legal | | | | | | |
| Other Expenses | 188,000.00 | 188,000.00 | 103,271.03 | 84,728.97 | - | - |
| Engineering | | | | | | |
| Other Expenses | 91,000.00 | 91,000.00 | 48,960.39 | 42,039.61 | - | - |

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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, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

| | APPROPRIATIONS | | EXPENDED | | | Over-Expenditure |
|------------------------------------|----------------|----------------------------------|------------------------|-----------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Canceled</u> | |
| OPERATIONS - WITHIN "CAPS" (CONTD) | | | | | | |
| MUNICIPAL LAND USE: | | | | | | |
| Planning Board | | | | | | |
| Other Expenses | \$ 49,500.00 | \$ 49,500.00 | \$ 3,191.73 | \$ 46,308.27 | \$ - | \$ - |
| Zoning Official | | | | | | |
| Salaries and Wages | 25,000.00 | 25,000.00 | 23,837.25 | 1,162.75 | - | - |
| Other Expenses | 10,435.00 | 10,435.00 | 1,125.00 | 9,310.00 | - | - |
| Affordable Municipal Housing | | | | | | |
| Salaries and Wages | 1,530.00 | 1,530.00 | 1,153.80 | 376.20 | - | - |
| Other Expenses | 28,000.00 | 28,000.00 | 1,711.00 | 26,289.00 | - | - |
| Insurance | | | | | | |
| General Liability Premiums | 183,000.00 | 183,000.00 | 161,727.00 | 21,273.00 | - | - |
| Group Insurance Plan for Employees | 1,478,000.00 | 1,477,000.00 | 935,858.31 | 541,141.69 | - | - |
| Worker's Compensation | 185,000.00 | 185,000.00 | 177,251.07 | 7,748.93 | - | - |
| PUBLIC SAFETY: | | | | | | |
| Police | | | | | | |
| Salaries and Wages | 2,658,000.00 | 2,658,000.00 | 2,586,471.14 | 71,528.86 | - | - |
| Other Expenses | 144,600.00 | 144,600.00 | 119,089.82 | 25,510.18 | - | - |
| Emergency Management | | | | | | |
| Salaries and Wages | 4,100.00 | 4,100.00 | 4,000.00 | 100.00 | - | - |
| Other Expenses | 2,450.00 | 2,450.00 | 993.58 | 1,456.42 | - | - |
| First Aid Organization | | | | | | |
| Other Expenses | 30,000.00 | 30,000.00 | 29,550.00 | 450.00 | - | - |
| Fire | | | | | | |
| Salaries and Wages | 26,600.00 | 26,600.00 | 25,125.00 | 1,475.00 | - | - |
| Other Expenses | 58,895.00 | 58,895.00 | 58,895.00 | - | - | - |
| Fire Prevention | | | | | | |
| Salaries and Wages | 47,000.00 | 47,000.00 | 40,837.57 | 6,162.43 | - | - |
| Other Expenses | 3,100.00 | 3,100.00 | 384.59 | 2,715.41 | - | - |

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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, 2019

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 | \$ 83,000.00 | \$ 83,000.00 | \$ 67,432.88 | \$ 15,567.12 | \$ - | \$ - |
| Other Expenses | 5,200.00 | 5,200.00 | 2,697.30 | 2,502.70 | - | - |
| Public Defender | | | | | | |
| Other Expenses | 4,500.00 | 4,500.00 | 4,370.00 | 130.00 | - | - |
| Prosecutor | | | | | | |
| Other Expenses | 12,500.00 | 12,500.00 | 12,191.00 | 309.00 | - | - |
| STREETS AND ROADS: | | | | | | |
| Road Repair and Maintenance | | | | | | |
| Salaries and Wages | 570,000.00 | 570,000.00 | \$ 550,361.12 | 19,638.88 | - | - |
| Other Expenses | 312,550.00 | 312,550.00 | 251,811.05 | 60,738.95 | - | - |
| Buildings and Grounds | | | | | | |
| Other Expenses | 73,100.00 | 73,100.00 | 61,513.57 | 11,586.43 | - | - |
| SANITATION: | | | | | | |
| Garbage and Trash Removal | | | | | | |
| Other Expenses | 802,000.00 | 802,000.00 | 763,391.52 | 38,608.48 | - | - |
| Recycling | | | | | | |
| Other Expenses | 162,000.00 | 162,000.00 | 154,855.94 | 7,144.06 | - | - |
| Vehicle Maintenance | | | | | | |
| Other Expenses | 103,000.00 | 103,000.00 | 85,468.75 | 17,531.25 | - | - |
| Train Station | | | | | | |
| Other Expenses | 14,050.00 | 14,050.00 | 5,806.65 | 8,243.35 | - | - |
| HEALTH AND WELFARE: | | | | | | |
| Board of Health | | | | | | |
| Salaries and Wages | 70,000.00 | 70,000.00 | 67,573.84 | 2,426.16 | - | - |
| Other Expenses | 66,700.00 | 66,700.00 | 60,930.10 | 5,769.90 | - | - |

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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, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

| | APPROPRIATIONS | | EXPENDED | | | Over- Expenditure |
|-------------------------------------|----------------|------------------------------|--------------------|-----------|----------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | |
| OPERATIONS - WITHIN "CAPS" (CONTD) | | | | | | |
| Administration of Public Assistance | | | | | | |
| Salaries and Wages | \$ 16,500.00 | \$ 16,500.00 | \$ 16,145.42 | \$ 354.58 | \$ - | - |
| Other Expenses | 300.00 | 300.00 | - | 300.00 | - | - |
| Environmental Construction | | | | | | |
| Other Expenses | 945.00 | 945.00 | 945.00 | - | - | - |
| PARKS AND RECREATION: | | | | | | |
| Board of Recreation Commissioners | | | | | | |
| Salaries and Wages | 1,000.00 | 1,000.00 | 650.00 | 350.00 | - | - |
| Other Expenses | 8,835.00 | 8,835.00 | 7,898.38 | 936.62 | - | - |
| Senior Citizens Committee | | | | | | |
| Salaries and Wages | 32,000.00 | 32,000.00 | 29,456.77 | 2,543.23 | - | - |
| Other Expenses | 15,960.00 | 15,960.00 | 14,336.57 | 1,623.43 | - | - |
| Parks and Playgrounds | | | | | | |
| Salaries and Wages | 105,000.00 | 105,000.00 | 49,750.57 | 55,249.43 | - | - |
| Other Expenses | 97,500.00 | 97,500.00 | 69,038.18 | 28,461.82 | - | - |
| Anniversary or Holiday | | | | | | |
| Other Expenses | 11,500.00 | 11,500.00 | 10,399.25 | 1,100.75 | - | - |
| UNIFORM CONSTRUCTION CODE: | | | | | | |
| Uniform Construction Code Officials | | | | | | |
| Salaries and Wages | 183,500.00 | 183,500.00 | 153,773.10 | 29,726.90 | - | - |
| Other Expenses | 89,273.00 | 89,273.00 | 80,539.86 | 8,733.14 | - | - |

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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, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

| | APPROPRIATIONS | | EXPENDED | | | Over-Expenditure |
|---|-------------------------|---------------------------|------------------------|------------------------|-------------|------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | |
| OPERATIONS - WITHIN "CAPS" (CONTD) | | | | | | |
| UNCLASSIFIED: | | | | | | |
| Electricity and Gas | \$ 238,000.00 | \$ 238,000.00 | \$ 186,116.11 | \$ 51,883.89 | \$ - | \$ - |
| Telephone | 46,050.00 | 46,050.00 | 40,164.59 | 5,885.41 | - | - |
| Water | 248,000.00 | 248,000.00 | 199,760.69 | 48,239.31 | - | - |
| Gasoline | 82,000.00 | 82,000.00 | 49,160.89 | 32,839.11 | - | - |
| Accumulated Absences | 50,000.00 | 50,000.00 | 50,000.00 | - | - | - |
| TOTAL OPERATIONS WITHIN "CAPS" | <u>9,437,113.00</u> | <u>9,437,113.00</u> | <u>8,025,071.50</u> | <u>1,412,041.50</u> | <u>-</u> | <u>-</u> |
| CONTINGENT | 50,000.00 | 50,000.00 | 13,700.00 | 36,300.00 | - | - |
| TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS" | <u>\$ 9,487,113.00</u> | <u>\$ 9,487,113.00</u> | <u>\$ 8,038,771.50</u> | <u>\$ 1,448,341.50</u> | <u>\$ -</u> | <u>\$ -</u> |
| Detail: | | | | | | |
| Salaries and Wages | \$ 4,347,230.00 | \$ 4,347,230.00 | \$ 4,118,005.14 | \$ 229,224.86 | \$ - | \$ - |
| Other Expenses (Including Contingent) | 5,139,883.00 | 5,139,883.00 | 3,920,766.36 | 1,219,116.64 | - | - |
| STATUTORY EXPENDITURES: | | | | | | |
| Public Employees' Retirement System | 147,000.00 | 147,000.00 | 145,123.85 | 1,876.15 | - | - |
| Social Security System (O.A.S.I.) | 185,000.00 | 185,000.00 | 176,977.06 | 8,022.94 | - | - |
| Police and Firemen's Retirement System of N.J. | 587,000.00 | 587,000.00 | 586,445.00 | 555.00 | - | - |
| Defined Contribution Retirement Program | 13,000.00 | 13,000.00 | 11,022.79 | 1,977.21 | - | - |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | <u>932,000.00</u> | <u>932,000.00</u> | <u>919,568.70</u> | <u>12,431.30</u> | <u>-</u> | <u>-</u> |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | <u>\$ 10,419,113.00</u> | <u>\$ 10,419,113.00</u> | <u>\$ 8,958,340.20</u> | <u>\$ 1,460,772.80</u> | <u>\$ -</u> | <u>\$ -</u> |

(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, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

| | APPROPRIATIONS | | EXPENDED | | | Over- Expenditure |
|---|------------------------|------------------------------|------------------------|---------------------|-------------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Canceled | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | | |
| Stormwater | | | | | | |
| Other Expenses | \$ 3,000.00 | \$ 3,000.00 | \$ 3,000.00 | \$ - | \$ - | \$ - |
| Bergen County Utilities Authority | | | | | | |
| Operating | 723,000.00 | 723,000.00 | 714,891.93 | 8,108.07 | - | - |
| Debt Service | 241,000.00 | 241,000.00 | 240,342.76 | 657.24 | - | - |
| Recycling Tax | 13,000.00 | 13,000.00 | 12,927.33 | 72.67 | - | - |
| Maintenance of Free Public Library | 737,118.00 | 737,118.00 | 720,266.45 | 16,851.55 | - | - |
| LOSAP | 69,000.00 | 69,000.00 | - | 69,000.00 | - | - |
| TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS" | \$ 1,786,118.00 | \$ 1,786,118.00 | \$ 1,691,428.47 | \$ 94,689.53 | \$ - | \$ - |
| Interlocal Municipal Service Agreements: | | | | | | |
| PVRHS Class 111 Police Officers Salaries & Wages | 138,000.00 | 138,000.00 | 134,497.80 | 3,502.20 | - | - |
| PVRHS Class 111 Police Officers Other Expenses | 23,400.00 | 23,400.00 | 11,299.35 | 12,100.65 | - | - |
| Hillsdale BOE Class 111 Police Officers- Salaries & Wages | 48,500.00 | 48,500.00 | 41,704.43 | 6,795.57 | - | - |
| Hillsdale BOE Class 111 Police Officers- Other Expenses | 9,900.00 | 9,900.00 | 3,772.15 | 6,127.85 | - | - |
| Pistol Range Rental - River Vale | 4,000.00 | 4,000.00 | - | 4,000.00 | - | - |
| TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS | \$ 223,800.00 | \$ 223,800.00 | \$ 191,273.73 | \$ 32,526.27 | \$ - | \$ - |

(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, 2019

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: | | | | | | |
| Drive Sober Labor Dgy - Chap. 159 | \$ 5,500.00 | \$ 5,500.00 | \$ 5,500.00 | \$ - | \$ - | \$ - |
| Clean Communities - Chapter 159 | 21,563.23 | 21,563.23 | 21,563.23 | - | - | - |
| Radon Awareness Program (RAP) - Chapter 159 | 2,000.00 | 2,000.00 | 2,000.00 | - | - | - |
| Community Development - Senior Arts and Crafts - Chapter 159 | 6,000.00 | 6,000.00 | 6,000.00 | - | - | - |
| Community Development - Senior Activities | 5,623.00 | 5,623.00 | 5,623.00 | - | - | - |
| Municipal Alliance | 9,876.00 | 9,876.00 | 9,876.00 | - | - | - |
| Municipal Alliance- Borough Match | 2,500.00 | 2,500.00 | 2,500.00 | - | - | - |
| NJ DEP Recycling Tonnage Grant | 11,200.62 | 11,200.62 | 11,200.62 | - | - | - |
| JIF Accreditation | 25,000.00 | 25,000.00 | 25,000.00 | - | - | - |
| JIF Safety Committee Award | 1,750.00 | 1,750.00 | 1,750.00 | - | - | - |
| BCUA Recycling Grant | 3,000.00 | 3,000.00 | 3,000.00 | - | - | - |
| Reserves: | | | | | | |
| Body Armor Replacement Fund- NJ | 351.40 | 351.40 | 351.40 | - | - | - |
| Total Public and Private Programs Offset by Revenues | <u>94,364.25</u> | <u>94,364.25</u> | <u>94,364.25</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OPERATIONS - EXCLUDED FROM "CAPS" | <u>\$ 2,104,282.25</u> | <u>\$ 2,104,282.25</u> | <u>\$ 1,977,066.45</u> | <u>\$ 127,215.80</u> | <u>\$ -</u> | <u>\$ -</u> |
| Detail: | | | | | | |
| Salaries and Wages | 186,500.00 | 186,500.00 | 176,202.23 | 10,297.77 | - | - |
| Other Expenses | 1,917,782.25 | 1,917,782.25 | 1,800,864.22 | 116,918.03 | - | - |

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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, 2019

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 | \$ 700,000.00 | \$ 700,000.00 | \$ 700,000.00 | \$ - | \$ - | \$ - |
| TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | \$ 700,000.00 | \$ 700,000.00 | \$ 700,000.00 | \$ - | \$ - | \$ - |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | | |
| Payment of Bond Principal | \$ 460,000.00 | \$ 460,000.00 | \$ 460,000.00 | \$ - | \$ - | \$ - |
| Payment of Bond Anticipation Notes and Capital Notes | 90,000.00 | 90,000.00 | 90,000.00 | - | - | - |
| Interest on Bonds | 37,000.00 | 37,000.00 | 36,912.50 | - | 87.50 | - |
| Interest on Notes | 44,000.00 | 44,000.00 | 43,159.56 | - | 840.44 | - |
| TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | \$ 631,000.00 | \$ 631,000.00 | \$ 630,072.06 | \$ - | \$ 927.94 | \$ - |
| DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS" | | | | | | |
| Special Emergency Authorizations - 5 years | - | - | - | - | - | - |
| TOTAL MUNICIPAL DEFERRED CHARGES EXCLUDED FROM "CAPS" | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS" | \$ 3,435,282.25 | \$ 3,435,282.25 | \$ 3,307,138.51 | \$ 127,215.80 | \$ 927.94 | \$ - |
| SUBTOTAL GENERAL APPROPRIATIONS | \$ 13,854,395.25 | \$ 13,854,395.25 | \$ 12,265,478.71 | \$ 1,587,988.60 | \$ 927.94 | \$ - |
| Reserve for Uncollected Taxes | 775,000.00 | 775,000.00 | 775,000.00 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS | \$ 14,629,395.25 | \$ 14,629,395.25 | \$ 13,040,478.71 | \$ 1,587,988.60 | \$ 927.94 | \$ - |
| | Reference A-2 | Below | Below | A | A-1 | |
| General Appropriations Chapter 159's | Reference | \$ 14,594,332.02 35,063.23 | | | | |
| | Above | \$ 14,629,395.25 | | | | |
| Cash Disbursements | A-4 | | \$ 11,873,789.24 | | | |
| Transfer to Accumulated Absences | A-20 | | 50,000.00 | | | |
| Due to Grant Fund | A-16 | | 94,364.25 | | | |
| Reserve for Uncollected Taxes | A-2 | | 775,000.00 | | | |
| Budget Offsets | A-4 | | (280,560.39) | | | |
| Encumbrance Payable | A-15 | | 527,885.61 | | | |
| | Above | | \$ 13,040,478.71 | | | |

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>2019</u> | <u>2018</u> |
| <u>ASSETS</u> | | | |
| Assessment Fund | | | |
| Cash | B-2 | \$ 0.01 | \$ 0.01 |
| Assessment Receivable | B-4 | - | - |
| | | <u>0.01</u> | <u>0.01</u> |
| Animal Control Trust Fund: | | | |
| Cash and Cash Equivalents | B-2 | 13,545.46 | 13,780.09 |
| Other Trust Fund: | | | |
| Cash and Cash Equivalents | B-2 | 1,757,892.95 | 1,691,963.92 |
| Deferred Charges- Over-expenditure | B-12 | | |
| Due from Current Fund- COAH Trust Fund | A | 37.50 | 37.50 |
| | | <u>1,757,930.45</u> | <u>1,692,001.42</u> |
| Recreation Trust Fund | | | |
| Cash and Cash Equivalents | B-2 | 197,578.26 | 153,956.85 |
| Length of Service Award Program Fund (Unaudited) | | | |
| Investments | B-2 | 1,427,546.58 | 1,129,256.58 |
| Contribution Receivable | B-16 | 46,805.12 | 40,309.66 |
| | | <u>1,474,351.70</u> | <u>1,169,566.24</u> |
| TOTAL ASSETS | | <u>\$ 3,443,405.88</u> | <u>\$ 3,029,304.61</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Assessment Fund | | | |
| Due to Current Fund | B-5 | \$ - | \$ - |
| Reserve for Assessments Receivable | B-4 | - | - |
| Fund Balance | B-1 | 0.01 | 0.01 |
| | | <u>0.01</u> | <u>0.01</u> |
| Animal Control Trust Fund: | | | |
| Due to State of New Jersey | B-6 | 235.20 | 621.00 |
| Due to Current Fund | A,B-7 | 17.14 | 22.37 |
| Reserve for Animal Control Expenditures | B-8 | 13,293.12 | 13,136.72 |
| | | <u>13,545.46</u> | <u>13,780.09</u> |
| Other Trust Fund: | | | |
| Due to Current Fund | A,B-9 | 12,458.03 | 4,923.41 |
| Reserve for: | | | |
| Other Trust Deposits | B-12 | 1,296,422.57 | 1,244,978.03 |
| Medical Benefits | B-11 | 31,915.28 | 31,915.28 |
| Escrow Deposits | B-10 | 413,328.46 | 402,260.26 |
| Payroll Deductions and Withholdings Payable | B-13 | - | 3,505.07 |
| Fund Balance | B-1 | 3,806.11 | 4,419.37 |
| Total Other Trust Fund | | <u>1,757,930.45</u> | <u>1,692,001.42</u> |
| Recreation Trust Fund: | | | |
| Due to Current Fund | A,B-15 | 250.61 | 248.11 |
| Reserve for Recreation Expenditures | B-14 | 197,327.65 | 153,708.74 |
| | | <u>197,578.26</u> | <u>153,956.85</u> |
| Length of Service Award Program Fund (Unaudited) | | | |
| Reserve for LOSAP | B-17 | 1,474,351.70 | 1,169,566.24 |
| TOTAL LIABILITIES AND RESERVES | | <u>\$ 3,443,405.88</u> | <u>\$ 3,029,304.61</u> |

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

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT & TRUST FUND

B-1

| | <u>Reference</u> | Assessment Fund <u>2019</u> | Trust Fund <u>2019</u> |
|-------------------------------------|------------------|--------------------------------|---------------------------|
| Balance, January 1 | B | \$ 0.01 | \$ 4,419.37 |
| Increased by: | | | |
| Interest Income | B-2 | - | - |
| Interest on Assessments | B-2 | - | - |
| Collection of Unpledged Assessments | B-4 | - | - |
| | | 0.01 | 4,419.37 |
| Decreased by: | | | |
| Transfer to Current | B | - | - |
| Adjustment to 2002 Disability | B | - | 613.26 |
| | | - | 613.26 |
| Balance, December 31 | B | \$ 0.01 | \$ 3,806.11 |

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>2019</u> | <u>2018</u> |
| Cash | C-1, 1a | \$ 762,219.44 | \$ 1,408,719.61 |
| Grants Receivable | C-3 | 1,075,655.53 | 525,910.19 |
| Due from Current Fund | A, C-4 | 162,253.66 | 161,611.91 |
| Deferred Charges to Future Taxation | | | |
| Funded | C-5 | 960,000.00 | 1,420,000.00 |
| Unfunded | C-6 | 2,875,031.13 | 1,871,285.79 |
| TOTAL ASSETS | | \$ 5,835,159.76 | \$ 5,387,527.50 |
| LIABILITIES, RESERVE AND FUND BALANCE | | | |
| Bond Anticipation Notes Payable | C-9 | \$ 2,190,000.00 | \$ 1,740,305.00 |
| General Serial Bonds Payable | C-8 | 960,000.00 | 1,420,000.00 |
| Improvement Authorizations | | | |
| Funded | C-7 | 570,005.92 | 1,277,386.18 |
| Unfunded | C-7 | 677,735.35 | 246,668.63 |
| Reserve for Grants Receivable | C-3 | 642,153.97 | 92,408.63 |
| Reserve for Capital Improvements | C-12 | 18,763.44 | 18,763.44 |
| Capital Improvement Fund | C-10 | 59,327.95 | 79,327.95 |
| Contracts Payable | C-11 | 406,217.27 | 149,646.41 |
| Down Payments on Improvements | C-13 | 3,000.00 | 3,000.00 |
| Reserve for Payment of Bonds/BANs | C-14 | 37,029.03 | 37,029.03 |
| Reserve for Municipal Open Space Fund | C-15 | 103,512.12 | 103,512.12 |
| Fund Balance | C-2 | 167,414.71 | 219,480.11 |
| TOTAL LIABILITIES, RESERVE AND FUND BALANCE | | \$ 5,835,159.76 | \$ 5,387,527.50 |

Bonds and notes authorized but not issued at December 31, 2019 and December 31, 2018
were \$685,031.13 and \$130,980.79 (Exhibit C-16).

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>2019</u> | <u>2018</u> |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents | D-4 | \$ 184,328.61 | \$ 256,882.15 |
| Cash - Stonybrook Swim Team | D-4 | 14,627.69 | 12,364.47 |
| Due From Current Fund | A, D-8 | - | - |
| Due From Swim Pool Capital Fund | D-6 | - | 48.69 |
| | | <u>198,956.30</u> | <u>269,295.31</u> |
| Total Operating Fund | | <u>198,956.30</u> | <u>269,295.31</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | D-4, 5 | 217,033.40 | 217,096.23 |
| Due from Swimming Pool Operating Fund | D-6 | 14.14 | - |
| Fixed Capital | D-13 | 5,320,644.61 | 5,271,391.09 |
| Fixed Capital Authorized and Uncompleted | D-14 | 344,344.23 | 344,344.23 |
| | | <u>5,882,036.38</u> | <u>5,832,831.55</u> |
| Total Capital Fund | | <u>5,882,036.38</u> | <u>5,832,831.55</u> |
| TOTAL ASSETS | | \$ 6,080,992.68 | \$ 6,102,126.86 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE:</u> | | | |
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | D-3, 10 | \$ 68,201.77 | \$ 78,300.61 |
| Encumbrance Payable | D-11 | 51,315.12 | 28,322.57 |
| Due to Swimming Pool Capital Fund | D-6,8 | 14.14 | - |
| Accrued Interest on bonds | D-7 | 1,246.87 | 2,034.38 |
| Reserve for Swim Team Expenditures | D-12 | 14,627.69 | 12,364.47 |
| | | <u>135,405.59</u> | <u>121,022.03</u> |
| Fund Balance | D-1 | 63,550.71 | 148,273.28 |
| Total Operating Fund | | <u>198,956.30</u> | <u>269,295.31</u> |
| Capital Fund: | | | |
| Liabilities: | | | |
| Bonds Payable | D-17 | 140,000.00 | 210,000.00 |
| Improvement Authorizations: | | | |
| Funded | D-22 | 193,447.18 | 190,447.18 |
| Unfunded | D-22 | 47,184.23 | 47,184.23 |
| Due to Swim Pool Operating | D-6 | - | 48.69 |
| 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 |
| Reserve for Amortization | D-19 | 5,180,644.61 | 5,053,214.32 |
| Reserve for Deferred Amortization | D-18 | 295,344.23 | 303,521.00 |
| | | <u>5,882,036.38</u> | <u>5,832,831.55</u> |
| Total Capital Fund | | <u>5,882,036.38</u> | <u>5,832,831.55</u> |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | \$ 6,080,992.68 | \$ 6,102,126.86 |

Bonds and notes authorized but not issued at December 31, 2019 and 2018
were \$ 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>2019</u> | <u>2018</u> |
| Surplus Anticipated | D-2 | \$ 134,957.00 | \$ 43,321.00 |
| Membership Fees | D-2, 4 | 643,343.62 | 670,092.10 |
| Use of Facility | D-2, 4 | 1,060.00 | 1,440.00 |
| Interest on Investments | D-2 | 11,377.73 | - |
| Miscellaneous Revenue | D-2, 4 | 182,430.29 | 191,396.15 |
| Other Credits to Income: | | | |
| Prior Year Void Checks | D-4 | 117.00 | - |
| Unexpended Balance of Appropriations | D-3 | 862.51 | 860.25 |
| Unexpended Balance of Appropriation Reserves | D-10 | 73,175.28 | 29,899.96 |
| Total Income | | 1,047,323.43 | 937,009.46 |
| <u>EXPENDITURES</u> | | | |
| Budget Appropriations | | | |
| Operating | D-3 | 871,589.00 | 784,571.00 |
| Capital | D-3 | 50,000.00 | 60,000.00 |
| Debt Service | D-3 | 75,500.00 | 72,500.00 |
| Total Expenditures | | 997,089.00 | 917,071.00 |
| Excess in Operations | | 50,234.43 | 19,938.46 |
| Adjustment to Income before Fund Balance: | | | |
| Expenditures Included Above Which are by Statute | | | |
| Deferred Charged to Budget of Succeeding Year | | - | - |
| Statutory Excess to Fund Balance | | 50,234.43 | 19,938.46 |
| Fund Balance, Beginning of Year | D | 148,273.28 | 171,655.82 |
| | | 198,507.71 | 191,594.28 |
| Less: Fund Balance Utilized | D-2 | 134,957.00 | 43,321.00 |
| Fund Balance, End of Year | D | \$ 63,550.71 | \$ 148,273.28 |

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, 2019

STATEMENT OF REVENUES - REGULATORY BASIS

| | <u>Reference</u> | <u>Budget</u> | <u>Realized</u> | D-2 <u>Excess or</u> <u>(Deficit)</u> |
|---|------------------|----------------------|----------------------|--|
| Surplus Anticipated | D-1 | \$ 134,957.00 | \$ 134,957.00 | \$ - |
| Membership Fees | D-1,4 | 670,092.00 | 643,343.62 | (26,748.38) |
| Use of Facility | D-1,4 | 1,440.00 | 1,060.00 | (380.00) |
| Interest on Investments | D-1,Below | 6,600.00 | 11,377.73 | 4,777.73 |
| Miscellaneous Income | D-1,4 | 184,000.00 | 182,430.29 | (1,569.71) |
| | | <hr/> | <hr/> | <hr/> |
| | D-3 | <u>\$ 997,089.00</u> | <u>\$ 973,168.64</u> | <u>\$(23,920.36)</u> |
| | | | | |
| Interest on Investments | | | | |
| | | | | |
| Cash Receipts | D-4 | | \$ 11,440.56 | |
| Swim Pool Capital Interest Income | D-4 | | 4,114.24 | |
| Transfer to Swim Pool- Capital Int Income | D-4 | | <u>(4,177.07)</u> | |
| Miscellaneous Income | Above | | <u>\$ 11,377.73</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, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-3

| | <u>Ref.</u> | <u>Budget</u> | <u>Modified Budget</u> | <u>Paid or Charged</u> | <u>Appropriations Lapsed</u> | <u>Appropriation Reserve</u> |
|---------------------------|-------------|----------------------|----------------------------|----------------------------|----------------------------------|----------------------------------|
| Operating: | | | | | | |
| Salaries and Wages | D-1 | \$ 337,005.00 | \$ 337,005.00 | \$ 316,968.22 | \$ - | \$ 20,036.78 |
| Other Expenses | D-1 | 534,584.00 | 534,584.00 | 487,165.49 | - | 47,418.51 |
| Capital Outlay | D-1, 13, 19 | 50,000.00 | 50,000.00 | 49,253.52 | - | 746.48 |
| Debt Service: | | | | | | |
| Payment of Bond Principal | D-1, 19 | 70,000.00 | 70,000.00 | 70,000.00 | - | - |
| Interest on Bonds | D-1, 7 | 5,500.00 | 5,500.00 | 4,637.49 | 862.51 | - |
| | | <u>\$ 997,089.00</u> | <u>\$ 997,089.00</u> | <u>\$ 928,024.72</u> | <u>\$ 862.51</u> | <u>\$ 68,201.77</u> |
| | <u>Ref.</u> | <u>D-2</u> | <u>D-1</u> | <u>Below</u> | <u>D-1</u> | <u>D</u> |
| Cash Disbursements | D-4 | | | \$ 872,072.11 | | |
| Interest on Bonds | D-7 | | | 4,637.49 | | |
| Encumbrance Payable | D-11 | | | <u>51,315.12</u> | | |
| | Above | | | <u>\$ 928,024.72</u> | | |

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

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

E

| | <u>Reference</u> | At December 31, | |
|--|------------------|---------------------|---------------------|
| | | <u>2019</u> | <u>2018</u> |
| <u>ASSETS</u> | | | |
| Cash | E-1 | \$ 15,463.25 | \$ 19,661.02 |
| Petty Cash | | 100.00 | 100.00 |
| TOTAL ASSETS | | <u>\$ 15,563.25</u> | <u>\$ 13,112.11</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Due to Current Fund | A, E-3 | \$ 513.55 | \$ 524.32 |
| Reserve for Public Assistance Fund | E-2 | <u>15,049.70</u> | <u>19,236.70</u> |
| TOTAL LIABILITIES AND RESERVES | | <u>\$ 15,563.25</u> | <u>\$ 13,112.11</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>2019</u> | <u>2018</u> |
| <u>ASSETS</u> | | |
| Land | \$ 31,781,800.00 | \$ 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 | 5,271,391.09 | 5,271,391.09 |
| Machinery and Equipment | <u>7,668,537.00</u> | <u>7,668,537.00</u> |
| TOTAL ASSETS | <u>\$ 53,635,028.09</u> | <u>\$ 53,635,028.09</u> |
| <u>LIABILITIES AND RESERVES</u> | | |
| Investment in General Fixed Assets | <u>\$ 53,635,028.09</u> | <u>\$ 53,635,028.09</u> |
| TOTAL LIABILITIES AND RESERVES | <u>\$ 53,635,028.09</u> | <u>\$ 53,635,028.09</u> |

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

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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.

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.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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

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.

See independent auditor’s report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and Swimming Pool Utility Fund.

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

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

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2019, 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.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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, 2019, \$0 of the Borough's bank balance of \$10,555,248.92 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, 2019, and 2018, the Borough did not have any investments.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(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, 2019 and 2018, property taxes receivables were \$294,426.02 and \$307,915.26, respectively.

5. **Municipal Debt**

Long-term debt as of December 31, 2019 consisted of the following:

| | Balance Dec.31, 2018 | Additions | Reductions | Balance Dec.31, 2019 | Due in One Year |
|---------------------------|-------------------------|-------------|----------------------|-------------------------|----------------------|
| General Improvement Bonds | \$ 1,420,000.00 | \$ - | \$ 460,000.00 | \$ 960,000.00 | \$ 475,000.00 |
| Swim Pool Utility Bonds | 210,000.00 | - | 70,000.00 | 140,000.00 | 70,000.00 |
| Compensated Absences | 507,221.38 | - | 77,081.76 | 430,139.62 | 50,000.00 |
| | <u>\$ 2,137,221.38</u> | <u>\$ -</u> | <u>\$ 607,081.76</u> | <u>\$ 1,530,139.62</u> | <u>\$ 595,000.00</u> |

Long-term debt as of December 31, 2019 consisted of the following:

2011 General Improvement Bonds

\$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 |
| 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>990,768.75</u> | <u>960,000.00</u> | <u>30,768.75</u> | <u>144,462.50</u> | <u>140,000.00</u> | <u>4,462.50</u> |

See independent auditor's report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (Continued)

5. **Municipal Debt (Continued):**

Summary of Municipal Debt

| | <u>Year 2019</u> | <u>Year 2018</u> | <u>Year 2017</u> |
|----------------------------|------------------------|-----------------------------|------------------------|
| Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ 3,150,000.00 | \$ 3,160,305.00 | \$ 3,480,305.00 |
| Swim Pool Utility | | | |
| Bonds and Notes | <u>140,000.00</u> | <u>210,000.00</u> | <u>275,000.00</u> |
| Debt Issued | <u>3,290,000.00</u> | <u>3,370,305.00</u> | <u>3,755,305.00</u> |
| Authorized but not Issued: | | | |
| General: | | | |
| Bonds and Notes | 685,031.13 | 350,980.79 | 130,980.79 |
| Swim Pool Utility | | | |
| Bonds and Notes | <u>49,000.00</u> | <u>49,000.00</u> | <u>49,000.00</u> |
| | <u>734,031.13</u> | <u>399,980.79</u> | <u>179,980.79</u> |
| Less Deductions | | | |
| Reserve for Payment BANS | (37,029.03) | (37,029.03) | (37,029.03) |
| Utility Debt | <u>(189,000.00)</u> | <u> </u> | <u>(324,000.00)</u> |
| Net Debt | <u>\$ 3,798,002.10</u> | <u>\$ 3,733,256.76</u> | <u>\$ 3,574,256.76</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 0.206%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|------------------------|------------------------|------------------------|------------------------|
| School Debt | \$ 5,123,131.54 | \$ 5,123,131.54 | \$ - |
| General Debt | 3,835,031.13 | 37,029.03 | 3,798,002.10 |
| Swim Pool Utility Debt | <u>189,000.00</u> | <u>189,000.00</u> | <u>-</u> |
| | <u>\$ 9,147,162.67</u> | <u>\$ 5,349,160.57</u> | <u>\$ 3,798,002.10</u> |

Net Debt of \$ 3,798,002.10 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$1,840,342,593 = 0.206%.

See independent auditor's report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (Continued)

5. Municipal Debt (Continued):

Calculation of "Self-Liquidating Purpose", Swim Pool Utility

| | | |
|---|---------------|-----------------|
| Cash Receipts from Fees, Rents or Other Charges including Surplus Anticipated | | \$ 1,047,323.43 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ 921,589.00 | |
| Debt Service | 75,500.00 | |
| | | 997,089.00 |
| Excess/(Deficit) in Revenue | | \$ 50,234.43 |
| Total Debt Service | | 75,500.00 |
| Deficit is Smaller of Deficit or Debt Service | | "None" |

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

| | | |
|---|--|------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | | \$ 64,411,990.76 |
| Net Debt | | 3,798,002.10 |
| Remaining Borrowing Power | | \$ 60,613,988.66 |

Overlapping Debt

| | |
|--|--------------|
| County of Bergen (1) – Borough’s share (1.02%) | \$14,300,164 |
| Bergen County Utilities Authority (2) | Unavailable |
| Total Overlapping Debt | \$14,300,164 |

(1) The County of Bergen has \$1,407,338,927 in gross long-term and temporary debt. The Borough’s net share is obtained by dividing the Borough’s equalized valuation \$1,862,813,939 by the County’s equalized valuation \$183,327,302,690.

(2) Overlapping debt was computed based upon municipal flow to the Authority.

6. Bond Anticipation Notes

On December 31, 2019 and 2018, the Borough had bond anticipation notes payable of \$2,190,000 and \$1,740,305 respectively.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2019.

| | Balance 12/31/18 | Additions | Reductions | Balance 12/31/19 |
|----------------|---------------------|--------------|--------------|---------------------|
| Notes Payable: | | | | |
| TD Bank | \$ 1,740,305 | \$ 2,190,000 | \$ 1,740,305 | \$ 2,190,000 |
| | \$ 1,740,305 | \$ 2,190,000 | \$ 1,740,305 | \$ 2,190,000 |

See independent auditor’s report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (Continued)

7. Fund Balance Appropriated

Fund Balance at December 31, which was appropriated and included as anticipated revenue in the 2020 and 2019 budgets were as follows:

| | 2020 Budget | 2019 Budget |
|------------------------|-----------------|-----------------|
| Current Fund | \$ 1,928,717.96 | \$ 1,600,000.00 |
| Swim Pool Utility Fund | 63,550.00 | 134,957.00 |

8. Deferred Charges to be Raised in Succeeding Budgets

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

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

The Borough collects school, regional county taxes and is responsible for the full amount of the levy. Regional School and County taxes have been raised on the calendar year. Local School taxes were deferred in the amount of \$6,315,948.50 for 2019 and \$5,856,440.00 for 2018.

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 2018 taxes was scheduled to be held on December 6, 2019, but it was not necessary due to all 2018 delinquencies being collected prior to the sale.

11. Property Acquired by Tax Title Lien Liquidation

There were ten properties acquired by liquidation with total assessed valuations of \$751,900.

12. Taxes Collected in Advance

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

| | Balance Dec. 31, 2019 | Balance Dec. 31, 2018 |
|---------------|--------------------------|--------------------------|
| Prepaid Taxes | \$ 273,255.79 | \$ 212,221.51 |

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, 2019 AND 2018
(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 June 30, 2019 and June 30, 2018, the Borough has disclosed a liability \$3,807,979 and \$4,245,881, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2018. 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, 2019 and 2018. At June 30, 2019, the Borough's proportion was 0.02113%, which was a decrease of .00043% from its proportion measured as of June 30, 2018 of .02156%.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

13. Pension Plans (Continued)

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

For the year ended December 31, 2019, the Borough recognized pension expense of \$145,123.85 as measured on June 30, 2019. At June 30, 2019, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | June 30, 2019 | | June 30, 2018 | |
|--|--------------------|---------------------|---------------------|---------------------|
| | <u>Deferred</u> | <u>Deferred</u> | <u>Deferred</u> | <u>Deferred</u> |
| | <u>Outflows of</u> | <u>Inflow of</u> | <u>Outflows of</u> | <u>Inflow of</u> |
| | <u>Resources</u> | <u>Resources</u> | <u>Resources</u> | <u>Resources</u> |
| Difference between expected and actual experience | \$ 68,348 | \$ 16,822 | \$ 80,970 | \$ 21,893 |
| Changes of assumptions | 380,241 | 1,321,737 | 699,651 | 1,357,607 |
| Net difference between projected and actual earnings on pension plan investments | | 60,110 | | 39,827 |
| Changes in proportion and differences between Borough and proportionate share of contributions | 432,099 | 468,168 | 551,134 | 630,127 |
| Borough contributions subsequent to the measurement date | | | | |
| Total | <u>\$ 880,688</u> | <u>\$ 1,866,837</u> | <u>\$ 1,331,755</u> | <u>\$ 2,049,454</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: |
|-------|---------------------|
| 2020 | \$ (109,957) |
| 2021 | (356,699) |
| 2022 | (318,511) |
| 2023 | (149,557) |
| 2024 | (15,357) |
| Total | <u>\$ (950,081)</u> |

Changes in Proportion-The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

| | <u>6/30/2019</u> | <u>6/30/2018</u> |
|--|------------------|------------------|
| Collective deferred outflows of resources | \$ 2,122,619,897 | \$ 3,619,985,444 |
| Collective deferred inflows of resources | 6,618,184,855 | 6,581,869,368 |
| Collective net pension liability (Non-State-Local Group) | 18,143,832,135 | 19,689,501,539 |
| Borough's portion of net pension liability | 3,807,979 | 4,245,881 |
| Borough's proportion % | 0.0211337361% | 0.0215641900% |

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

13. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

Actuarial assumptions. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

| | |
|----------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00% – 6.00% based on years of service |
| Thereafter | 3.00% – 7.00% based on years of service |
| Investment Rate of Return: | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled.

Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2019) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

| Asset Class | Target Allocations | Long-Term Expected Real Rate of Return |
|------------------------------------|--------------------|---|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| US Equities | 28.00% | 8.26% |
| Non- U.S. Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

13. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

Discount rate. The discount rate used to measure the total pension liability was 6.28% and 5.66% and as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, 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 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019 and 2018, calculated using the discount rate of 6.28% and 5.66% 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:

| | <u>1% Decrease</u> <u>(5.28%)</u> | June 30, 2019 <u>Rate</u> <u>(6.28%)</u> | <u>1% Increase</u> <u>(7.28%)</u> |
|--|--------------------------------------|--|--------------------------------------|
| Borough's proportionate share of the net pension liability | \$ 4,810,096 | \$ 3,807,979 | \$ 2,963,553 |
| | | June 30, 2018 | |
| | <u>1% Decrease</u> <u>-4.66%</u> | <u>Rate</u> <u>5.66%</u> | <u>1% Increase</u> <u>6.66%</u> |
| Borough's proportionate share of the net pension liability | \$ 5,338,706 | \$ 4,245,881 | \$ 3,329,071 |

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.state.nj.us/treasury/pensions/financial-reports.shtml>.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

13. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

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 or under disability provisions of PERS. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 23 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. 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.

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, 2019 and June 30, 2018, the Borough has disclosed a liability of \$7,651,070 and \$8,117,004, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2018. 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, 2019 and 2018. At June 30, 2019, the Borough's proportion was .06252%, which was an increase of 0.00253% from its proportion measured as of June 30, 2018 of .05999%.

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, 2019 and 2018 respectively was \$ 1,208,119 and \$1,102,561.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

13. Pension Plans (Continued)

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

For the year ended December 31, 2019, the Borough recognized pension expense of \$586,445. At December 31, 2019 as measured on June 30, 2019, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | June 30, 2019 | | June 30, 2018 | |
|--|---|---|---|---|
| | <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 | \$ 64,585 | \$ 48,440 | \$ 82,580 | \$ 33,590 |
| Changes of assumptions | 262,167 | 2,472,756 | 696,736 | 2,080,248 |
| Net difference projected and actual earnings on pension plan investments | | 103,670 | | 44,407 |
| Changes in proportion and differences between Borough's and proportionate share of contributions | 440,153 | 208,859 | 147,894 | 495,218 |
| Borough contributions subsequent to the measurement date | | | | |
| Total | <u>\$ 766,905</u> | <u>\$ 2,833,725</u> | <u>\$ 927,210</u> | <u>\$ 2,653,463</u> |

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

| | <u>Year Ended June 30:</u> |
|--------------|----------------------------|
| 2020 | \$ (401,112.07) |
| 2021 | (841,998.02) |
| 2022 | (596,311.02) |
| 2023 | (293,940.78) |
| 2024 | (164,751.60) |
| Total | <u>\$ (2,298,113.49)</u> |

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.92, 5.73, 5.59, 5.58, 5.53, and 6.17 years for the years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

| | <u>6/30/2019</u> | <u>6/30/2018</u> |
|--|------------------|------------------|
| Collective deferred outflows of resources | \$ 522,637,261 | \$ 1,299,176,853 |
| Collective deferred inflows of resources | 4,198,449,249 | 3,597,955,452 |
| Collective net pension liability (Non-State-Local Group) | 18,371,881,381 | 15,369,699,278 |
| Borough's portion of net pension liability | 7,651,070 | 8,117,004 |
| Borough's portion of net pension liability | 0.0625198867% | 0.0599853322% |

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

13. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Actuarial assumptions. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

| | |
|----------------------------|--|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | |
| Salary Increases: | |
| Through all future years | 3.25% – 15.25% based on years of service |
| Investment Rate of Return: | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Healthy Retiree mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2019) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

| Asset Class | Target Allocations | Long-Term Expected Real Rate of Return |
|------------------------------------|--------------------|---|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| US Equities | 28.00% | 8.26% |
| Non- U.S. Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(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 6.85% and 6.51% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.50% and 3.58% as of June 30, 2019 and 2018, 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 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 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, 2019 and 2018, calculated using the discount rate of 6.85% and 6.51%, 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:

| | <u>1% Decrease</u> | June 30, 2019 <u>Rate</u> | <u>1% Increase</u> |
|--|--------------------|------------------------------|--------------------|
| | <u>(5.85%)</u> | <u>(6.85%)</u> | <u>(7.85)</u> |
| Borough's proportionate share of the net pension liability | \$ 10,341,459 | \$ 7,651,070 | \$ 5,423,846 |
| | | | |
| | <u>1% Decrease</u> | June 30, 2018 <u>Rate</u> | <u>1% Increase</u> |
| | <u>(5.51%)</u> | <u>(6.51%)</u> | <u>(7.51)</u> |
| Borough's proportionate share of the net pension liability | \$ 10,863,603 | \$ 8,117,004 | \$ 5,851,560 |

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.state.nj.us/treasury/pensions/financial-reports.shtml>.

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BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (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 special 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:

| <u>Year Ended December 31,</u> | <u>PERS Amount</u> | <u>PFRS Amount</u> |
|------------------------------------|------------------------|------------------------|
| 2019 | \$ 145,123.85 | \$ 586,445.00 |
| 2018 | 174,621.00 | 540,433.00 |
| 2017 | 186,303.00 | 494,549.00 |
| 2016 | 204,111.00 | 489,537.00 |

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 \$11,022.79 and \$9,973.21 in 2019 and 2018, respectively.

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BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(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 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.

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, 2019 and 2018 were \$360,783.67 and \$570,304.32, respectively, which equaled the required contributions. There were approximately 32 retired participants eligible at December 31, 2019 and 2018.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

16. Post-Employment Benefits (Continued)

The Borough also provides qualified retirees with 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 \$9,828 in 2019 and \$11,000 in 2018, and the Borough's payments to the retirees' Medicare premiums, co-pay reimbursements and medical assistance were \$17,018.32 in 2019 and \$13,682.23 in 2018.

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.

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund- Local Government Retired (the Plan) (including Prescription Drug Program Fund) - N.J.S.A. 43 :3c-24 established a separate trust fund for certain non-State participating employers to provide funding for State Health Benefit Program coverage to its eligible retirees. Under the provisions of Chapter 330, P.L. 1997, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. For additional information about the Plan, please refer to the State Division of Pensions and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation agreement.

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BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
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(Continued)

16. Post-Employment Benefits (Continued)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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 assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2019, the most recent measurement date, the State had \$13,546,071,100 unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$5,525,718,739 for state non-employer active and retired members, \$8,020,352,361 for local participating employer active and retired members.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

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BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (Continued)

16. Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Plan Membership and Contributing Employers

At June 30, 2018, the OPEB plan membership and contributing employers consisted of the following:

| <u>Local Government Retired</u> | <u>June 30, 2018</u> |
|---|----------------------|
| Active Plan Members | 63,032 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | <u>27,871</u> |
| Total Plan Members | 90,903 |
| Contributing Employers | 579 |

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan-using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2019 and 2018 \$360,783.67 and \$570,304.32, respectively, which equaled the required contributions for each year. Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

16. Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (GASB No. 7*

5) their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019 and 2018, the Borough reported a liability of \$10,780,505 and \$12,707,194 respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at December 31, 2019 and 2018 to the total OPEB liability for the State Health Benefit Program Fund- Local Government Retired Plan at June 30, 2019 and 2018, respectively. As of the measurement date of June 30, 2019 the Borough's proportionate share was .079584 percent, which was a decrease of .001526 percent from its proportionate share measured as of June 30, 2018 of .081110 percent.

For the year ended December 31, 2019 the Plan has determined the Borough's OPEB expense/(benefit) to be (\$311,773) based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$360,783.67. At December 31, 2019, measured at June 30, 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following resources:

| | June 30, 2019 | | June 30, 2018 | |
|--|---|---|---|---|
| | <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 | \$ - | \$ 3,152,640 | \$ - | \$ 2,580,014 |
| Changes of assumptions | | 3,820,371 | | 3,223,346 |
| Net difference projected and actual earnings on OPEB plan investments | 8,880 | | 6,715 | |
| Changes in proportion and differences between Borough's and proportionate share of contributions | 505,147 | 1,566,487 | 587,418 | 1,511,921 |
| Borough contributions subsequent to the measurement date | | | | |
| Total | <u>\$ 514,027</u> | <u>\$ 8,539,498</u> | <u>\$ 594,133</u> | <u>\$ 7,315,281</u> |

See independent auditor's report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (Continued)

16. Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

| | Year Ended June 30: |
|--------------|-----------------------|
| 2020 | \$ (1,119,980) |
| 2021 | (1,119,980) |
| 2022 | (1,120,668) |
| 2023 | (1,121,779) |
| 2024 | (1,122,794) |
| Thereafter | (1,271,423) |
| Total | \$ (6,876,624) |

Changes in Proportion

The previous amounts do not include employer specific deferred outflows and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining useful life of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018, and 2017 amounts, respectively.

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| | |
|-----------------------------|-------------|
| Inflation rate: | 2.50% |
| Salary Increases*: | |
| PERS-Through 2026 | 2.00-6.00% |
| Thereafter | 3.00-7.00% |
| PFRS- Rate for Future Years | 3.25-15.25% |

Mortality:

| | |
|------|---|
| PERS | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019. |
| PFRS | Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from central year using Scale MP-2019. |

*Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

16. Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2019 and 2018, respectively.

Discount rate

The discount rate used to measure the total pension liability was 3.50% and 3.87% as of June 30, 2019 and 2018, respectively. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of June 30, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, as well as what the Borough's proportionate share of the net OPEB 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, 2019 | | |
|---|-----------------------------|----------------------|-----------------------------|
| | <u>1% Decrease</u> 2.50% | <u>Rate</u> 3.50% | <u>1% Increase</u> 4.50% |
| Borough's proportionate share of the net OPEB liability | \$ 12,465,000 | \$ 10,780,505 | \$ 9,411,625 |

| | June 30, 2018 | | |
|---|-----------------------------|----------------------|-----------------------------|
| | <u>1% Decrease</u> 2.87% | <u>Rate</u> 3.87% | <u>1% Increase</u> 4.87% |
| Borough's proportionate share of the net OPEB liability | \$ 14,908,898 | \$ 12,707,194 | \$ 10,948,531 |

See independent auditor's report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (Continued)

16. Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough's proportionate share of the OPEB net liability as of June 30, 2019 and 2018 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | Health Cost Trend Rates | | |
|---|-------------------------|---------------|--------------------|
| | <u>1% Decrease</u> | <u>Rate</u> | <u>1% Increase</u> |
| Borough's proportionate share of the net OPEB liability | \$ 9,097,417 | \$ 10,780,505 | \$ 12,927,566 |

| | Health Cost Trend Rates | | |
|---|-------------------------|----------------------|--------------------|
| | <u>1% Decrease</u> | <u>June 30, 2018</u> | <u>1% Increase</u> |
| Borough's proportionate share of the net OPEB liability | \$ 10,599,837 | \$ 12,707,194 | \$ 15,434,427 |

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2019 (measured at June 30, 2019), the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$0. For the year ended December 31, 2018 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$0. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .0 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

16. Post-Employment Benefits (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 2019 the Borough paid nine employees a total of \$ 10,023.26 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, 2019 and December 31, 2018 was \$430,139.62 and \$507,221.38, respectively. This amount is not reported either as an expenditure or liability.

18. Contingencies

Litigation

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals

Various tax appeal cases were pending in the tax court at December 31, 2019 and 2018. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the DLGS, 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, 2019 and 2018, the Borough reserved \$158,023.77 and \$158,023.77 respectively in the Current Fund for tax appeals pending in the NJ Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget, fund balance or property tax refunding bond ordinances.

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, 2019 and 2018, respectively.

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

18. Contingencies (Continued)

Federal and State Awards

The Municipality participates 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, 2019 and 2018, 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.

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 2019 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

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

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

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

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

Lincoln National Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$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.

See independent auditor's report.

BOROUGH OF HILLSDALE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018
 (Continued)

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

The Borough of Hillsdale has contributed \$1,463 and \$1,440 for 2019 and 2018, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,463 and \$1,440 for 2019 and 2018, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$46,805 and \$40,310 for 2019 and 2018, 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.

21. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2019 were as follows:

| <u>Fund Type</u> | <u>Receivables</u> | <u>Payables</u> |
|--------------------------------------|----------------------|----------------------|
| Current Fund | \$ 13,487.44 | \$ 320,632.14 |
| Grant Fund | 158,340.98 | |
| Trust Fund | 37.50 | 12,973.89 |
| Capital Fund | 162,253.66 | |
| Swim Pool Utility/ Capital Fund | 14.14 | 14.14 |
| Public Assistance Fund | | 513.55 |
| Total Interfund Receivables/Payables | <u>\$ 334,133.72</u> | <u>\$ 334,133.72</u> |

See independent auditor's report.

BOROUGH OF HILLSDALE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Continued)

22. Federal Arbitrage Regulations

Municipalities are subject to Section 148 of the IRC as it pertains to the “arbitrage rebate” on all tax-exempt obligations. Under 1986 TRA, the IRS required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. Excess earnings may be required to be rebated to the IRS. Bond Counsel should be engaged to calculate the estimated arbitrage earnings due to the IRS, if any.

23. Subsequent Events

The Borough has evaluated subsequent events through June 30, 2020, which is the date the financial statements were available to be issued. The 2020 Municipal Budget was adopted on May 12, 2020.

The extent of the impact of COVID-19 on the Borough’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our taxpayers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. There is a potential for loss of certain revenues, including state aid, and increase in delinquent taxes receivable.

See independent auditor’s report.

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF CASH - TREASURER

A-4

| | <u>Reference</u> | Current <u>Fund</u> | Federal and State Grant <u>Fund</u> |
|--|------------------|------------------------|---|
| Balance December 31, 2018 | A | \$ 5,805,425.68 | \$ 3,027.19 |
| Increased by: | | | |
| Taxes Receivable | A-7 | 48,808,632.21 | - |
| Non-Budget Revenue | A-2 | 119,704.55 | - |
| Budget Offsets | A-3 | 280,560.39 | - |
| Due From State - Senior Citizens and Veterans Deductions | A-6 | 65,294.64 | - |
| Prepaid Taxes | A-17 | 273,255.79 | - |
| Grants Receivable | A-10 | 74,419.85 | - |
| Revenue Accounts Receivable | A-2 | 2,822,385.83 | - |
| Tax Overpayments | A-18 | 25,617.44 | - |
| Unappropriated Grant Reserves | A-29 | 15,986.52 | - |
| Due to State of New Jersey - Marriage License Fees | A-23 | 750.00 | - |
| Due to State of New Jersey - DCA Training Fees | A-24 | 15,817.00 | - |
| Accounts Payable | A-19 | 14,897.80 | - |
| Petty Cash | Contra | 600.00 | - |
| | | <u>52,517,922.02</u> | <u>-</u> |
| | | 58,323,347.70 | 3,027.19 |
| Decreased by: | | | |
| Current Year Budget Appropriations | A-3 | 11,873,789.24 | - |
| Appropriation Reserves for Grants | A-28 | 50,213.98 | - |
| Appropriation Reserves | A-14 | 629,672.81 | - |
| County Taxes Payable | A-25 | 4,586,384.22 | - |
| Local District School Taxes Payable | A-26 | 21,727,815.00 | - |
| Regional High School Taxes Payable | A-27 | 12,172,388.56 | - |
| Tax Overpayments Refunded | A-18 | 35,060.58 | - |
| Due to State of New Jersey - Marriage License Fees | A-23 | 650.00 | - |
| Due to State of New Jersey - DCA Training Fees | A-24 | 16,155.00 | - |
| Petty Cash | Contra | 600.00 | - |
| | | <u>51,092,729.39</u> | <u>-</u> |
| Balance December 31, 2019 | A | <u>\$ 7,230,618.31</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, 2019

A-5

SCHEDULE OF CASH - CHANGE FUND

| | <u>Reference</u> | |
|---------------------------------|------------------|-----------|
| Balance December 31, 2018 | A | \$ 250.00 |
| Balance December 31, 2019 | A | \$ 250.00 |
| | | Below |
| <u>Analysis of Balance:</u> | | |
| Tax Collector | | 250.00 |
| | | \$ 250.00 |
| | | Above |

**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, 2018 | A | \$ 1,342.76 |
| Increased by: | | |
| Received in Cash from State | A-4 | 65,294.64 |
| Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector | Below | 1,705.36 |
| Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector | | |
| Prior Year Taxes | A-1 | 67,000.00 |
| | | 68,342.76 |
| Decreased by: | | |
| Senior Citizens' and Veterans' Deductions Per Tax Billings | Below | 65,500.00 |
| Senior Citizens' and Veterans' Allowed by Tax Collector-CY | Below | 390.52 |
| Senior Citizens' and Veterans' Allowed by Tax Collector-PY | A-1 | 1,000.00 |
| | | 66,890.52 |
| Balance December 31, 2019 | A | \$ 1,452.24 |
| Calculation of Amount Realized | | |
| Senior Citizens | Above | \$ 3,750.00 |
| Veterans | Above | 61,750.00 |
| Senior Citizens & Veterans Deductions Allowed | Above | 390.52 |
| | | \$ 65,890.52 |
| Less: Current Year/Seniors & Veterans Disallowed-CY | Above | 1,705.36 |
| Realized as Tax Revenue | A-7 | \$ 64,185.16 |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-7

| | Balance <u>Dec. 31, 2018</u> | 2019 <u>Levy</u> | Collections | | Transfer <u>to Lien</u> | Added (Canceled/ (Judgments)) | Balance <u>Dec. 31, 2019</u> |
|--|---------------------------------|-------------------------|----------------------|-------------------------|----------------------------|-------------------------------------|---------------------------------|
| | | | <u>2018</u> | <u>2019</u> | | | |
| 2018 Taxes | \$ 307,915.26 | \$ - | \$ - | \$ 305,805.58 | \$ - | \$ (2,109.68) | \$ (0.00) |
| 2019 Taxes | <u> </u> | <u>49,103,596.11</u> | <u>212,221.51</u> | <u>48,567,011.79</u> | <u>0.00</u> | <u>(29,936.79)</u> | <u>294,426.02</u> |
| | <u>\$ 307,915.26</u> | <u>\$ 49,103,596.11</u> | <u>\$ 212,221.51</u> | <u>\$ 48,872,817.37</u> | <u>\$ -</u> | <u>\$ (32,046.47)</u> | <u>\$ 294,426.02</u> |
| Reference | A | Below | A-17 | Below | A-8 | | A |
| | | | <u>Reference</u> | | | | |
| Cash Receipts | | | A-4 | \$ 48,808,632.21 | | | |
| Seniors and Veterans Deductions | | | A-6 | 64,185.16 | | | |
| | | | Above | <u>\$ 48,872,817.37</u> | | | |
| <u>Analysis of Property Tax Levy</u> | | | | | | | |
| Tax yield: | | | | | | | |
| General Property Tax | | \$ 49,040,940.52 | | | | | |
| Added Tax (R.S. 54:4-63.1 et seq.) | | 7,903.49 | | | | | |
| Added Penalty & Billing Adjustment | | 54,752.10 | | | | | |
| | | <u>\$ 49,103,596.11</u> | Above | | | | |
| Tax Levy | | | | | | | |
| Local District School Tax | | \$ 21,727,815.00 | A-26 | | | | |
| Regional High School Tax | | 12,631,897.00 | A-27 | | | | |
| County Tax including Open Space Tax | | 4,579,581.73 | A-25 | | | | |
| Added County Taxes | | 5,114.74 | A-25 | | | | |
| | | <u>38,944,408.47</u> | A-2 | | | | |
| Local Tax for Municipal Purposes | | 9,469,343.68 | A-2 | | | | |
| Local Tax for Library Purposes | | 623,550.00 | A-2 | | | | |
| Additional Taxes | | 66,293.96 | | | | | |
| | | <u>\$ 49,103,596.11</u> | Above | | | | |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF TAX TITLE LIENS

A-8

| | <u>Reference</u> | |
|--------------------------------|------------------|--------------|
| Balance December 31, 2018 | A | \$ 14,078.51 |
| Increased by: | | |
| Transfer from Taxes Receivable | A-7 | - |
| | | 14,078.51 |
| Decreased by: | | |
| Cancellations | | 14,078.51 |
| Balance December 31, 2019 | A | \$ - |

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

A-9

| | <u>Reference</u> | |
|---------------------------|------------------|---------------|
| Balance December 31, 2018 | A | \$ 751,900.00 |
| Increased by: | | |
| Foreclosed Property | | 751,900.00 |
| Decreased by: | | |
| Adjustment | | - |
| Balance December 31, 2019 | A | \$ 751,900.00 |

Schedule of Property Acquired for Taxes

| <u>Block</u> | <u>Lot</u> | <u>Amount</u> |
|--------------|------------|---------------|
| 506 | 2 | \$ 23,300.00 |
| 702 | 5 | 12,500.00 |
| 719 | 8 | 12,500.00 |
| 1106 | 4.01 | 233,900.00 |
| 1106 | 4.02 | 145,400.00 |
| 1106 | 4.03 | 138,200.00 |
| 1106 | 4.04 | 138,200.00 |
| 1706 | 40 | 22,100.00 |
| 1706 | 41 | 15,400.00 |
| 1706 | 42 | 10,400.00 |
| | | \$ 751,900.00 |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF GRANTS RECEIVABLE - FEDERAL AND STATE GRANT FUND

A-10

| <u>Grant</u> | Balance Dec. 31, 2018 | Budget Revenue | <u>Received</u> | <u>Cancelled</u> | Balance Dec. 31, 2019 |
|--|-----------------------------|---------------------|---------------------|------------------|-----------------------------|
| Municipal Alliance on Alcoholism & Drug Abuse | \$ 6,704.55 | \$ 9,876.00 | \$ 3,143.00 | | \$ 13,437.55 |
| CDBG - Senior Activities | 3,949.10 | 11,623.00 | 3,400.00 | | 12,172.10 |
| CBDG- ADA Ramps | 30,000.00 | | | | 30,000.00 |
| BCUA Recycling Grant | - | 3,000.00 | 3,000.00 | | - |
| Clean Communities Grant | - | 21,563.23 | 21,536.23 | | 27.00 |
| Green Communities Grant | 3,000.00 | | | | 3,000.00 |
| Radon Awareness Program | 442.11 | 2,000.00 | | | 2,442.11 |
| Distracted Driver Grant | 330.00 | | | | 330.00 |
| JIF Safety Award Grant | 500.00 | 1,750.00 | 1,750.00 | | 500.00 |
| JIF Accreditation Award | | 25,000.00 | 25,000.00 | | - |
| Drive Sober End of Year Holiday Crackdown Grant | 445.69 | | | | 445.69 |
| Drive Sober End of Year Holiday Crackdown Grant-2017 | 4,840.00 | | | | 4,840.00 |
| Drive Sober - Labor Day Crackdown | | 5,500.00 | 5,390.00 | | 110.00 |
| Click-it-or Ticket Grant | 1,675.00 | | | | 1,675.00 |
| Recycling Tonnage Grant | | | | | |
| | <u>\$ 51,886.45</u> | <u>\$ 91,512.85</u> | <u>\$ 74,419.85</u> | <u>\$ -</u> | <u>\$ 68,979.45</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, 2019

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, 2018</u> | <u>Authorized in 2019</u> | <u>Budget Appropriation</u> | <u>Balance Dec. 31, 2019</u> |
|----------------------|------------------------------|---|--------------------------------------|-------------------------------|---------------------------------|--------------------------------------|
| Not Applicable- 2019 | | | \$ - | \$ - | \$ - | \$ - |
| | | | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | A | | A-3 | A |

SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATION

A-12

| <u>Purpose</u> | <u>Balance Dec. 31, 2018</u> | <u>Amount Resulting from 2019</u> | <u>Budget Appropriation</u> | <u>Balance Dec. 31, 2019</u> |
|-----------------------|--------------------------------------|---|---------------------------------|--------------------------------------|
| Not Applicable - 2019 | \$ - | \$ - | \$ - | \$ - |
| | <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, 2019

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-13

| Revenue Accounts Receivable: | Balance December 31, <u>Ref.</u> <u>2018</u> | Accrued <u>in 2019</u> | Collected <u>in 2019</u> | Balance December 31, <u>2019</u> |
|--|--|---------------------------|-----------------------------|--|
| Borough Clerk | \$ - | \$ - | \$ - | \$ - |
| Licenses | | | | |
| Alcoholic Beverages | | 17,500.00 | 17,500.00 | - |
| Other | | 265.00 | 265.00 | - |
| Fees and Permits | | 9,464.61 | 9,464.61 | - |
| Police Department | | | | |
| Fees and Permits | | 1,336.95 | 1,336.95 | - |
| Planning/Zoning /Other Construction | | | | |
| Fees and Permits | | 47,621.29 | 47,621.29 | - |
| Fire Prevention | | | | |
| Fees and Permits | | 31,686.00 | 31,686.00 | - |
| Board of Health | | | | |
| Licenses | | 18,315.00 | 18,315.00 | - |
| Fees and Permits | | 5,108.00 | 5,108.00 | - |
| Municipal Court | | | | |
| Fines and Costs | 4,793.92 | 64,262.22 | 64,262.22 | 4,793.92 |
| Interest and Cost on Taxes | | 74,975.64 | 74,975.64 | - |
| Interest on Investments and Deposits | | 164,068.99 | 164,068.99 | - |
| Parking Fees | | 96,139.18 | 96,139.18 | - |
| Sewer Agreement Revenue | | 25,772.87 | 25,772.87 | - |
| Anticipated Utility Operating Surplus | | | | - |
| Payment in Lieu of Taxes - Senior Housing | | 44,454.39 | 44,454.39 | - |
| Police Administrative Charge | | 141,443.06 | 141,443.06 | - |
| Communication Tower and Cable | | 281,765.88 | 281,765.88 | - |
| Energy Receipts Tax | | 1,180,070.00 | 1,180,070.00 | - |
| Watershed Aid | | 2,303.00 | 2,303.00 | - |
| Uniform Construction Code Fees | | 349,578.00 | 349,578.00 | - |
| Interlocal Agreement | | | | |
| Pistol Range Rental - River Vale | | 5,895.00 | 5,895.00 | - |
| PVRHS / BOE Class III Police Officers | 22,722.31 | 192,473.73 | 199,577.57 | 15,618.47 |
| Hillsdale Board of Education-COPS in School | | 10,000.00 | 10,000.00 | - |
| Pascack Valley Regional High School-COPS in School | | 40,000.00 | 40,000.00 | - |
| Uniform Fire Safety Act | | 10,783.18 | 10,783.18 | - |
| | \$ 27,516.23 | \$ 2,815,281.99 | \$ 2,822,385.83 | \$ 20,412.39 |
| <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, 2019

SCHEDULE OF EXPENDITURES FOR 2018 RESERVES

A-14

| | Balance <u>Dec. 31, 2018</u> | 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 | 214.83 | - | 96.47 | 311.30 | 96.47 | 214.83 | - |
| Administrative and Executive | | | | | | | |
| Salaries and Wages | 115.17 | - | - | 115.17 | - | 115.17 | - |
| Other Expenses: | | | | | | | |
| Public Information | 1,495.30 | - | 3,870.95 | 5,366.25 | 3,870.95 | 1,495.30 | - |
| Miscellaneous | 2,950.22 | - | 6,868.64 | 9,818.86 | 4,932.48 | 4,886.38 | - |
| Financial Administration | | | | | | | |
| Salaries and Wages | 8,139.21 | - | - | 8,139.21 | 1,545.14 | 6,594.07 | - |
| Other Expenses | 13,278.17 | - | 11,813.39 | 25,091.56 | 16,633.11 | 8,458.45 | - |
| Audit Services | | | | | | | |
| Other Expenses | 1,000.00 | - | 28,000.00 | 29,000.00 | 26,057.50 | 2,942.50 | - |
| Collection of Taxes | | | | | | | |
| Salaries and Wages | 3,857.75 | - | - | 3,857.75 | - | 3,857.75 | - |
| Other Expenses | 1,798.65 | - | 7.00 | 1,805.65 | 7.00 | 1,798.65 | - |
| Assessment of Taxes | | | | | | | |
| Salaries and Wages | 140.02 | - | - | 140.02 | - | 140.02 | - |
| Other Expenses | 8,420.91 | - | - | 8,420.91 | - | 8,420.91 | - |
| Clerk's Office | | | | | | | |
| Salaries and Wages | 730.00 | - | - | 730.00 | - | 730.00 | - |
| Other Expenses | 18,262.37 | - | 62.21 | 18,324.58 | 285.00 | 18,039.58 | - |
| Legal Services | | | | | | | |
| Other Expenses | 89,449.74 | - | 13,943.20 | 103,392.94 | 78,929.91 | 24,463.03 | - |
| Engineering | | | | | | | |
| Other Expenses | 11,863.89 | - | 2,492.65 | 14,356.54 | 14,356.54 | - | - |
| Planning Board | | | | | | | |
| Other Expenses | 17,297.36 | - | 21,322.00 | 38,619.36 | 3,359.14 | 35,260.22 | - |
| Zoning Official | | | | | | | |
| Salaries and Wages | 2,100.00 | - | - | 2,100.00 | 459.00 | 1,641.00 | - |
| Other Expenses | 8,304.50 | - | - | 8,304.50 | 200.00 | 8,104.50 | - |
| Affordable Municipal Housing | | | | | | | |
| Other Expenses | 3,877.98 | - | - | 3,877.98 | 1,134.75 | 2,743.23 | - |
| Building and Grounds | | | | | | | |
| Other Expenses | 562.25 | - | 13,175.10 | 13,737.35 | 12,812.65 | 924.70 | - |
| Train Station | | | | | | | |
| Other Expenses | 2,031.16 | - | 947.95 | 2,979.11 | 947.95 | 2,031.16 | - |
| Environmental Commission | | | | | | | |
| Other Expenses | 38.00 | - | 488.00 | 526.00 | 288.00 | 238.00 | - |
| Municipal Court | | | | | | | |
| Salaries and Wages | 16,869.44 | - | - | 16,869.44 | - | 16,869.44 | - |
| Other Expenses | 3,218.48 | - | 136.37 | 3,354.85 | 63.66 | 3,291.19 | - |
| Public Defender | | | | | | | |
| Other Expenses | 29.96 | - | - | 29.96 | - | 29.96 | - |
| Prosecutor | | | | | | | |
| Salaries and Wages | 309.00 | - | - | 309.00 | - | 309.00 | - |
| Insurance | | | | | | | |
| Unemployment Compensation | 14,000.00 | - | - | 14,000.00 | - | 14,000.00 | - |
| Police | | | | | | | |
| Salaries and Wages | 45,517.12 | - | - | 45,517.12 | 14,163.79 | 31,353.33 | - |
| Other Expenses | 9,267.96 | - | 34,717.35 | 43,985.31 | 35,471.31 | 8,514.00 | - |
| Emergency Management Services | | | | | | | |
| Other Expenses | 5,814.29 | - | 5,550.22 | 11,364.51 | 3,961.06 | 7,403.45 | - |
| First Aid Organization: | | | | | | | |
| Other Expenses | 3,000.00 | - | - | 3,000.00 | 300.00 | 2,700.00 | - |
| Fire: | | | | | | | |
| Salaries and Wages | 1,035.00 | - | - | 1,035.00 | - | 1,035.00 | - |
| Other Expenses | 1,025.25 | - | 13,415.41 | 14,440.66 | 13,505.33 | 935.33 | - |
| Fire Prevention Bureau: | | | | | | | |
| Salaries and Wages | 6,358.12 | - | - | 6,358.12 | 743.46 | 5,614.66 | - |
| Other Expenses | 77.35 | - | 384.95 | 462.30 | 258.95 | 203.35 | - |
| Road Repairs and Maintenance | | | | | | | |
| Salaries and Wages | 6,101.72 | - | - | 6,101.72 | 6,101.72 | - | - |
| Other Expenses | 6,652.08 | - | 89,834.57 | 96,486.65 | 82,347.42 | 14,139.23 | - |
| Garbage and Trash Removal | | | | | | | |
| Other Expenses | 44,379.81 | - | 66,973.23 | 111,353.04 | 79,493.03 | 31,860.01 | - |
| Recycling | | | | | | | |
| Other Expenses | 26,107.69 | - | 12,849.04 | 38,956.73 | 5,360.33 | 33,596.40 | - |
| Insurance | | | | | | | |
| General Liability Premiums | 20,706.21 | - | 50,442.08 | 71,148.29 | 50,442.08 | 20,706.21 | - |
| Group Insurance Plan for Employees | 297,666.62 | - | 14,111.79 | 311,778.41 | (5,865.74) | 317,644.15 | - |
| Workers Compensation | - | - | 63,550.00 | 63,550.00 | 45,866.80 | 17,683.20 | - |
| Board of Health | | | | | | | |
| Salaries and Wages | 3,610.42 | - | - | 3,610.42 | 998.88 | 2,611.54 | - |
| Other Expenses | 5,517.54 | - | 10.54 | 5,528.08 | 10.54 | 5,517.54 | - |
| Administration of Public Assistance | | | | | | | |
| Salaries and Wages | 182.90 | - | - | 182.90 | - | 182.90 | - |

(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, 2019

SCHEDULE OF EXPENDITURES FOR 2019 RESERVES

A-14

| | Balance Dec. 31, 2018 | Transfers | Encumbrances | Modified by Transfers | Paid or Charged | Lapsed | Reserved / Overexpenditures |
|--|--------------------------|-------------|----------------------|--------------------------|----------------------|------------------------|--------------------------------|
| Board of Recreation | | | | | | | |
| Salaries and Wages | \$ 750.00 | \$ - | \$ - | \$ 750.00 | \$ - | \$ 750.00 | \$ - |
| Other Expenses | 2,197.05 | - | 239.40 | 2,436.45 | 703.74 | 1,732.71 | - |
| Senior Citizen Committee | | | | | | | |
| Salaries and Wages | 871.70 | - | - | 871.70 | - | 871.70 | - |
| Other Expenses | 5,720.07 | - | 1,549.89 | 7,269.96 | 1,182.69 | 6,087.27 | - |
| Parks and Playgrounds | | | | | | | |
| Salaries and Wages | 7,169.98 | - | - | 7,169.98 | - | 7,169.98 | - |
| Other Expenses | 5,532.26 | - | 3,151.03 | 8,683.29 | 571.82 | 8,111.47 | - |
| Celebration of Public Events, Anniversary, or Holidays | | | | | | | |
| Other Expenses | 9,375.00 | - | 100.00 | 9,475.00 | - | 9,475.00 | - |
| Uniform Construction Code Official | | | | | | | |
| Salaries and Wages | 30,957.40 | - | - | 30,957.40 | 3,834.99 | 27,122.41 | - |
| Other Expenses | 17,569.76 | - | 373.90 | 17,943.66 | 144.87 | 17,798.79 | - |
| Unclassified: | | | | | | | |
| Utilities: | | | | | | | |
| Gas and Electricity | 62,405.44 | - | - | 62,405.44 | 24,748.43 | 37,657.01 | - |
| Telephone | 5,635.17 | - | 8,357.22 | 13,992.39 | 8,585.28 | 5,407.11 | - |
| Water/Fire Hydrants | 50,820.97 | - | - | 50,820.97 | 5,469.47 | 45,351.50 | - |
| Gasoline | 18,105.77 | - | 10,886.12 | 28,991.89 | 5,806.44 | 23,185.45 | - |
| Vehicle maintenance | 5,025.53 | - | 17,286.52 | 22,312.05 | 10,440.70 | 11,871.35 | - |
| Contingent | 14,295.00 | - | 12,000.00 | 26,295.00 | 12,000.00 | 14,295.00 | - |
| TOTAL OTHER EXPENSES WITHIN "CAPS" | 949,805.54 | - | 509,007.19 | 1,458,812.73 | 572,626.64 | 886,186.09 | - |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS": | | | | | | | |
| Social Security System (O.A.S.I.) | \$ 18,788.90 | \$ - | \$ - | \$ 18,788.90 | \$ - | \$ 18,788.90 | \$ - |
| Defined Contribution Retirement Program | 6,386.03 | - | - | 6,386.03 | - | 6,386.03 | - |
| Police & Fireman's Retirement System | 567.00 | - | - | 567.00 | - | 567.00 | - |
| Public Employees Retirement System | 4,899.50 | - | - | 4,899.50 | - | 4,899.50 | - |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS" | 30,641.43 | - | - | 30,641.43 | - | 30,641.43 | - |
| TOTAL RESERVES WITHIN "CAPS" | 980,446.97 | - | 509,007.19 | 1,489,454.16 | 572,626.64 | 916,827.52 | - |
| OTHER EXPENSES EXCLUDED FROM "CAPS": | | | | | | | |
| Maintenance of Free Public Library | 7,143.65 | - | 2,947.95 | 10,091.60 | 10,091.60 | - | - |
| LOSAP | 69,000.00 | - | - | 69,000.00 | 40,309.66 | 28,690.34 | - |
| Recycling Tax (FCOA Code 32-465) | 377.94 | - | 846.00 | 1,223.94 | 918.75 | 305.19 | - |
| Bergen County Utilities Authority | | | | | | | |
| Service Charges-Contractual | 10,430.73 | - | - | 10,430.73 | - | 10,430.73 | - |
| Debt Service | 309.82 | - | - | 309.82 | - | 309.82 | - |
| Police Pistol Range Rental | - | - | 1,760.00 | 1,760.00 | 1,760.00 | - | - |
| PVRHS Class III Police Officers Salaries & Wages | 26,980.11 | - | - | 26,980.11 | - | 26,980.11 | - |
| PVRHS Class III Police Officers Other Expenses | 24,578.81 | - | 1,383.08 | 25,961.89 | 1,983.08 | 23,978.81 | - |
| Hillsdale BOE Class III Police officers - Salaries and Wages | 35,125.98 | - | - | 35,125.98 | - | 35,125.98 | - |
| Hillsdale BOE Class III Police officers - Other Expenses | 10,654.67 | - | 1,383.08 | 12,037.75 | 1,983.08 | 10,054.67 | - |
| TOTAL OTHER EXPENSES EXCLUDED FROM "CAPS" | 184,601.71 | - | 8,320.11 | 192,921.82 | 57,046.17 | 135,875.65 | - |
| TOTAL RESERVES EXCLUDED FROM "CAPS" | 184,601.71 | - | 8,320.11 | 192,921.82 | 57,046.17 | 135,875.65 | - |
| TOTAL RESERVES | \$ 1,165,048.68 | \$ - | \$ 517,327.30 | \$ 1,682,375.98 | \$ 629,672.81 | \$ 1,052,703.17 | \$ - |
| | A | | A-15 | | A-4 | A-1 | |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF ENCUMBRANCES PAYABLE

A-15

| | <u>Reference</u> | |
|--------------------------------------|------------------|----------------------|
| Balance December 31, 2018 | A | \$ 517,327.30 |
| Increased by: | | |
| Transfer from Current Appropriations | A-3 | 527,885.61 |
| | | <u>1,045,212.91</u> |
| Decreased by: | | |
| Transfer to Appropriations Reserves | A-14 | 517,327.30 |
| | | <u>517,327.30</u> |
| Balance December 31, 2019 | A | <u>\$ 527,885.61</u> |

SCHEDULE OF DUE FROM CURRENT FUND (GRANT FUND)

A-16

| | <u>Reference</u> | | |
|---|------------------|------------------|----------------------|
| Balance December 31, 2018 | A | | \$ 115,648.59 |
| Increased by: | | | |
| Budget Appropriation | A-3,28 | \$ 94,364.25 | |
| Grants Receivable - Cash Receipts | A-10 | 74,419.85 | |
| Current Fund Receipts - Unappropriated Grants | A-29 | <u>15,986.52</u> | |
| | | | <u>184,770.62</u> |
| | | | 300,419.21 |
| Decreased by: | | | |
| Grant Receivable | A-10 | 91,512.85 | |
| Current Fund - Expenditures | A-28 | 50,213.98 | |
| Unappropriated Reserve for State Grants | A-29 | <u>351.40</u> | |
| | | | <u>142,078.23</u> |
| Balance December 31, 2019 | A | | <u>\$ 158,340.98</u> |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF PREPAID TAXES

| | <u>Reference</u> | A-17 |
|-------------------------------|------------------|-----------------------------|
| Balance December 31, 2018 | A | \$ 212,221.51 |
| Increased by: | | |
| Receipts - Prepaid 2020 Taxes | A-4 | 273,255.79 |
| | | <u>485,477.30</u> |
| Decreased by: | | |
| Applied to 2019 Taxes | A-7 | 212,221.51 |
| | | <u>212,221.51</u> |
| Balance December 31, 2019 | A | <u><u>\$ 273,255.79</u></u> |

SCHEDULE OF TAX OVERPAYMENTS

| | <u>Reference</u> | A-18 |
|---------------------------|------------------|--------------------|
| Balance December 31, 2018 | A | \$ 9,443.14 |
| Increased by: | | |
| Tax Appeals | A-19 | |
| Overpayments Received | A-4 | 25,617.44 |
| | | <u>25,617.44</u> |
| | | 35,060.58 |
| Decreased by: | | |
| Cash Disbursements | A-4 | 35,060.58 |
| | | <u>35,060.58</u> |
| Balance December 31, 2019 | A | <u><u>\$ -</u></u> |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF MISCELLANEOUS REVENUES

A-19

| | Balance December 31, <u>2018</u> | Cash <u>Receipts / Adj</u> | Cash <u>Disbursements</u> | Balance December 31, <u>2019</u> |
|------------------------------|--|-------------------------------|------------------------------|--|
| Outside Tax Title Liens | \$ - | \$ - | \$ - | \$ - |
| Accounts Payable | 494.95 | 14,897.80 | | 15,392.75 |
| Reserve for LOSAP | 15,000.00 | | | 15,000.00 |
| Watershed Aid | 2,521.40 | | | 2,521.40 |
| | <u>\$ 18,016.35</u> | <u>\$ 14,897.80</u> | <u>\$ -</u> | <u>\$ 32,914.15</u> |
| | A | Below | A-4 | A |
| Increase in Accounts Payable | | A-4 \$ 14,897.80 | - | |
| | Above | <u>\$ 14,897.80</u> | <u>\$ -</u> | |

SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

A-20

| | <u>Reference</u> | |
|---------------------------|------------------|----------------------|
| Balance December 31, 2018 | A | \$ 203,887.40 |
| Increased by: | | |
| Budget Appropriations | A-3 | 50,000.00 |
| Balance December 31, 2019 | A | <u>\$ 253,887.40</u> |

SCHEDULE OF RESERVE FOR TAX APPEALS

A-21

| | <u>Reference</u> | |
|--------------------------------------|------------------|----------------------|
| Balance December 31, 2018 | A | \$ 158,023.77 |
| Increased by: | | |
| Transfer from Appropriation Reserves | A-14 | 158,023.77 |
| Decreased by: | | |
| Overpayments- Tax Appeals | A-18 | - |
| Balance December 31, 2019 | A | <u>\$ 158,023.77</u> |

SCHEDULE OF RESERVE FOR REVALUATION

A-22

| | <u>Reference</u> | |
|---------------------------|------------------|---------------------|
| Balance December 31, 2018 | A | \$ 22,520.00 |
| Balance December 31, 2019 | 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, 2019

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

A-23

| | <u>Reference</u> | |
|---------------------------|------------------|-------------|
| Balance December 31, 2018 | A | \$ 903.00 |
| Increased by: | | |
| Cash Receipts | A-4 | 750.00 |
| | | 1,653.00 |
| Decreased by: | | |
| Cash Disbursements | A-4 | 650.00 |
| | | 650.00 |
| Balance December 31, 2019 | A | \$ 1,003.00 |

SCHEDULE OF DUE TO STATE OF NEW JERSEY DCA FEES

A-24

| | <u>Reference</u> | |
|---------------------------|------------------|-------------|
| Balance December 31, 2018 | A | \$ 3,491.00 |
| Increased by: | | |
| Cash Receipts | A-4 | 15,817.00 |
| | | 19,308.00 |
| Decreased by: | | |
| Cash Disbursements | A-4 | 16,155.00 |
| | | 16,155.00 |
| Balance December 31, 2019 | A | \$ 3,153.00 |

SCHEDULE OF COUNTY TAXES PAYABLE

A-25

| | <u>Reference</u> | |
|-------------------------------|------------------|-----------------|
| Balance December 31, 2018 | A | \$ 6,802.49 |
| Increased by: | | |
| Levy Including Open Space Tax | A-7 | \$ 4,579,581.73 |
| Added and Omitted Taxes | A-7 | 5,114.74 |
| | | 4,584,696.47 |
| | | 4,591,498.96 |
| Decreased by: | | |
| Payments | A-4 | 4,586,384.22 |
| | | 4,586,384.22 |
| Balance December 31, 2019 | A | \$ 5,114.74 |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-26

| | <u>Reference</u> | |
|---------------------------|------------------|----------------------|
| Balance December 31, 2018 | A | \$ 498.00 |
| Increased by: | | |
| 2019 Levy | A-1,7 | 21,727,815.00 |
| | | <u>21,728,313.00</u> |
| Decreased by: | | |
| Payments | A-4 | <u>21,727,815.00</u> |
| Balance December 31, 2019 | A | <u>\$ 498.00</u> |

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-27

| | <u>Reference</u> | |
|---------------------------|------------------|------------------------|
| Balance December 31, 2018 | A | |
| School Taxes Payable | | |
| Deferred School Taxes | | <u>\$ 5,856,440.00</u> |
| | | \$ 5,856,440.00 |
| Increased by: | | |
| Canceled | A-1 | 0.06 |
| 2019 Levy | A-7 | 12,631,897.00 |
| | | <u>12,631,897.06</u> |
| | | <u>18,488,337.06</u> |
| Decreased by: | | |
| Payments | A-4 | <u>12,172,388.56</u> |
| | | <u>12,172,388.56</u> |
| Balance December 31, 2019 | A | |
| School Taxes Payable | | |
| Deferred School Taxes | | <u>6,315,948.50</u> |
| | | <u>\$ 6,315,948.50</u> |

Liability for Regional High School Tax

| | | |
|--|-----|-------------------------|
| Tax Paid | A-4 | \$ 12,172,388.56 |
| Tax Cancelled/Adjustment | A-1 | (0.06) |
| Regional School tax payable - 12/31/18 | A | |
| Regional School tax payable - 12/31/19 | A | |
| Amount charged to 2019 operations | A-1 | <u>\$ 12,172,388.50</u> |

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

BOROUGH OF HILLSDALE
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

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

A-28

| <u>Grant</u> | Balance Dec. 31, 2018 | Budget Revenue | Expended | Canceled | Balance Dec. 31, 2019 |
|---|-----------------------------|---------------------|---------------------|-------------|------------------------------------|
| Clean Communities program | \$ 64,257.72 | \$ 21,563.23 | \$ 2,362.93 | \$ - | \$ 83,458.02 |
| BCUA Recycling Grant | - | 3,000.00 | 3,000.00 | - | - |
| Green Communities | - | - | - | - | - |
| Drive Sober- Labor Day Crackdown | - | 5,500.00 | 5,390.00 | - | 110.00 |
| Drive Sober End of Year Holiday Crackdown Grant | 5,135.69 | - | - | - | 5,135.69 |
| Click-it or Ticket Grant | 1,675.00 | - | - | - | 1,675.00 |
| Recycling Tonnage Grant | 27,678.30 | 11,200.62 | 2,315.00 | - | 36,563.92 |
| Alcohol Education and Rehabilitation Grant | 1,310.24 | - | - | - | 1,310.24 |
| Municipal Alliance Grant | 14,442.57 | 12,376.00 | 4,782.75 | - | 22,035.82 |
| Community Development - Senior Activities | 17,390.48 | 11,623.00 | 5,623.00 | - | 23,390.48 |
| Community Development - ADA Ramps | - | - | (109.00) | - | 109.00 |
| JIF Safety Committee Award | 50.00 | 1,750.00 | 1,650.00 | - | 150.00 |
| JIF Accreditation Award | - | 25,000.00 | 25,000.00 | - | - |
| Radon Awareness Program | 442.11 | 2,000.00 | 2,000.00 | - | 442.11 |
| GDL Enforcement Grant | 543.00 | - | - | - | 543.00 |
| Drunk Driving Enforcement Fund | 1,347.58 | - | 773.30 | - | 574.28 |
| Body Armor Replacement Fund | 4,608.14 | 351.40 | 1,056.00 | - | 3,903.54 |
| Distracted Driver Grant | 330.00 | - | - | - | 330.00 |
| | <u>\$ 139,210.83</u> | <u>\$ 94,364.25</u> | <u>\$ 53,843.98</u> | <u>\$ -</u> | <u>\$ 179,731.10</u> |
| | A | A-3, 16,Below | Below | A-10, Below | A |
| Budget Appropriation | A-10,25 | \$ 91,512.85 | \$ 50,213.98 | A-4,16 | Cash Disbursements |
| Municipal Alliance Match | | 2,500.00 | 34,630.00 | A | Encumbrance Payable @12/31/19 |
| Transfer Unappropriated Reserve | A-2,29 | 351.40 | (31,000.00) | A | Reinstate Encumbrances @12/31/2018 |
| | Above | <u>\$ 94,364.25</u> | <u>\$ 53,843.98</u> | | |

SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS

A-29

| <u>Grant</u> | Balance Dec. 31, 2018 | Transfer to 2019 Budget | Received | Canceled | Balance Dec. 31, 2019 |
|--------------------------------------|-----------------------------|-------------------------------|---------------------|-------------|-----------------------------|
| Body Armor Replacement Fund- State | \$ 351.40 | \$ 351.40 | \$ - | \$ - | \$ - |
| Body Armor Replacement Fund- Federal | - | - | 3,098.98 | - | 3,098.98 |
| Recycling Tonnage Grant | - | - | 12,887.54 | - | 12,887.54 |
| | <u>\$ 351.40</u> | <u>\$ 351.40</u> | <u>\$ 15,986.52</u> | <u>\$ -</u> | <u>\$ 15,986.52</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
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF TRUST CASH

| | | Animal License Fund | Other Trust Funds | Recreation Trust | Assessment Trust | Length of Service Awards Program Fund |
|--------------------------------|------------|---------------------------|------------------------|----------------------|---------------------|---|
| | Reference | | | | | B-2 |
| Balance December 31, 2018 | B | \$ 13,780.09 | \$ 1,691,963.92 | \$ 153,956.85 | \$ 0.01 | \$ 1,129,256.58 |
| Increased by: | | | | | | |
| Dog License Fees Collected | B-8 | 10,736.40 | - | - | - | - |
| Cat License Fees Collected | B-8 | 1,095.00 | - | - | - | - |
| State Fees | B-6 | 1,164.60 | - | - | - | - |
| Other Trust Receipts | B-12 | - | 961,080.26 | - | - | - |
| Escrow Deposits | B-10 | - | 240,995.77 | - | - | - |
| Recreation Receipts | B-14 | - | - | 365,716.77 | - | - |
| Late Fees | B-8 | 1,224.00 | - | - | - | - |
| Interest Income | B-1,7,9,15 | 272.76 | 13,015.59 | 4,243.15 | - | - |
| Assessments Receivable | B-4 | - | - | - | - | - |
| Interest on Assessments | B-1 | - | - | - | - | - |
| Contributions Deposited | B-16 | - | - | - | - | 40,309.66 |
| Increase in Investment Value | B-17 | - | - | - | - | 274,204.32 |
| Payroll Deductions Payable | B-13 | - | 9,933,764.87 | - | - | - |
| | | <u>14,492.76</u> | <u>11,148,856.49</u> | <u>369,959.92</u> | <u>-</u> | <u>314,513.98</u> |
| | | <u>28,272.85</u> | <u>12,840,820.41</u> | <u>523,916.77</u> | <u>0.01</u> | <u>1,443,770.56</u> |
| Decreased by: | | | | | | |
| Animal License Expenditures | B-8 | 12,899.00 | - | - | - | - |
| State Fees | B-6 | 1,550.40 | - | - | - | - |
| Other Trust Fund Disbursements | B-12 | - | 910,248.98 | - | - | - |
| Escrow Disbursements | B-10 | - | 229,927.57 | - | - | - |
| Recreation Disbursements | B-14 | - | - | 322,097.86 | - | - |
| Payroll Deductions Payable | B-13 | - | 9,937,269.94 | - | - | - |
| Payments Made to Current Fund | B-7,9,15 | 277.99 | 5,480.97 | 4,240.65 | - | - |
| Due From Current for COAH | B | - | - | - | - | - |
| Loss on Investments | B-17 | - | - | - | - | - |
| Plan Service Charges | B-17 | - | - | - | - | 1,975.00 |
| Distributions | B-17 | - | - | - | - | 14,248.98 |
| | | <u>14,727.39</u> | <u>11,082,927.46</u> | <u>326,338.51</u> | <u>-</u> | <u>16,223.98</u> |
| Balance December 31, 2019 | B | <u>\$ 13,545.46</u> | <u>\$ 1,757,892.95</u> | <u>\$ 197,578.26</u> | <u>\$ 0.01</u> | <u>\$ 1,427,546.58</u> |

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

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

**ASSESSMENT TRUST FUND
SCHEDULE OF CASH**

B-3

| | <u>Reference</u> | |
|---------------------|------------------|-----------------------|
| Due to Current Fund | B | \$ - |
| Fund Balance | B | <u>0.01</u> |
| | B | <u><u>\$ 0.01</u></u> |

**ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE**

B-4

| <u>Improvement Description</u> | <u>Date of Confirmation</u> | <u>Balance December 31, 2018</u> | <u>Increases</u> | <u>Cash Receipts</u> | <u>Balance December 31, 2019</u> |
|----------------------------------|-----------------------------|--|------------------|--------------------------|--|
| Ord. 06-08 Sidewalk Improvements | 4/8/2008 | \$ - | \$ - | \$ - | \$ - |
| | | B | | B-1,2 | B |

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

B-5

| | <u>Reference</u> | |
|---------------------------|------------------|--------------------|
| Balance December 31, 2018 | B | \$ - |
| Decreased by: | | |
| Transfer to Current Fund | B-2 | <u>-</u> |
| Balance December 31, 2019 | 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, 2019

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

B-6

| | <u>Reference</u> | |
|---------------------------|------------------|------------------|
| Balance December 31, 2018 | B | \$ 621.00 |
| Increased by: | | |
| Fees Collected | B-2 | <u>1,164.60</u> |
| | | 1,785.60 |
| Decreased by: | | |
| Paid to State | B-2 | <u>1,550.40</u> |
| Balance December 31, 2019 | B | <u>\$ 235.20</u> |

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

B-7

| | <u>Reference</u> | |
|---------------------------|------------------|-----------------|
| Balance December 31, 2018 | B | \$ 22.37 |
| Increased by: | | |
| Interest Earned | B-2 | <u>272.76</u> |
| | | 295.13 |
| Decreased by: | | |
| Transfer to Current Fund | B-2 | <u>277.99</u> |
| Balance December 31, 2019 | B | <u>\$ 17.14</u> |

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

B-8

| | <u>Reference</u> | |
|------------------------------------|------------------|---------------------|
| Balance December 31, 2018 | B | \$ 13,136.72 |
| Increased by: | | |
| Dog Licenses Issued | | \$ 10,736.40 |
| Cat Licenses Issued | | 1,095.00 |
| Late fees | | <u>1,224.00</u> |
| | B-2 | <u>13,055.40</u> |
| | | 26,192.12 |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11 | B-2 | <u>12,899.00</u> |
| Balance December 31, 2019 | B | <u>\$ 13,293.12</u> |

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

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

B-9

| | <u>Reference</u> | |
|-------------------------------------|------------------|--------------|
| Balance December 31, 2018 | B | \$ 4,923.41 |
| Increased by: | | |
| Payroll Agency- Due to Current Fund | B-2, 13 | 3,019.67 |
| Interest Earned | B-2 | 9,995.92 |
| | | 13,015.59 |
| | | 17,939.00 |
| Decreased by: | | |
| Transfer to Current- Agency | | |
| Transfer to Current | | 5,480.97 |
| | B-2 | 5,480.97 |
| Balance December 31, 2019 | B | \$ 12,458.03 |

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

B-10

| | <u>Reference</u> | |
|---------------------------|------------------|---------------|
| Balance December 31, 2018 | B | \$ 402,260.26 |
| Increased by: | | |
| Cash Receipts | B-2 | 240,995.77 |
| | | 643,256.03 |
| Decreased by: | | |
| Cash Disbursements | B-2 | 229,927.57 |
| | | 229,927.57 |
| Balance December 31, 2019 | B | \$ 413,328.46 |

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

B-11

| | <u>Reference</u> | |
|---------------------------|------------------|--------------|
| Balance December 31, 2018 | B | \$ 31,915.28 |
| Balance December 31, 2019 | 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, 2019

SCHEDULE OF RESERVE FOR OTHER TRUST FUNDS

B-12

| | Balance December 31, 2018 | Cash Receipts | Cash Disbursements | Adjustment | Balance December 31, 2019 |
|------------------------------|---------------------------------|----------------------|-----------------------|------------------|---------------------------------|
| UCA/Fire Penalties | \$ 102,213.18 | \$ 3,450.00 | \$ 4,067.31 | \$ - | \$ 101,595.87 |
| Dedicated Fire Penalties | 250.00 | - | - | - | 250.00 |
| POAA | 1,510.16 | 110.00 | 376.00 | - | 1,244.16 |
| DARE Program | 6,768.00 | - | - | - | 6,768.00 |
| Tax Title Lien Premiums | 181,200.00 | - | - | - | 181,200.00 |
| Tax Map Revisions | 300.00 | - | - | - | 300.00 |
| Memorial Day Parade | 256.06 | - | - | - | 256.06 |
| Trees | 4,900.00 | - | - | - | 4,900.00 |
| Centennial | 855.00 | - | - | - | 855.00 |
| Reserve For COAH Payments | 264,570.67 | 226,074.79 | 36,120.47 | - | 454,524.99 |
| Police Donations | 23,999.88 | 20,535.00 | 21,180.41 | - | 23,354.47 |
| 2002 Disability | 30,710.68 | 382.95 | 31,706.89 | 613.26 | 0.00 |
| Developer's Contribution | 44,232.00 | 3,461.00 | 8,575.00 | - | 39,118.00 |
| Paterson Bridge Design | 22,950.00 | - | - | - | 22,950.00 |
| Hillsdale Board of Education | 297.71 | - | - | - | 297.71 |
| Celebration of Public Events | 5,247.26 | 7,525.00 | 4,258.98 | - | 8,513.28 |
| Curbs/Roads Sidewalks | 30,381.50 | 1,882.50 | 805.00 | - | 31,459.00 |
| Senior Lunch | 719.11 | - | - | - | 719.11 |
| Summer Concerts | 2,589.00 | 4,895.00 | 6,960.97 | - | 523.03 |
| Train Station | 3,700.11 | - | - | - | 3,700.11 |
| Snow Rider | 239,735.00 | 200,000.00 | 229,254.00 | - | 210,481.00 |
| Police Reserves | 277,592.71 | 491,482.20 | 566,943.95 | - | 202,130.96 |
| Misc. | - | 1,281.82 | - | - | 1,281.82 |
| | <u>\$1,244,978.03</u> | <u>\$ 961,080.26</u> | <u>\$ 910,248.98</u> | <u>\$ 613.26</u> | <u>\$ 1,296,422.57</u> |

| | | | | | |
|-------------|---|-----|-----|-----|---|
| <u>Ref.</u> | B | B-2 | B-2 | B-1 | B |
|-------------|---|-----|-----|-----|---|

**OTHER TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS AND WITHHOLDINGS PAYABLE**

B-13

| | <u>Reference</u> | |
|---------------------------|------------------|---------------------|
| Balance December 31, 2018 | B | \$ 3,505.07 |
| Increased by: | | |
| Payroll Deposits | B-2 | 9,933,764.87 |
| | | <u>9,937,269.94</u> |
| Decreased by: | | |
| Due to Current Fund | B-2, 9 | 3,019.67 |
| Cash Disbursements | B-2 | <u>9,934,250.27</u> |
| | | <u>9,937,269.94</u> |
| Balance December 31, 2019 | B | <u>\$ -</u> |

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

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

B-14

| | <u>Reference</u> | |
|---------------------------|------------------|---------------|
| Balance December 31, 2018 | B | \$ 153,708.74 |
| Increased by: | | |
| Cash Receipts | B-2 | 365,716.77 |
| | | 519,425.51 |
| Decreased by: | | |
| Cash Disbursements | B-2 | 322,097.86 |
| | | 322,097.86 |
| Balance December 31, 2019 | B | \$ 197,327.65 |

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

B-15

| | <u>Reference</u> | |
|---------------------------|------------------|-----------|
| Balance December 31, 2018 | B | \$ 248.11 |
| Increased by: | | |
| Interest on Investments | B-2 | 4,243.15 |
| | | 4,491.26 |
| Decreased by: | | |
| Cash Disbursements | B-2 | 4,240.65 |
| | | 4,240.65 |
| Balance December 31, 2019 | B | \$ 250.61 |

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

BOROUGH OF HILLSDALE
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF LENGTH OF SERVICE AWARD CONTRIBUTIONS RECEIVABLES

| | <u>Reference</u> | | B-16 |
|--|------------------|--------------|-------------|
| Balance December 31, 2018 | B | \$ 40,309.66 | |
| Increased by: | | | |
| Service Award Contributions Receivable | B-17 | 46,805.12 | |
| | | 87,114.78 | |
| Decreased by: | | | |
| Contributions Deposited | B-2 | 40,309.66 | |
| | | 40,309.66 | |
| Balance December 31, 2019 | B | \$ 46,805.12 | |
| | | 46,805.12 | |

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

| | <u>Reference</u> | | B-17 |
|---------------------------------|------------------|-----------------|-------------|
| Balance December 31, 2018 | B | \$ 1,169,566.24 | |
| Increased by: | | | |
| Contributions | B-16 | \$ 46,805.12 | |
| Interest/ Gain on Investments | B-2 | 274,204.32 | |
| | | 321,009.44 | |
| | | 1,490,575.68 | |
| Decreased by: | | | |
| Net Loss on Investments | B-2 | | |
| Withdrawal by Plan Participants | B-2 | 14,248.98 | |
| Plan Service Charges | B-2 | 1,975.00 | |
| | | 16,223.98 | |
| Balance December 31, 2019 | B | \$ 1,474,351.70 | |
| | | 1,474,351.70 | |

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

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF CASH - TREASURER

C-1

| | <u>Reference</u> | |
|-------------------------------------|------------------|-----------------|
| Balance December 31, 2018 | C, C-1a | \$ 1,408,719.61 |
| Increased by: | | |
| Premium on BANS | C-2 | 2,934.60 |
| Grants Received | C-3 | 61,022.66 |
| Interest Earned | C-4 | 29,156.82 |
| Capital Improvement Fund | C-10 | 700,000.00 |
| Bond Anticipation Notes- New Issues | C-9 | 539,695.00 |
| Bond Anticipation Notes - Rollovers | C-9 | 1,650,305.00 |
| | | 2,983,114.08 |
| | C-1a | 4,391,833.69 |
| Decreased by: | | |
| Improvement Authorizations | C-7 | 1,799,864.27 |
| Contracts Payable | C-11 | 149,646.41 |
| Reserve for Improvements | C-12 | - |
| Bond Anticipation Notes - Rollovers | C-9 | 1,650,305.00 |
| Payments to Current Fund - Interest | C-4 | 29,798.57 |
| | C-1a | 3,629,614.25 |
| Balance December 31, 2019 | C, C-1a | \$ 762,219.44 |

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

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

C-1a

| | <u>Balance</u> <u>Dec. 31, 2018</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Transfer</u> <u>To/(From)</u> | <u>Balance</u> <u>Dec. 31, 2019</u> |
|---------------------------------------|--|------------------------|------------------------|-------------------------------------|--|
| Grants Receivable | \$ (433,501.56) | \$ 61,022.66 | \$ - | \$ (61,022.66) | \$ (433,501.56) |
| Due from Current Fund | (161,611.91) | 29,156.82 | 29,798.57 | - | (162,253.66) |
| Contracts Payable | 149,646.41 | - | 149,646.41 | 406,217.27 | 406,217.27 |
| Capital Improvement Fund | 79,327.95 | 700,000.00 | - | (720,000.00) | 59,327.95 |
| Reserve for Capital Improvements | 18,763.44 | - | - | - | 18,763.44 |
| Down Payments on Improvements | 3,000.00 | - | - | - | 3,000.00 |
| Reserve for Payment of Debt | 37,029.03 | - | - | - | 37,029.03 |
| Reserve for Municipal Open Space Fund | 103,512.12 | - | - | - | 103,512.12 |
| Bond Anticipation Note Rollovers | - | 1,650,305.00 | 1,650,305.00 | - | - |
| Fund Balance | 219,480.11 | 2,934.60 | - | (55,000.00) | 167,414.71 |
| Improvement Authorizations: | | | | | |
| Ord. # | Improvement Description | | | | |
| 07-27 | Various Capital Improvements | (0.27) | - | - | (0.27) |
| 10-10 | Resurfacing of Wierimus Lane | (266.30) | - | - | (266.30) |
| 13-05 | Improvements at Central Ave. and Installation of ADA Ramps | 78,144.64 | - | - | 78,144.64 |
| 13-08 | 2013 Road Improvement Program | 24,360.88 | - | - | 24,360.88 |
| 14-12 | 2014 Road Improvement Program | (129,804.36) | - | - | (129,804.36) |
| 15-13 | Various Capital Impr. & Acq. Of Equip | 1,397.89 | - | 63.36 | (909.86) |
| 16-09 | Various Public Improvements & Acquisitions | 24,491.44 | - | 523.41 | 10,653.04 |
| 16-11 | Various Public Improvements & Acquisitions | 18,137.17 | - | - | 18,137.17 |
| 17-08 | Various Public Improvements & Acquisitions | 432,820.21 | - | 27,977.87 | 398,894.33 |
| 18-14 | Police Communications Desk Upgrade | 320,000.00 | - | 320,000.00 | - |
| 18-15 | Various Public Improvements & Acquisitions | 623,792.72 | - | 433,390.98 | 64,176.74 |
| 19-07 | Various Public Improvements | - | 539,695.00 | 1,017,908.65 | 99,324.13 |
| | | <u>\$ 1,408,719.61</u> | <u>\$ 2,983,114.08</u> | <u>\$ 3,629,614.25</u> | <u>\$ 762,219.44</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, 2019

C-2

SCHEDULE OF FUND BALANCE

| | <u>Reference</u> | |
|--------------------------------|------------------|-----------------------------|
| Balance December 31, 2018 | C | \$ 219,480.11 |
| Increased by: | | |
| Premiums on BANS | C-1 | <u>2,934.60</u> |
| | | 222,414.71 |
| Decreased by: | | |
| Fund Improvement Authorization | C-6,16 | <u>55,000.00</u> |
| Balance December 31, 2019 | C | <u><u>\$ 167,414.71</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, 2019

SCHEDULE OF GRANTS RECEIVABLE

C-3

| <u>Grant</u> | <u>Ordinance Number</u> | <u>Balance Dec. 31, 2018</u> | <u>Grants Awarded</u> | <u>Grants Canceled/ Received</u> | <u>Balance Dec. 31, 2019</u> |
|---|-----------------------------|--------------------------------------|---------------------------|--|--------------------------------------|
| New Jersey Department of Transportation: | | | | | |
| 2013 Road Improvement Program | 13-08 | \$ 18,991.25 | \$ - | \$ - | \$ 18,991.25 |
| 2014 Road Improvement Program - Discretionary | 14-12 | 92,408.63 | - | - | 92,408.63 |
| 2016 Hillsdale Avenue | 16-09 | 2,277.29 | - | - | 2,277.29 |
| 2018 Piermont Ave Sidewalk Improvements | 18-15 | 199,650.00 | - | - | 199,650.00 |
| 2019 Nicholas Avenue | 19-07 | - | 192,000.00 | - | 192,000.00 |
| American Legion Post 162 | 19-07 | - | 62,134.00 | 61,022.66 | 1,111.34 |
| Bergen County Open Space | | | | | |
| Improvements to Beachwood Park | 17-08 | 32,500.00 | - | - | 32,500.00 |
| Hillsdale Train Station | 17-08 | 100,000.00 | - | - | 100,000.00 |
| Memorial Field | 19-07 | - | 80,000.00 | - | 80,000.00 |
| Veterans Park | 19-07 | - | 62,134.00 | - | 62,134.00 |
| Glendale Drive Acquisition | 19-07 | - | 169,500.00 | - | 169,500.00 |
| County of Bergen- Community Development | | | | | |
| Installation of ADA Ramps | 13-05 | 57,241.02 | - | - | 57,241.02 |
| Hillsdale Train Station | 17-08 | 22,842.00 | - | - | 22,842.00 |
| Piermont Avenue | 19-07 | - | 45,000.00 | - | 45,000.00 |
| | | <u>\$ 525,910.19</u> | <u>\$ 610,768.00</u> | <u>\$ 61,022.66</u> | <u>\$ 1,075,655.53</u> |
| Reference | | C | Below | Below | C |
| Grants Canceled- to Unfunded | | | | | |
| Grants Received | C-6,16 | | | \$ 61,022.66 | |
| | C-1 | | | <u>\$ 61,022.66</u> | |
| | Above | | | <u>\$ 61,022.66</u> | |
| Pledged to: | | | | | |
| Ordinance | | \$ 433,501.56 | \$ - | \$ - | \$ 433,501.56 |
| Reserve for Grants Receivable | C | <u>92,408.63</u> | <u>610,768.00</u> | <u>61,022.66</u> | <u>642,153.97</u> |
| | | <u>\$ 525,910.19</u> | <u>\$ 610,768.00</u> | <u>\$ 61,022.66</u> | <u>\$ 1,075,655.53</u> |

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

BOROUGH OF HILLSDALE
 GENERAL CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF DUE FROM CURRENT FUND

C-4

| | <u>Reference</u> | |
|---------------------------|------------------|---|
| Balance December 31, 2018 | C | \$ 161,611.91 |
| Increased by: | | |
| Payments to Current Fund | C-1 | <div style="display: flex; justify-content: space-between;"> 29,798.57 29,798.57 </div> |
| | | 191,410.48 |
| Decreased by: | | |
| Interest Earned | C-1 | <div style="display: flex; justify-content: space-between;"> 29,156.82 29,156.82 </div> |
| Balance December 31, 2019 | C | \$ 162,253.66 |

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

C-5

| | <u>Reference</u> | |
|---------------------------------------|------------------|-----------------|
| Balance December 31, 2018 | C | \$ 1,420,000.00 |
| Decreased by: | | |
| Bond Principal - Budget Appropriation | C-8 | 460,000.00 |
| Balance December 31, 2019 | C | \$ 960,000.00 |

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

BOROUGH OF HILLSDALE
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

| Ord. # | Improvement Description | Analysis of Balance - Dec. 31, 2019 | | | | | | |
|-----------|---|-------------------------------------|------------------------|--------------------------------|--------------------------|---|---|------------------------|
| | | Balance Dec. 31, 2018 | 2019 Authorizations | Funded/Canceled Transferred | Balance Dec. 31, 2019 | Financed by Bond Anticipation Notes | Unexpended Improvement Authorizations | Expenditures |
| 07-27 | Various Capital Improvements | \$ 22,050.27 | \$ - | \$ 1,223.00 | \$ 20,827.27 | \$ 20,827.00 | \$ - | \$ 20,827.27 |
| 10-10 | Resurfacing of Wierimus Lane | 12,086.30 | - | 666.00 | 11,420.30 | 11,154.00 | - | 11,420.30 |
| 13-08 | 2013 Road Improvement Program | 159,835.00 | - | 10,165.00 | 149,670.00 | 149,670.00 | 24,360.88 | 125,309.12 |
| 14-12 | 2014 Road Improvement Program | 51,858.36 | - | - | 51,858.36 | - | - | 51,858.36 |
| 15-13 | Various Public Impr. & Equip Acquisitions | 1,405,455.86 | - | 77,946.00 | 1,327,509.86 | 1,248,654.00 | - | 1,327,509.86 |
| 18-14 | Police Communications Desk Upgrade | 220,000.00 | - | - | 220,000.00 | 220,000.00 | - | 220,000.00 |
| 19-07 | Various Public Improvements | - | 1,929,768.00 | 836,022.66 | 1,093,745.34 | 539,695.00 | 653,374.47 | 440,370.87 |
| | | <u>\$ 1,871,285.79</u> | <u>\$ 1,929,768.00</u> | <u>\$ 926,022.66</u> | <u>\$ 2,875,031.13</u> | <u>\$ 2,190,000.00</u> | <u>\$ 677,735.35</u> | <u>\$ 2,197,295.78</u> |
| | | C | C-7 | Below | C | C-9 | C | |
| | Capital Improvements Fund | | C-10 | \$ 720,000.00 | | | | |
| | Fund Balance Appropriated | | C-2, 16 | 55,000.00 | | | | |
| | BAN Paydown | | C-9 | 90,000.00 | | | | |
| | Grants Received | | C-3, 16 | 61,022.66 | | | | |
| | | | | <u>\$ 926,022.66</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, 2019

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

| Ord. No. | Improvement Description | Balance December 31, 2018 | | 2019 Authorizations | Paid or Charged | Refunds | Canceled | Balance December 31, 2019 | |
|-------------|---|------------------------------|----------------------|------------------------|------------------------|-------------|-------------|------------------------------|----------------------|
| | | Funded | Unfunded | | | | | Funded | Unfunded |
| 13-05 | Improvements at Central Ave. & Installations of ADA Ramps | \$ 78,144.64 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 78,144.64 | \$ - |
| 13-08 | 2013 Road Improvement Program | - | 24,360.88 | - | - | - | - | - | 24,360.88 |
| 15-13 | Various Public Improvements & Equipment Purchases | - | 2,307.75 | - | 2,307.75 | - | - | - | (0.00) |
| 16-09 | Various Public Improvements & Acquisitions | 24,491.44 | - | - | 13,838.40 | - | - | 10,653.04 | - |
| 16-11 | Various Public Improvements & Acquisitions | 18,137.17 | - | - | - | - | - | 18,137.17 | - |
| 17-08 | Various Public Improvements & Acquisitions | 432,820.21 | - | - | 33,925.88 | - | - | 398,894.33 | - |
| 18-14 | Police Communications Desk Upgrade | 100,000.00 | 220,000.00 | - | 320,000.00 | - | - | - | - |
| 18-15 | Various Public Improvements | 623,792.72 | - | - | 559,615.98 | - | - | 64,176.74 | - |
| 19-07 | Various Public Improvements | - | - | 1,929,768.00 | 1,276,393.53 | - | - | - | 653,374.47 |
| | | <u>\$ 1,277,386.18</u> | <u>\$ 246,668.63</u> | <u>\$ 1,929,768.00</u> | <u>\$ 2,206,081.54</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 570,005.92</u> | <u>\$ 677,735.35</u> |
| | | C | C | C-6,16 | Below | C-1 | | C | C |

| | Ref. | |
|-------------------------------|------|------------------------|
| Disbursed | C-1 | \$ 1,799,864.27 |
| Refund | C-1 | |
| Encumbered- Contracts Payable | C-11 | 406,217.27 |
| | | <u>\$ 2,206,081.54</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, 2019

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, 2018</u> | <u>New Issuance</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2019</u> |
|---------------------------|----------------------|-----------------------|---------------------------------------|---------------|----------------------|------------------------------|---------------------|------------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| General Improvement Bonds | 02/15/2011 | 4,290,000.00 | 2020 | 475,000.00 | 3.00% | \$ 1,420,000.00 | \$ - | \$ 460,000.00 | \$ 960,000.00 |
| | | | 2021 | 485,000.00 | 3.25% | | | | |
| | | | | | | \$ 1,420,000.00 | \$ - | \$ 460,000.00 | \$ 960,000.00 |
| | | | | | | 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, 2019

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, 2018 | BANS Issued | Paid | Balance Dec. 31, 2019 | |
|---------------------|---------------------------------------|---------------------------|------------------|---------------------|------------------|--------------------------|------------------------|------------------------|--------------------------|---|
| 13-08 | 2013 Road Improvement Program | 07/09/13 | 12/06/19 | 12/04/20 | 1.50% | \$ 159,835.00 | \$ 149,670.00 | \$ 159,835.00 | \$ 149,670.00 | |
| 07-27 | Various Capital Improvements | 11/05/07 | 12/06/19 | 12/04/20 | 1.50% | 22,050.00 | 20,827.00 | 22,050.00 | 20,827.00 | |
| 10-10 | Resurfacing of Wierimus Lane | 08/10/10 | 12/06/19 | 12/04/20 | 1.50% | 11,820.00 | 11,154.00 | 11,820.00 | 11,154.00 | |
| 15-13 | Various Capital Impr. & Acq. Of Equip | 07/07/15 | 12/06/19 | 12/04/20 | 1.50% | 1,326,600.00 | 1,248,654.00 | 1,326,600.00 | 1,248,654.00 | |
| 18-14 | Police Communications Desk Upgrade | 06/12/18 | 12/06/19 | 12/04/20 | 1.50% | 220,000.00 | 220,000.00 | 220,000.00 | 220,000.00 | |
| 19-07 | Various Public Improvements | 12/06/19 | 12/06/19 | 12/04/20 | 1.50% | - | 539,695.00 | - | 539,695.00 | |
| | | | | | | <u>\$ 1,740,305.00</u> | <u>\$ 2,190,000.00</u> | <u>\$ 1,740,305.00</u> | <u>\$ 2,190,000.00</u> | |
| | | | | | | Reference | C | Below | Below | C |
| | | | | | | Rollover on BANS | C-1 | \$ 1,650,305.00 | \$ 1,650,305.00 | |
| | | | | | | New Issues | C-1,C-16 | 539,695.00 | - | |
| | | | | | | BAN Paydowns | C-6 | - | 90,000.00 | |
| | | | | | | | <u>\$ 2,190,000.00</u> | <u>\$ 1,740,305.00</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, 2019

C-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Reference</u> | |
|----------------------------------|------------------|----------------------------|
| Balance December 31, 2018 | C | \$ 79,327.95 |
| Increased By: | | |
| Budget Appropriations | C-1 | <u>700,000.00</u> |
| | | \$ 779,327.95 |
| Decreased by: | | |
| Improvement Authorizations | C-6,16 | 720,000.00 |
| Reserve for Capital Improvements | | <u>-</u> |
| | | <u>720,000.00</u> |
| Balance December 31, 2019 | C | <u><u>\$ 59,327.95</u></u> |

C-11

SCHEDULE OF CONTRACTS PAYABLE

| | <u>Reference</u> | |
|---------------------------------------|------------------|-----------------------------|
| Balance December 31, 2018 | C | \$ 149,646.41 |
| Increased by: | | |
| Charges to Improvement Authorizations | C-7 | <u>406,217.27</u> |
| | | 555,863.68 |
| Decreased by: | | |
| Cash Disbursements | C-1 | <u>149,646.41</u> |
| Balance December 31, 2019 | C | <u><u>\$ 406,217.27</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, 2019

C-12

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENTS

| | Balance December 31, 2018 | Increased By: | Canceled/ Paid or Charged | Balance December 31, 2019 |
|--------------------------|------------------------------|------------------|------------------------------|------------------------------|
| Landfill Closure Reserve | \$ 18,763.44 | \$ - | \$ - | \$ 18,763.44 |
| | <u>\$ 18,763.44</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,763.44</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, 2019

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

C-13

| | <u>Reference</u> | |
|---------------------------|------------------|--------------------|
| Balance December 31, 2018 | C | <u>\$ 3,000.00</u> |
| Balance December 31, 2019 | C | <u>\$ 3,000.00</u> |

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS

C-14

| | <u>Reference</u> | |
|---------------------------|------------------|---------------------|
| Balance December 31, 2018 | C | <u>\$ 37,029.03</u> |
| Balance December 31, 2019 | C | <u>\$ 37,029.03</u> |

SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE FUND

C-15

| | <u>Reference</u> | |
|---------------------------|------------------|----------------------|
| Balance December 31, 2018 | C | \$ 103,512.12 |
| Balance December 31, 2019 | 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, 2019

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-16

| <u>Ord. No.</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2018</u> | <u>2019 Authorizations</u> | <u>Funded / Transferred</u> | <u>Grant Canceled</u> | <u>Balance Dec. 31, 2019</u> |
|---------------------|-----------------------------------|----------------------------------|--------------------------------|---------------------------------|---------------------------|----------------------------------|
| 07-27 | Various Capital Improvements | \$ 0.27 | \$ - | \$ - | \$ - | \$ 0.27 |
| 10-10 | Resurfacing of Wierimus Lane | 266.30 | - | - | - | 266.30 |
| 14-12 | 2014 Road Improvement Program | 129,804.36 | - | - | - | 129,804.36 |
| 15-13 | Various Capital Improvements | 909.86 | - | - | - | 909.86 |
| 19-07 | Various Public Improvements | - | <u>1,929,768.00</u> | <u>1,375,717.66</u> | - | <u>554,050.34</u> |
| | | <u>\$ 130,980.79</u> | <u>\$ 1,929,768.00</u> | <u>\$ 1,375,717.66</u> | <u>\$ -</u> | <u>\$ 685,031.13</u> |
| | | C | C-7 | Below | C-6 | C |
| | | | <u>Ref.</u> | | | |
| | Capital Improvement Fund | | C-10 | \$ 720,000.00 | | |
| | Grants Received Applied | | C-3,6 | 61,022.66 | | |
| | Funded by Bond Anticipation Notes | | C-9 | 539,695.00 | | |
| | Fund Balance | | C-2, 16 | <u>55,000.00</u> | | |
| | | | | <u>\$ 1,375,717.66</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, 2019

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, 2018 | D | <u>\$ 256,882.15</u> | <u>\$ 12,364.47</u> | <u>\$ 217,096.23</u> |
| Increased by Cash Receipts: | | | | |
| Membership Fees | D-1, 2 | 643,343.62 | - | - |
| Use of Facility | D-1, 2 | 1,060.00 | - | - |
| Miscellaneous Revenue | D-1, 2,5,6 | 182,430.29 | - | 4,114.24 |
| Interest on Investments | D-2 | 11,440.56 | - | - |
| Prior Year Void Checks | D-1 | 117.00 | - | - |
| Swim Team | D-12 | - | 9,383.50 | - |
| | | <u>838,391.47</u> | <u>9,383.50</u> | <u>4,114.24</u> |
| Decreased by Cash Disbursements: | | | | |
| Budget Appropriations | D-3 | 872,072.11 | - | - |
| Appropriation Reserves | D-10 | 33,447.90 | - | - |
| Reserve for Swim Team | D-12 | - | 7,120.28 | - |
| Payments to Swim Pool Utility Operating Fund | D-2,5,6 | - | - | 4,177.07 |
| Transfer to Current Fund | D-8 | - | - | - |
| Interest Payment | D-7 | 5,425.00 | - | - |
| Contracts/ Encumbrances Payable Disbursements | D-20 | - | - | - |
| Capital Ordinance Disbursements | D-22 | - | - | - |
| | | <u>910,945.01</u> | <u>7,120.28</u> | <u>4,177.07</u> |
| Balance December 31, 2019 | D | <u>\$ 184,328.61</u> | <u>\$ 14,627.69</u> | <u>\$ 217,033.40</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, 2019

SCHEDULE OF ANALYSIS OF CASH

D-5

| Improvement Authorizations | Ref. | Balance December 31, 2018 | Cash Receipts | Cash Disbursements/ Transfers | Balance December 31, 2019 |
|--|------|---------------------------------|--------------------|-------------------------------------|---------------------------------|
| Reserve for Improvements | D-16 | \$ 25,308.18 | \$ - | \$ - | \$ 25,308.18 |
| Capital Improvement Fund | D-15 | 107.95 | - | - | 107.95 |
| Contracts/Encumbrance Payable | D-20 | 3,000.00 | - | - | 3,000.00 |
| Due from Swim Pool Utility Fund | D-6 | 48.69 | 4,114.24 | (4,177.07) | (14.14) |
| Ord. #95-9: Capital Improvements to Stonybrook | D-22 | (1,815.77) | - | - | (1,815.77) |
| Ord # 17-01 Various Improvements Stonybrook | D-22 | 190,447.18 | - | - | 190,447.18 |
| | | <u>\$ 217,096.23</u> | <u>\$ 4,114.24</u> | <u>\$ (4,177.07)</u> | <u>\$ 217,033.40</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, 2019

SCHEDULE OF DUE TO SWIM POOL UTILITY CAPITAL FUND

D-6

| | <u>Reference</u> | |
|---|------------------|-----------------|
| Balance December 31, 2018 | D | \$ (48.69) |
| Increased by: | | |
| Interest Earned Transferred to Swim Pool Operating Fund | D-4 | 4,177.07 |
| | | <u>4,128.38</u> |
| Decreased by: | | |
| Interest Earned in Swim Pool Utility Capital Fund | D-4 | 4,114.24 |
| | | <u>4,114.24</u> |
| Balance December 31, 2019 | D | <u>\$ 14.14</u> |

SCHEDULE OF ACCRUED INTEREST ON BONDS

D-7

| | <u>Reference</u> | |
|---------------------------|------------------|--------------------|
| Balance December 31, 2018 | D | \$ 2,034.38 |
| Increased by: | | |
| Budget Appropriations | D-3 | 4,637.49 |
| | | <u>6,671.87</u> |
| Decreased by: | | |
| Cash Disbursements | D-4 | 5,425.00 |
| | | <u>5,425.00</u> |
| Balance December 31, 2019 | D | <u>\$ 1,246.87</u> |

| <u>Bond Outstanding</u> <u>December 31, 2019</u> | <u>Interest</u> <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Accrued</u> <u>Interest</u> |
|---|--------------------------------|-------------|------------|---------------|-----------------------------------|
| \$210,000.00 | 3.00% | 8/15/2019 | 12/31/2019 | | <u>\$ 1,246.87</u> Above |

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, 2019

SCHEDULE OF DUE FROM CURRENT FUND

D-8

| | <u>Reference</u> | |
|-------------------------------|------------------|------|
| Balance December 31, 2018 | D | \$ - |
| Decreased by Cash Receipts | D-4 | - |
| Balance December 31, 2019 | D | \$ - |

SCHEDULE OF DEFERRED CHARGES

D-9

None- 2018

| | <u>Balance December 31, 2018</u> | <u>Amount Resulting from 2019</u> | <u>Appropriated 2019 Budget</u> | <u>Balance December 31, 2019</u> |
|----------------------------------|--|---|---|--|
| Emergency Authorizations | \$ - | \$ - | \$ - | \$ - |
| Deficit In Operations | - | - | - | - |
| Overexpenditure of Appropriation | - | - | - | - |
| | \$ - | \$ - | \$ - | \$ - |
| | 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, 2019

SCHEDULE OF 2018 APPROPRIATION RESERVES

D-10

| | <u>Balance Dec. 31, 2018</u> | <u>Balance After Transfers & Encumbrances</u> | <u>Paid or Charged</u> | <u>Balance Transferred</u> | <u>Balance Lapsed</u> |
|------------------------|----------------------------------|---|--------------------------------|--------------------------------|---------------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 16,908.70 | \$ 16,908.70 | \$ - | \$ - | 16,908.70 |
| Other Expenses | 46,495.61 | 74,818.18 | 33,447.90 | - | 41,370.28 |
| Capital Outlay | 14,896.30 | 14,896.30 | - | - | 14,896.30 |
| | <u>\$ 78,300.61</u> | <u>\$ 106,623.18</u> | <u>\$ 33,447.90</u> | <u>\$ -</u> | <u>\$ 73,175.28</u> |
| <u>Ref.</u> | | Below | D-4 | | D-1 |
| | <u>Ref.</u> | | | | |
| Appropriation Reserves | D | \$ 78,300.61 | | | |
| Encumbrances | D-11 | 28,322.57 | | | |
| | Above | <u>\$ 106,623.18</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, 2019

SCHEDULE OF ENCUMBRANCE PAYABLE

D-11

| | <u>Reference</u> | |
|------------------------------------|------------------|--------------|
| Balance December 31, 2018 | D | \$ 28,322.57 |
| Increased by: | | |
| Encumbrance Payable | D-3 | 51,315.12 |
| | | 79,637.69 |
| Decreased by: | | |
| Transfer to Appropriation Reserves | D-10 | 28,322.57 |
| | | 28,322.57 |
| Balance December 31, 2019 | D | \$ 51,315.12 |

SCHEDULE OF RESERVE FOR SWIM TEAM EXPENDITURES

D-12

| | <u>Reference</u> | |
|---------------------------|------------------|--------------|
| Balance December 31, 2018 | D | \$ 12,364.47 |
| Increased by: | | |
| Cash Receipts | D-4 | 9,383.50 |
| | | 21,747.97 |
| Decreased by: | | |
| Cash Disbursements | D-4 | 7,120.28 |
| | | 7,120.28 |
| Balance December 31, 2019 | D | \$ 14,627.69 |

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, 2019

D-13

SCHEDULE OF FIXED CAPITAL

| | Balance December 31, 2018 | Increased by: Budget Capital Outlay | Completed Projects Transferred From Fixed Capital Authorized and Uncompleted | Balance December 31, 2019 |
|---|---------------------------------|---|--|---------------------------------|
| General & Playground Equipment | \$ 69,457.88 | \$ - | \$ - | \$ 69,457.88 |
| Renovations of Main Clubhouse | 75,000.00 | - | - | 75,000.00 |
| Improvements to Stonybrook Field Club | 212,631.36 | - | - | 212,631.36 |
| Reconstruction of Swim Pool | 538,827.70 | - | - | 538,827.70 |
| Acquisition of Land | 1,100,000.00 | - | - | 1,100,000.00 |
| Redevelopment of Stonybrook | 23,785.00 | - | - | 23,785.00 |
| Capital Improvements at Stonybrook | 1,840,716.74 | - | - | 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 | 58,624.14 | 49,253.52 | - | 107,877.66 |
| Construction of an Addition to Admin. Bldg. | 3,435.64 | - | - | 3,435.64 |
| | <u>\$ 5,271,391.09</u> | <u>\$ 49,253.52</u> | <u>\$ -</u> | <u>\$ 5,320,644.61</u> |
| <u>Ref.</u> | D | Below | D-14 | D |
| Budget Expenditures | | \$ 49,253.52 | | |
| Above | | <u>\$ 49,253.52</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, 2019

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-14

| Ord. Number | Improvement Description | Original Issue | | Balance December 31, 2018 | Improvement Re-appropriated/ Authorized | Completed Projects Transferred to Fixed Capital | Balance December 31, 2019 |
|------------------|------------------------------------|----------------|---------------|---------------------------------|---|---|---------------------------------|
| | | Date | Amount | | | | |
| 95-9 | Capital Improvements at Stonybrook | 7/11/1995 | \$ 530,000.00 | \$ 70,823.23 | \$ - | \$ - | \$ 70,823.23 |
| 17-01 | Various Improvements Stonybrook | 2/7/2017 | 273,521.00 | 273,521.00 | - | - | 273,521.00 |
| | | | | \$ 344,344.23 | \$ - | \$ - | \$ 344,344.23 |
| <u>Reference</u> | | | | D | - | D-13 | 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, 2019

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-15

| | <u>Reference</u> | |
|---------------------------|------------------|------------------|
| Balance December 31, 2018 | D | <u>\$ 107.95</u> |
| Balance December 31, 2019 | D | <u>\$ 107.95</u> |

SCHEDULE OF RESERVE FOR IMPROVEMENTS

D-16

| | <u>Reference</u> | |
|---------------------------|------------------|---------------------|
| Balance December 31, 2018 | D | \$ 25,308.18 |
| Balance December 31, 2019 | D | <u>\$ 25,308.18</u> |

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

BOROUGH OF HILLSDALE
 SWIMMING POOL UTILITY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF SWIM POOL UTILITY BONDS

D-17

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturates of Bonds</u> | | <u>Interest Rate</u> | <u>Balance Dec. 31, 2018</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2019</u> |
|-------------------------|----------------------|-----------------------|---------------------------|---------------|----------------------|------------------------------|------------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Swim Pool Utility Bonds | 02/15/2011 | 650,000 | 2020 | 70,000 | 3.00% | \$ 210,000 | \$ 70,000 | \$ 140,000 |
| | | | 2021 | 70,000 | 3.25% | | | |
| | | | | | | <u>\$ 210,000</u> | <u>\$ 70,000</u> | <u>\$ 140,000</u> |
| | | | | | | 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, 2019

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

D-18

| | <u>Reference</u> | |
|---------------------------|------------------|----------------------|
| Balance December 31, 2018 | D | \$ 303,521.00 |
| Decreased by: | | |
| Audit Adjustment | D-19 | <u>8,176.77</u> |
| Balance December 31, 2019 | D | <u>\$ 295,344.23</u> |

Analysis of Balance

| | | |
|-------------------|--|----------------------|
| Ordinance 1995-09 | | \$ 30,000.00 |
| Ordinance 2017-01 | | <u>265,344.23</u> |
| | | <u>\$ 295,344.23</u> |

SCHEDULE OF RESERVE FOR AMORTIZATION

D-19

| | <u>Reference</u> | |
|---------------------------------------|------------------|------------------------|
| Balance December 31, 2018 | D | \$ 5,053,214.32 |
| Increased by: | | |
| Serial Bonds Paid by Operating Budget | D-3, 17 | \$ 70,000.00 |
| Capital Outlay Operating Budget | D-3,13 | \$ 49,253.52 |
| Audit Adjustment | D-18 | <u>8,176.77</u> |
| | | <u>127,430.29</u> |
| | | 5,180,644.61 |
| Decreased by: | | <u>-</u> |
| Balance December 31, 2019 | D | <u>\$ 5,180,644.61</u> |

SCHEDULE OF CONTRACTS/ ENCUMBRANCE PAYABLE

D-20

| | <u>Reference</u> | |
|---|------------------|-----------------|
| Balance December 31, 2018 | D | \$ 3,000.00 |
| Increased by: | | |
| Encumbrance Payable | D-22 | <u>-</u> |
| Decreased by: | | |
| Disbursements | D-4 | - |
| Cancelled-Restored to Improvement Authorization | D-22 | <u>3,000.00</u> |
| Balance December 31, 2019 | D | <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, 2019

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-21

| <u>Ord. Number</u> | <u>Improvement Description</u> | <u>Balance December 31, 2018</u> | <u>Decreased By:</u> | <u>Balance December 31, 2019</u> |
|------------------------|------------------------------------|--|--------------------------|--|
| 95-9 | Capital Improvements to Stonybrook | \$ 49,000.00 | \$ - | \$ 49,000.00 |
| | | <u>\$ 49,000.00</u> | <u>\$ -</u> | <u>\$ 49,000.00</u> |
| | | D | | 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, 2019

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-22

| Number | Improvement Description | Original Authorization | | Balance at December 31, 2018 | | Contracts Payable Cancelled | Paid or Charged | Balance at December 31, 2019 | |
|--------|--|------------------------|---------------|------------------------------|---------------------|--------------------------------|--------------------|------------------------------|---------------------|
| | | Date | Amount | Funded | Unfunded | | | Funded | Unfunded |
| 95-9 | Capital Improvement to Stonybrook | 07/11/1995 | \$ 530,000.00 | \$ - | \$ 47,184.23 | \$ - | \$ - | \$ - | \$ 47,184.23 |
| 11-15 | Construction of an Addition to Admin. Bldg. at Stonybrook | 07/12/2011 | \$ 285,000.00 | - | - | 3,000.00 | - | 3,000.00 | - |
| 17-01 | Capital Improvements to Stonybrook | 02/07/2017 | 273,521.00 | 190,447.18 | - | - | - | 190,447.18 | - |
| | | | | <u>\$ 190,447.18</u> | <u>\$ 47,184.23</u> | <u>\$ 3,000.00</u> | <u>\$ -</u> | <u>\$ 193,447.18</u> | <u>\$ 47,184.23</u> |
| | | | <u>Ref.</u> | <u>D</u> | <u>D</u> | <u>D-20</u> | <u>D-4</u> | <u>D</u> | <u>D</u> |

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

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

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

E-1

| | <u>Reference</u> | | |
|---------------------------------|------------------|-----------|--------------|
| Balance December 31, 2018 | E | | \$ 19,661.02 |
| Increased by: | | | |
| State Aid | E-2,4 | 22,500.00 | |
| Interest | E-3 | 239.63 | |
| Misc. Income | E-2,4 | 1,654.00 | |
| | | 24,393.63 | |
| | | | 44,054.65 |
| Decreased by: | | | |
| Public Assistance Payments | E-2,5 | 28,341.00 | |
| Interest Transferred to Current | E-3 | 250.40 | |
| | | 28,591.40 | |
| Balance, December 31, 2019 | E | | \$ 15,463.25 |
| | | | Below |

Reconciliation - December 31, 2019:

| | | |
|-----------------------------|--|--------------|
| Balance per Bank Statement: | | |
| Checking | | \$ 15,934.25 |
| Less: Outstanding Checks | | (471.00) |
| Balance - December 31, 2019 | | \$ 15,463.25 |
| | | Above |

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

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE FUND

E-2

| | <u>Reference</u> | |
|--------------------------------------|------------------|--------------|
| Balance December 31, 2018 | E | \$ 19,236.70 |
| Increased by: | | |
| State Aid | E-1 | \$ 22,500.00 |
| Misc. Income- Prior Year Void Checks | E-1 | 1,654.00 |
| | | 24,154.00 |
| | | 43,390.70 |
| Decreased by: | | |
| Public Assistance Payments | E-1 | 28,341.00 |
| | | 28,341.00 |
| Balance December 31, 2019 | E | \$ 15,049.70 |

SCHEDULE OF AMOUNT DUE TO CURRENT FUND

E-3

| | <u>Reference</u> | |
|---------------------------------|------------------|-----------|
| Balance December 31, 2018 | E | \$ 524.32 |
| Increased by: | | |
| Interest Income | E-1 | 239.63 |
| | | 239.63 |
| | | 763.95 |
| Decreased by: | | |
| Interest Transferred to Current | E-1 | 250.40 |
| | | 250.40 |
| Balance December 31, 2019 | E | \$ 513.55 |

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

BOROUGH OF HILLSDALE
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF REVENUES - REGULATORY BASIS

E-4

| | <u>Reference</u> | |
|-------------------------------------|------------------|----------------------------|
| State Aid Payments | | \$ 22,500.00 |
| Misc. Income-Prior Year Void Checks | | 1,654.00 |
| | | <hr/> |
| Total Revenues (P.A.T.F.) | E-1 | <u><u>\$ 24,154.00</u></u> |

SCHEDULE OF EXPENDITURES - REGULATORY BASIS

E-5

| | <u>Reference</u> | |
|--------------------------------|------------------|----------------------------|
| Current Year Assistance: | | |
| Maintenance Payments | | \$ 14,541.00 |
| Temporary Rental Assistance | | 13,800.00 |
| | | <hr/> |
| Total Disbursements (P.A.T.F.) | E-1 | <u><u>\$ 28,341.00</u></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)**

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|-----------------------------------|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Borough's proportionate share of the net pension liability (asset) ** | 0.06252% | 0.05999% | 0.06106% | 0.05955% | 0.06027% | 0.06361% | 0.07093% | | | |
| Borough's proportionate share of the net pension liability (asset) associated with the Borough | <u>\$ 7,651,070</u> | <u>\$ 8,117,004</u> | <u>\$ 9,427,194</u> | <u>\$ 11,376,315</u> | <u>\$ 10,039,328</u> | <u>\$ 8,001,028</u> | <u>\$ 9,430,150</u> | | | |
| Total | <u>7,651,070</u> | <u>8,117,004</u> | <u>9,427,194</u> | <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 | 1,990,449 | 2,065,832 | 2,052,837 | 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 | 384% | 393% | 459% | 583% | 552% | 425% | 467% | | | |
| Plan fiduciary net position as a percentage of the total pension liability (Local) | 65.00% | 62.48% | 58.60% | 52.01% | 56.31% | 62.41% | 58.70% | | | |

Public Employees' Retirement System (PERS)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2011 | 2010 | 2009 |
| Borough's proportionate of the net pension liability (asset) | 0.02113% | 0.02113% | 0.01859% | 0.02087% | 0.02277% | 0.02510% | 0.02523% | | | |
| Borough's proportionate share of the net pension liability (asset) | <u>\$ 3,807,979</u> | <u>\$ 4,245,881</u> | <u>\$ 4,328,121</u> | <u>\$ 6,182,126</u> | <u>\$ 5,110,914</u> | <u>\$ 4,700,184</u> | <u>\$ 4,822,616</u> | | | |
| Borough's covered employee payroll | 1,563,314 | 1,519,267 | 1,511,876 | 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 | 244% | 279% | 286% | 460% | 406% | 282% | 274% | | | |
| Plan fiduciary net position as a percentage of the total pension liability (Local) | 56.27% | 53.60% | 48.10% | 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, | | | | | | | | | |
|--|-----------------------------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Contractually required contribution* | \$ 631,520 | \$ 586,445 | \$ 540,433 | \$ 485,567 | \$ 489,927 | \$ 488,537 | \$ 517,525 | | | |
| Contributions in relation to the contractually required contributions* | (631,520) | (586,445) | (540,433) | (485,567) | (489,927) | (488,537) | (517,525) | | | |
| Contributions deficiency (excess) | - | - | - | - | - | - | - | | | |
| Borough's covered employee payroll | 1,990,449 | 2,065,832 | 2,052,837 | 1,951,994 | \$ 1,820,302 | 1,881,557 | \$ 2,017,494 | | | |
| Contributions as a percentage of covered-employee payroll | 31.73% | 28.39% | 26.33% | 24.88% | 26.91% | 25.96% | 25.65% | | | |

Public Employees' Retirement System (PERS)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Contractually required contribution* | \$ 205,569 | \$ 214,494 | \$ 172,243 | \$ 185,437 | \$ 195,742 | \$ 206,955 | 190,129 | | | |
| Contributions in relation to the contractually required contributions* | (205,569) | (214,494) | (172,243) | (185,437) | (195,742) | (206,955) | (190,129) | | | |
| Contributions deficiency (excess) | - | - | - | - | - | - | - | | | |
| Borough's covered employee payroll | 1,563,314 | 1,519,267 | 1,511,876 | 1,344,025 | 1,258,409 | 1,669,604 | 1,757,256 | | | |
| Contributions as a percentage of covered-employee payroll | 13.15% | 14.12% | 11.39% | 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.

BOROUGH OF HILLSDALE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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. Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Healthy Retiree mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30,2018.

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. Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled. Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30,2018.

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, 2019, 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 30, 2020. 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 items number 2019-01 and 2019-02.

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 30, 2020
Carlstadt, New Jersey

BOROUGH OF HILLSDALE

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

| <u>Grantor</u> | <u>Program</u> | <u>CFDA Number</u> | <u>Grant Year</u> | <u>Grant Award</u> | <u>Balance Dec. 31, 2018</u> | <u>Revenue Realized</u> | <u>Expended</u> | <u>Canceled Adjustment</u> | <u>Balance Dec. 31, 2019</u> | <u>MEMO Cumulative Expenditures</u> |
|--|--|------------------------|-----------------------|------------------------|--------------------------------------|-----------------------------|----------------------|--------------------------------|--------------------------------------|---|
| U.S. Department of Transportation | 2019 Nicholas Avenue (Ord # 19-07) | 20.205 | 2019 | \$ 192,000.00 | \$ - | \$ 192,000.00 | \$ 192,000.00 | \$ - | \$ - | \$ 192,000.00 |
| | 2018 Piermont Ave Sidewalk Impr (Ord # 18-15) | 20.205 | 2018 | 199,650.00 | 199,650.00 | - | 199,650.00 | - | - | 199,650.00 |
| | 2013 Road Program (Ord # 13-08) | 20.205 | 2013 | 211,500.00 | 18,991.25 | - | - | - | 18,991.25 | 192,508.75 |
| | | | | | <u>218,641.25</u> | <u>192,000.00</u> | <u>391,650.00</u> | <u>-</u> | <u>18,991.25</u> | <u>584,158.75</u> |
| Division of Highway Traffic: | | | | | | | | | | |
| Alcohol Impaired Driving Countermeasures Incentive Grant | | | | | | | | | | |
| | Drive Sober Labor Day Crackdown | 20.616 | 2019 | 5,500.00 | - | 5,500.00 | 5,390.00 | - | 110.00 | 5,390.00 |
| | Drive Sober or Get Pulled Over Holiday Crackdown Grant | 20.616 | 2017 | 5,500.00 | 4,690.00 | - | - | - | 4,690.00 | 810.00 |
| | Drive Sober or Get Pulled Over Holiday Crackdown Grant | 20.616 | 2016 | 5,000.00 | 445.69 | - | - | - | 445.69 | 4,554.31 |
| | Distracted Driver Grant | 20.616 | 2017 | 5,500.00 | 330.00 | - | - | - | 330.00 | 5,170.00 |
| Occupant Protection Program | | | | | | | | | | |
| | Click-it-or-Ticket | 20.616 | 2016 | 5,000.00 | 1,675.00 | - | - | - | 1,675.00 | 3,325.00 |
| | | | | | <u>7,140.69</u> | <u>5,500.00</u> | <u>5,390.00</u> | <u>-</u> | <u>7,250.69</u> | <u>19,249.31</u> |
| Department of Homeland Security | | | | | | | | | | |
| | FEMA Assistance- Severe Winter Storm-Quinn | 97.036 | | 50,753.05 | - | 50,753.05 | 50,753.05 | - | - | - |
| | | | | | <u>-</u> | <u>50,753.05</u> | <u>50,753.05</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Department of Housing & Urban Development | | | | | | | | | | |
| | Senior Activities | 14.218 | 2019 | 11,623.00 | - | 11,623.00 | - | - | 11,623.00 | - |
| | Senior Activities | 14.218 | 2018 | 3,338.00 | 3,338.00 | - | - | - | 3,338.00 | - |
| | Senior Activities | 14.218 | Prior Yr. | 20,381.00 | 14,052.48 | - | 5,623.00 | - | 8,429.48 | 11,951.52 |
| | ADA Ramps-Piermont Ave | 14.218 | 2019 | 45,000.00 | - | 45,000.00 | 32,859.84 | - | 12,140.16 | 32,859.84 |
| | ADA Ramps | 14.218 | 2018 | 30,000.00 | - | - | - | 109.00 | 109.00 | 30,000.00 |
| | Hillsdale- Train Station-(Ord # 17-08) | 14.218 | 2017 | 49,800.00 | 22,842.00 | - | - | - | 22,842.00 | 26,958.00 |
| | | | | | <u>40,232.48</u> | <u>56,623.00</u> | <u>38,482.84</u> | <u>109.00</u> | <u>58,481.64</u> | <u>101,769.36</u> |
| | | | | | <u>\$ 266,014.42</u> | <u>\$ 304,876.05</u> | <u>\$ 486,275.89</u> | <u>\$ 109.00</u> | <u>\$ 84,723.58</u> | <u>\$ 705,177.42</u> |

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, 2019

| State Grant Program | Grant Number/Account Numbers | Grant Year | Grant Award | Balance Dec. 31, 2018 | Revenue Realized | Expended | Adjustment | Balance Dec. 31, 2019 | MEMO Cumulative Expenditures |
|---|---------------------------------|------------|-------------|-----------------------|------------------|--------------|------------|-----------------------|------------------------------|
| Alcohol Education and Rehabilitation | 1110-448-031020-22 | 2013-2014 | \$ 3,995.00 | \$ 1,310.24 | \$ - | \$ - | \$ - | \$ 1,310.24 | \$ 2,511.00 |
| Body Armor | 1020-718-066-1020-001-YCIS-6020 | 2019 | 3,098.98 | - | 3,098.98 | - | - | 3,098.98 | - |
| | | 2018 | 351.40 | 351.40 | - | - | - | 351.40 | - |
| | | 2017 | 3,786.56 | 3,786.56 | - | 234.42 | - | 3,552.14 | 234.42 |
| | | 2016 | 1,943.57 | 821.58 | - | 821.58 | - | (0.00) | 1,943.57 |
| | | | | 4,959.54 | 3,098.98 | 1,056.00 | - | 7,002.52 | 2,177.99 |
| Drunk Driving Enforcement Fund | 6400-100-078-6400 | 2018 | 3,581.21 | 1,347.58 | - | 773.30 | - | 574.28 | 2,233.63 |
| | | | | 1,347.58 | - | 773.30 | - | 574.28 | 2,233.63 |
| GDL Enforcement Grant | | | | 543.00 | | | | 543.00 | |
| Clean Communities Act | 4900-765-042-4900-004 | 2019 | 21,563.23 | - | 21,563.23 | - | - | 21,563.23 | - |
| | 4900-765-042-4900-004 | 2018 | 19,295.23 | 19,295.23 | - | - | - | 19,295.23 | - |
| | 4900-765-042-4900-004 | 2017 | 20,168.73 | 20,168.73 | - | - | - | 20,168.73 | - |
| | 4900-765-042-4900-004 | 2016 | 23,740.13 | 23,739.79 | - | 1,308.96 | - | 22,430.83 | 1,309.30 |
| | 4900-765-042-4900-004 | 2015 | 20,761.96 | 1,053.97 | - | 1,053.97 | - | (0.00) | 20,761.96 |
| | | | | 64,257.72 | 21,563.23 | 2,362.93 | - | 83,458.02 | 22,071.26 |
| Recycling Tonnage Grant | 4900-752-042-4900-001-V42Y-6020 | 2019 | 12,887.54 | - | - | - | - | - | - |
| | 4900-752-042-4900-001-V42Y-6020 | 2018 | 11,200.62 | - | 11,200.62 | - | - | 11,200.62 | - |
| | 4900-752-042-4900-001-V42Y-6020 | 2017 | 20,755.04 | 20,755.04 | - | - | - | 20,755.04 | - |
| | 4900-752-042-4900-001-V42Y-6020 | 2016 | 16,726.02 | 6,923.26 | - | 2,315.00 | - | 4,608.26 | 12,117.76 |
| | | | | 27,678.30 | 11,200.62 | 2,315.00 | - | 36,563.92 | 12,117.76 |
| Public Assistance | 7550-100-054-7550-121-LLLL-6020 | 2019 | 22,500.00 | 19,236.70 | 22,500.00 | 26,687.00 | - | 15,049.70 | 26,687.00 |
| Safe Committee Award /JIF Accreditation Award | | 2019 | 1,750.00 | - | 1,750.00 | 1,650.00 | - | 100.00 | - |
| | | 2019 | 25,000.00 | - | 25,000.00 | 25,000.00 | - | - | - |
| | | 2017 | 1,500.00 | 50.00 | - | - | - | 50.00 | 1,450.00 |
| | | | | 50.00 | 26,750.00 | 26,650.00 | - | 150.00 | 1,450.00 |
| Municipal Alliance on Alcohol and Drug Abuse | | 2019 | 9,876.00 | - | 9,876.00 | 4,782.75 | - | 5,093.25 | - |
| | Borough Match | 2019 | 2,500.00 | - | 2,500.00 | - | - | 2,500.00 | - |
| | | 2018 | 9,876.00 | 1,519.27 | - | - | - | 1,519.27 | 8,356.73 |
| | Borough Match | 2018 | 2,500.00 | 2,500.00 | - | - | - | 2,500.00 | 2,500.00 |
| | | 2017 | 9,876.00 | 4,896.30 | - | - | - | 4,896.30 | 4,979.70 |
| | Borough Match | 2017 | 2,469.00 | 2,469.00 | - | - | - | 2,469.00 | - |
| | | 2013 | 9,876.00 | 3,058.00 | - | - | - | 3,058.00 | 3,058.00 |
| | | | | 14,442.57 | 12,376.00 | 4,782.75 | - | 22,035.82 | 18,894.43 |
| Radon Awareness Program | | 2019 | 2,000.00 | 442.11 | 2,000.00 | 2,000.00 | - | 442.11 | 2,000.00 |
| Bergen County Recycling Grant | | 2019 | 3,000.00 | - | 3,000.00 | 3,000.00 | - | - | 3,000.00 |
| New Jersey Department of Environmental Protection Green Communities Grant | | 2018 | 3,000.00 | - | - | - | - | - | 3,000.00 |
| | Borough Match | 2018 | 3,000.00 | - | - | - | - | - | - |
| | | | | - | - | - | - | - | 3,000.00 |
| | | | | \$ 134,267.76 | \$ 102,488.83 | \$ 69,626.98 | \$ - | \$ 167,129.61 | \$ 96,143.07 |

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, 2019

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 | \$ 42,939.98 | \$ 61,766.05 | \$ 104,706.03 |
| Capital Fund | | 424,509.84 | 424,509.84 |
| Public Assistance Fund | 26,687.00 | | 26,687.00 |
| | <u>\$ 69,626.98</u> | <u>\$ 486,275.89</u> | <u>\$ 555,902.87</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> |
|-------------|--------------------------------|--|
| 2019 | \$ 4,042,539.87 | \$ 1,928,717.96 |
| 2018 | 3,208,852.28 | 1,600,000.00 |
| 2017 | 3,720,272.05 | 2,225,000.00 |
| 2016 | 4,210,292.55 | 2,179,000.00 |
| 2015 | 2,638,838.44 | 1,000,000.00 |

Comparative Schedule of Tax Rate Information

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Tax Rate | <u>\$2.901</u> | <u>\$2.801</u> | <u>\$2.755</u> | <u>\$2.714</u> | <u>\$2.628</u> |
| <u>Apportionment of Tax Rate</u> | | | | | |
| Municipal | 0.597 | 0.584 | 0.566 | 0.554 | 0.548 |
| County | 0.271 | 0.263 | 0.273 | 0.264 | 0.256 |
| Local School | 1.286 | 1.259 | 1.233 | 1.214 | 1.194 |
| Regional School | 0.747 | 0.695 | 0.683 | 0.682 | 0.63 |

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

| | |
|------|------------------------|
| 2019 | <u>\$1,690,483,940</u> |
| 2018 | <u>\$1,685,666,563</u> |
| 2017 | <u>\$1,680,755,916</u> |
| 2016 | <u>\$1,678,068,447</u> |
| 2015 | <u>\$1,675,430,752</u> |

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> |
|-------------|------------------|------------------------|---------------------------------|
| 2019 | \$ 49,103,596.11 | \$ 48,779,233.30 | 99.34% |
| 2018 | 47,294,827.60 | 46,962,930.60 | 99.30% |
| 2017 | 46,364,914.15 | 46,031,336.38 | 99.28% |
| 2016 | 45,583,793.04 | 45,256,788.57 | 99.28% |
| 2015 | 44,066,073.38 | 43,714,833.29 | 99.20% |

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> |
|----------------------|---------------------------------|--------------------------------|---------------|-------------------------------|
| 2019 | \$ 14,803.77 | \$ 294,426.02 | \$ 309,229.79 | 0.63% |
| 2018 | 14,078.51 | 307,915.26 | 321,993.77 | 0.68% |
| 2017 | 13,378.25 | 306,649.62 | 320,027.87 | 0.69% |
| 2016 | 12,689.49 | 318,038.58 | 330,728.07 | 0.73% |
| 2015 | 12,010.99 | 324,205.96 | 336,216.95 | 0.76% |

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> |
|-------------|--------------------|--------------------|-------------|-------------------|---------------|
| 2019 | 12,551,900 | 1,559,712,900 | 634,000 | 111,775,500 | 1,684,674,300 |
| 2018 | 14,139,500 | 1,553,102,200 | 634,000 | 111,917,500 | 1,679,793,200 |
| 2017 | 10,541,400 | 1,547,451,500 | 634,000 | 113,600,600 | 1,672,227,500 |
| 2016 | 10,606,300 | 1,544,839,900 | 634,000 | 113,891,200 | 1,669,971,400 |
| 2015 | 10,606,300 | 1,548,840,800 | 634,000 | 109,054,900 | 1,669,136,000 |

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

BOROUGH OF HILLSDALE
OFFICIALS IN OFFICE AND SURETY BONDS
AT DECEMBER 31, 2019

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> |
|---------------------|---|-----------------------|
| John Ruocco | Mayor | |
| Anthony DeRosa | Councilman | |
| John Escobar | Councilman | |
| Zoltan Horvath | Councilman | |
| Abby Lundy | Councilwoman | |
| Frank Pizzella | Councilman | |
| Steven Segalas | Councilman | |
| David Sireci | Chief Financial Officer/Tax Collector | * |
| Christopher Tietjen | Business Administrator | |
| Denise Kohan | Borough Clerk Registrar of Vital Statistics | |
| Patrick Wilkins | Tax Assessor | |
| Warren Clark | Municipal Court Judge | |
| Jennifer Lacey | Court Administrator | |
| Robert Francaviglia | Police Chief | |
| Michelle Wood | Construction Official | |
| William Haffler | 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, 2019

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."

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, 2019 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, 2019

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

Yes

X

No

2) Were reportable conditions identified that were
not considered to be material weaknesses?

Yes

X

No

C) Noncompliance material to financial statements notes?

Yes

X

No

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, 2019

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

N/A

Borough of Hillsdale
Status of Prior Year's Audit Findings/Recommendations
Year Ended December 31, 2019

18-01* FINDING:

RECOMMENDATION:

Monthly reports per the Recreation and Swim Pool fee software be reconciled to the Treasurer's receipts records.

STATUS:

Partial corrective action has been taken.

18-02 FINDING:

RECOMMENDATION:

Budget expenditures should be charged to the accounts that relate to the expenditure.

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, 2019

***19-01 FINDING:**

Cash receipts reports per the Swim Pool fee software were not reconciled monthly with the Treasurer's receipts records.

RECOMMENDATION:

Monthly reports per the Swim Pool fee software be reconciled to the Treasurer's receipts records.

MANAGEMENT'S RESPONSE:

Management will require that monthly reconciliations be completed between the Swim Pool Department fee software reports to actual deposits per Treasurer's records.

19-02 FINDING:

The fixed assets inventory was not updated for additions and disposals during the year ended December 31, 2019.

RECOMMENDATION:

The fixed assets inventory must be maintained to accurately reflect additions and disposals.

MANAGEMENT'S RESPONSE:

Management has budgeted an amount in the 2020 budget to perform an update of fixed assets.

* 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.
