

Report of Audit

on the

Financial Statements

of the

Township of Hillside

in the

County of Union
New Jersey

for the

Year Ended
December 31, 2013

TOWNSHIP OF HILLSIDE

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TOWNSHIP OF HILLSIDE

I N D E X (CONTINUED)

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TOWNSHIP OF HILLSIDE

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2013 AND
DECEMBER 31, 2012

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation 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 Township'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 regulatory financial statements.

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

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township of Hillside on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the 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 accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Hillside as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2013, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

CURRENT FUND

TOWNSHIP OF HILLSIDE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Liabilities:			
Appropriation Reserves	A-3:A-20	\$ 1,692,486.36	\$ 1,580,640.60
Sewer Overpayments	A-16	2,174.10	2,174.10
Tax Overpayments	A-17	106,636.36	130,680.16
Prepaid Taxes	A-18	931,420.50	154,869.02
Encumbrances Payable	A-19	291,553.09	2,048,856.99
County Taxes Payable	A-26	6,070.23	13,346.31
School Taxes Payable	A-27		2,170,049.00
Interfunds Payable	A-28	238,077.91	
Tax Anticipation Note	A-31		8,000,000.00
Emergency Note	A-35	1,818,629.00	595,200.00
Prepaid Sewer Charges	A-37	262.00	258.43
Reserve For:			
State Tax Appeals	A-15	63,215.07	438,532.56
Fire Penalties and Assessments	A-23	30,256.65	30,256.65
Codification of Ordinances	A-24	189.38	189.38
Insurance Damages	A-25	123,728.09	15,538.64
Sale of Municipal Assets	A-30	10,500.00	10,500.00
Retirement	A-36	171,679.14	171,679.14
Hurricane Sandy	A-7	8,426.16	11,409.51
		<u>\$ 5,495,304.04</u>	<u>\$ 15,374,180.49</u>
Reserve for Receivables and Other Assets	A	6,587,814.33	6,337,439.49
Fund Balance	A-1	<u>6,337,866.07</u>	<u>5,855,392.98</u>
		<u>\$ 18,420,984.44</u>	<u>\$ 27,567,012.96</u>
Grant Fund:			
Due Current Fund	A-28	\$ 193,515.70	\$ 180,987.82
Accounts Payable	A-19	41,910.98	56,078.46
Due State of New Jersey		25.04	25.04
Reserve for:			
Grants - Appropriated	A-21	3,908,264.39	4,558,537.79
Grants - Unappropriated	A-22	<u>22,747.64</u>	<u>24,285.75</u>
		<u>\$ 4,166,463.75</u>	<u>\$ 4,819,914.86</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSIDE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 2,245,121.50		\$ 2,245,121.50	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage Control	A-13	14,000.00		14,148.80	148.80
Other	A-2	20,000.00		17,746.05	(2,253.95)
Fees and Permits:					
Construction Code	A-13	472,700.00		305,988.07	(166,711.93)
Other	A-2	31,000.00		42,711.56	11,711.56
Fines and Costs:					
Municipal Court	A-13	423,000.00		344,224.86	(78,775.14)
Interest and Costs on Taxes	A-13	357,414.00		553,535.08	196,121.08
Interest on Investments and Deposits	A-13	6,755.97		46,817.77	40,061.80
Joint Sewer User Charges	A-11	1,258,747.00		1,748,651.99	489,904.99
Cable T.V. Franchise Fee	A-13	60,000.00		60,682.78	682.78
Ambulance Service Fees	A-13	119,718.00		169,248.41	49,530.41
Alarm Fees	A-13	30,000.00		21,325.00	(8,675.00)
Off-Duty Administrative Fees	A-13	52,683.00		154,629.84	101,946.84
Payment in lieu of Taxes - Gargiulo	A-13	225,027.00		85,284.18	(139,742.82)
Consolidated Municipal Property Tax Relief Aid	A-13	1,057,476.00		1,057,476.00	
Energy Receipts Tax	A-13	3,257,223.00		3,257,223.00	
Utility Operating Surplus of Prior Year	A-13	30,000.00		30,000.00	
Uniform Fire Safety Act	A-13	1,055.00		24,960.64	23,905.64
Capital Surplus	A-13	7,214.66		7,214.66	
FEMA Reimbursement - Hurricane Sandy	A-13	66,547.60		66,547.60	
Recycling Tonnage Grant	A-14	20,381.10		20,381.10	
Clean Communities Program	A-14	29,636.98		29,636.98	
Municipal Alliance on Alcoholism and Drug Abuse	A-14	15,321.00		15,321.00	
Summer Food Services Program	A-14		49,907.07	49,907.07	
Click-It or Ticket	A-14	4,000.00		4,000.00	
DOT - Westminster Avenue	A-14	192,160.00		192,160.00	
UEZ - Streets and Roads Summer Work Program	A-14	19,000.00		19,000.00	
	A-1	\$ 7,771,060.31	\$ 49,907.07	\$ 8,338,822.44	\$ 517,855.06
Receipts From Delinquent Taxes	A-1:A-2	2,291,568.00		2,312,755.63	21,187.63
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-9	28,600,000.26		28,879,609.43	279,609.17
Minimum Library Tax	A-9	572,158.74		572,158.74	
	A-2	29,172,159.00		29,451,768.17	279,609.17
<u>BUDGET TOTALS</u>		\$ 41,479,908.81	\$ 49,907.07	\$ 42,348,467.74	\$ 818,651.86
Non-Budget Revenue	A-1:A-2			725,238.14	725,238.14
		\$ 41,479,908.81	\$ 49,907.07	\$ 43,073,705.88	\$ 1,543,890.00
	<u>REF.</u>	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSIDE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

REF.

ANALYSIS OF REALIZED REVENUE

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:			
Cable Franchise Fees		\$	107,714.55
Vehicle Reimbursements			3,416.94
Public Assistance Trust Fund Canceled			18,650.58
FEMA - Union County			13,471.08
Recycling			433.59
Senior Citizen Administrative Fee			2,688.08
Refunds			238,377.78
PMA Workers Compensation			7,657.91
Tax Sale Premium Cancelled			27,700.00
Joint Meeting			24,834.17
Miscellaneous			44,111.31
			<hr/>
	A-4		\$ 489,055.99
Tax Collector	A-5		<hr/> 237,122.15
			726,178.14
Less: Refunds	A-4		<hr/> 940.00
			<hr/> 725,238.14
	A-2	\$	<hr/> <hr/> 725,238.14

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSIDE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	\$		
Engineering Services:							
Other Expenses - General	\$ 250,000.00	\$ 180,000.00	\$ 81,785.62	\$ 98,214.38	\$		
Other Expenses - Environmental	50,000.00	50,000.00	33,054.67	16,945.33			
Office of Economic Development:							
Salaries and Wages	76,000.00	68,000.00	72,791.02	14,709.72			4,791.02
Other Expenses	15,000.00	15,000.00	290.28				
Buildings and Grounds							
Salaries and Wages	85,000.00	87,087.85	86,507.23	580.62			
Other Expenses	107,000.00	107,000.00	92,119.23	14,880.77			
Municipal Land Use Law (N.J.S.A. 40 550-1):							
Planning Board							
Salaries and Wages	4,000.00	4,000.00	2,708.42	1,291.58			
Other Expenses	4,000.00	4,000.00	1,281.65	2,718.35			
Zoning Costs:							
Salaries and Wages	4,000.00	4,000.00	2,708.42	1,291.58			
Other Expenses	4,000.00	4,000.00	2,207.00	1,793.00			
Alcohol Beverage Control							
Other Expenses	20,000.00	13,000.00	6,741.00	6,259.00			
Postage:							
Other Expenses	45,000.00	35,000.00	28,400.00	6,600.00			
Insurance							
Unemployment Compensation Insurance	100,000.00	20,000.00	3,178.92	16,821.08			
Group Insurance Plan for Employees	5,485,596.00	6,016,443.30	5,673,500.93	342,942.37			
Workers Compensation Insurance Trust Fund	145,000.00	178,288.28	169,680.82	8,607.46			
Other Insurance Premiums	598,000.00	650,834.03	730,609.53				79,775.50
PUBLIC SAFETY							
Fire:							
Salaries and Wages	4,460,000.00	4,455,018.61	4,401,152.41	53,866.20			
Other Expenses:							
Miscellaneous	172,000.00	172,000.00	116,859.16	55,140.84			
Ambulance Services	30,000.00	15,000.00	2,488.36	12,511.64			
Uniform Fire Safety Act							
Fire Official							
Salaries and Wages	168,761.00	168,761.00	167,104.62	1,656.38			
Other Expenses	3,000.00	3,000.00	2,866.00	134.00			
Police:							
Salaries and Wages	7,973,000.00	7,969,089.70	7,908,194.59	60,895.11			
Other Expenses:							
Departmental Expenses	120,000.00	123,000.00	117,666.05	5,333.95			
Leasing of Police Vehicles	10,000.00						

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSIDE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	PAID OR CHARGED		EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDITURE
	BUDGET								
RECREATION AND EDUCATION									
Community Recreation Commission:									
Salaries and Wages	217,000.00	\$	225,000.00	\$	222,238.34	\$	2,761.66	\$	
Other Expenses	19,000.00		15,000.00		12,777.52		2,222.48		
Senior Citizens:									
Salaries and Wages	162,000.00		160,000.00		151,422.94		8,577.06		
Other Expenses	12,000.00		14,000.00		11,575.64		2,424.36		
Celebration of Public Events:									
Other Expenses	17,000.00		17,000.00		5,862.89		11,137.11		
Municipal Court									
Salaries and Wages	320,583.00		322,583.00		298,069.89		24,513.11		
Other Expenses	50,000.00		42,686.76		26,553.53		16,133.23		
Public Defender:									
Salaries and Wages	5,000.00		5,000.00		3,850.00		1,150.00		
Bloodborne Pathogens:									
Other Expenses	500.00		500.00				500.00		
Cable TV and Community/Public Access:									
Other Expenses	3,000.00		3,000.00				3,000.00		
Property Clean-Up									
Salaries and Wages			5,000.00				5,000.00		
Other Expenses	20,000.00		15,000.00				15,000.00		
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5.23-4.17)									
Sub-Officials:									
Building Inspector									
Salaries and Wages	265,000.00		265,000.00		252,092.63		12,907.37		
Other Expenses	11,500.00		11,500.00		9,654.95		1,845.05		
UNCLASSIFIED									
Utilities - All	760,000.00		728,284.00		659,341.36		68,942.64		
Street Lighting	310,000.00		344,003.55		314,403.55		29,596.45		
Fire Hydrant Service	260,000.00		260,000.00		224,526.23		35,473.77		
Temporary and Summer Employees:									
Salaries and Wages	15,000.00		15,340.00		15,340.00				
Group Insurance:									
Health Benefit Waiver	17,500.00		7,500.00				7,500.00		
Accumulated Leave Compensation	400,000.00		900,000.00		897,752.58		2,247.42		
TOTAL OPERATIONS WITHIN "CAPS":	29,247,687.99		29,747,687.99		28,219,124.86		1,613,129.65		84,566.52
Contingent	500.00		500.00				500.00		
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS":	29,248,187.99		29,748,187.99		28,219,124.86		1,613,629.65		84,566.52

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSIDE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION				
	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$	\$	\$
CAPITAL IMPROVEMENT FUND - EXCLUDED FROM "CAPS":						
Capital Improvement Fund	320,000.00	320,000.00	320,000.00			
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS":						
Payment of Bond Principal	81,551.00	81,551.00	81,551.00			
Payment of Bond Anticipation Notes	45,925.00	45,925.00	45,925.00			
Interest on Bonds	85,465.00	85,465.00	85,462.72		2.28	
New Jersey Economic Development Authority Loan Principal	7,246.00	7,246.00	7,245.80		0.20	
N. J. Environmental Infrastructure Loan Program:						
Principal	52,966.00	52,966.00	51,876.88		1,089.12	
Interest	14,638.00	14,638.00	14,482.90		155.10	
Union County Improvement Authority						
Principal	569,234.00	569,234.00	488,262.91		80,971.09	
Interest	141,103.00	141,103.00	128,395.37		12,707.63	
New Jersey Department of Community Affairs Demolition Loan:						
Principal	3,727.00	3,727.00			3,727.00	
Interest	57.00	57.00			57.00	
TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS":	1,321,912.00	1,321,912.00	1,223,202.58		98,709.42	
DEFERRED CHARGES-EXCLUDED FROM "CAPS":						
Special Emergency Authorizations 5 Years	467,429.00	467,429.00	467,429.00			
TOTAL DEFERRED CHARGES-EXCLUDED FROM "CAPS":	467,429.00	467,429.00	467,429.00			

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

GENERAL CAPITAL FUND

"C-1"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 7,214.66
Increased by:		
Premium on Bond Anticipation Note Issued	C-2	<u>8,458.58</u>
		\$ <u>15,673.24</u>
Decreased by:		
2013 Budget Revenue	C-2	<u>7,214.66</u>
Balance, December 31, 2013	C	\$ <u><u>8,458.58</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SWIM POOL UTILITY FUND

"D-1"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

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

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance	D-2	\$ 16,000.00	\$ 29,525.00
Membership Fees	D-2	21,315.00	26,770.00
Non-Resident Membership Fees	D-2	2,575.00	4,780.00
Miscellaneous Revenues	D-2	102,110.75	122,118.14
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-5	<u>5,186.45</u>	<u>3,849.59</u>
		\$ <u>147,187.20</u>	\$ <u>187,042.73</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 152,500.05	\$ 120,700.00
Deferred Charges and Statutory Expenditures	D-3	<u>6,282.14</u>	<u>14,824.02</u>
		\$ <u>158,782.19</u>	\$ <u>135,524.02</u>
Excess (Deficit) in Revenue		\$ (11,594.99)	\$ 51,518.71
Adjustment to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-3	<u>1,955.19</u>	<u>51,518.71</u>
Statutory Excess to Fund Balance			
Operating Deficit to be Raised in Budget of Succeeding Year	D-15	<u>\$ 9,639.80</u>	
Fund Balance, January 1	D	\$ <u>97,822.45</u>	<u>75,828.74</u>
		\$ <u>97,822.45</u>	\$ <u>127,347.45</u>
Decreased by:			
Utilized by Operating Budget		\$ 16,000.00	\$ 29,525.00
Current Fund Budget Revenue	D-4	<u>30,000.00</u>	<u>29,525.00</u>
		\$ <u>46,000.00</u>	\$ <u>29,525.00</u>
Fund Balance, December 31	D	\$ <u>51,822.45</u>	\$ <u>97,822.45</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSIDE
SWIM POOL UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Salaries and Wages	\$ 80,250.00	\$ 80,250.00	\$ 81,923.05	\$	\$ 1,673.05
Other Expenses	49,275.00	49,275.00	48,614.05	660.95	
Capital Improvements:					
Down Payments on Improvements	5,000.00	5,000.00			
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	5,000.00	
Debt Service:					
Payment of Bond Anticipation and Capital Note	5,000.00	5,000.00	5,000.00		
Interest on Notes	1,302.00	1,302.00	1,302.00		
Statutory Expenditures:					
Social Security	6,000.00	6,000.00	6,282.14		282.14
	<u>\$ 156,827.00</u>	<u>\$ 156,827.00</u>	<u>\$ 153,121.24</u>	<u>\$ 5,660.95</u>	<u>\$ 1,955.19</u>
	D-2		D-1	D:D-1	D-1:D-15
Cash Disbursements			\$ 144,336.51		
Accrued Interest on Notes			1,302.00		
Accounts Payable			7,482.73		
			<u>\$ 153,121.24</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

PUBLIC ASSISTANCE TRUST FUND

GENERAL FIXED ASSETS ACCOUNT GROUP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created.

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

Swim Pool Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned Swim Pool Utility.

Public Assistance Trust Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Asset Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - New Jersey Administrative Code (N.J.A.C. 5:30-5.6), Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Township's most recent property revaluation.

The Township developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm as of December 31, 2012.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Swim Pool Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30- 5.6.

Property and equipment purchased by the Swim Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Township of Hillside had the following cash and cash equivalents at December 31, 2013:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$20,302,596.05	(\$2,693,571.83)		\$17,609,024.22
N.J. Cash Management	86.77			86.77
Total Cash in Bank	20,302,682.82	(2,693,571.83)		17,609,110.99
Change Funds			\$690.00	690.00
Total Cash and Cash Equivalents	<u>\$20,302,682.82</u>	<u>(\$2,693,571.83)</u>	<u>\$690.00</u>	<u>\$17,609,800.99</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2013, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$20,302,682.82, \$250,000.00 was covered by Federal Depository Insurance, \$20,052,596.05 was covered under the provisions of NJGUDPA and \$86.77 was on deposit with the New Jersey Cash Management Fund.

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

As of December 31, 2013, the Township has \$86.77 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

The Township of Hillside's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds. A summary of bond and note transactions for the year ended December 31, 2013 are detailed on Exhibits "C-12", "C-13", "C-15", "C-16" and "D-16."

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>CY2013</u>	<u>CY2012</u>	<u>TY2011</u>
Issued:			
General:			
Bonds, Notes and Loans	\$3,919,157.33	\$4,385,095.72	\$4,843,194.57
Swim Pool Utility:			
Notes	<u>75,000.00</u>	<u>75,000.00</u>	
Total Issued	<u>\$3,994,157.33</u>	<u>\$4,460,095.72</u>	<u>\$4,843,194.57</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	981,884.42	981,435.42	981,435.42
Swim Pool Utility:			
Bonds and Notes	<u>100,600.00</u>	<u>100,600.00</u>	
Total Authorized But Not Issued	<u>1,082,484.42</u>	<u>1,082,035.42</u>	<u>981,435.42</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	<u>\$5,076,641.75</u>	<u>\$5,542,131.14</u>	<u>\$5,824,629.99</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

General Improvement bonds payable with their outstanding balances are comprised of the following individual issues:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER <u>31, 2013</u>
\$3,598,000.00 in General Improvement Bonds dated October 15, 2003, due in remaining annual installments ranging between \$318,000.00 and \$320,000.00 beginning October 15, 2014 and ending October 15, 2016 with interest from 3.50% to 3.75%	<u>\$958,000.00</u>
	<u><u>\$958,000.00</u></u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2013, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$ 981,884.42</u>
Swim Pool Capital Fund	<u>\$ 100,600.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

In addition, the Township has entered into three Environmental Infrastructure Trust Loan Agreements with the State of New Jersey for the Joint Meeting of Essex and Union Counties project. The loans are payable over 20 years. The first loan 2002A dated 10/15/02, consists of two parts, an interest bearing portion of \$200,000.00 (the Trust Loan) and a non-interest bearing portion of \$208,697.00 (the Fund Loan). The rate of Interest on the Trust Loan is variable ranging from 3.00% to 5.25%.

Following are the maturities and debt schedule for the outstanding principal and interest on the loan:

<u>Year</u>	<u>Trust Loan 2002A</u>		<u>Fund Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2014	\$10,000.00	\$5,737.50	\$10,193.75	\$25,931.25
2015	10,000.00	5,212.50	9,853.69	25,066.19
2016	10,000.00	4,712.50	9,529.83	24,242.33
2017	10,000.00	4,212.50	9,205.95	23,418.45
2018	15,000.00	3,712.50	12,120.77	30,833.27
2019	15,000.00	2,962.50	11,634.97	29,597.47
2020	15,000.00	2,212.50	11,149.16	28,361.66
2021	15,000.00	1,462.50	10,663.36	27,125.86
2023	15,000.00	712.50	10,177.77	25,890.27
	<u>\$115,000.00</u>	<u>\$30,937.50</u>	<u>\$94,529.25</u>	<u>\$240,466.75</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS (CONTINUED)

The third Environmental Infrastructure Trust loan, 2010A dated 03/10/10, also consists of two parts, an interest bearing portion of \$125,000.00 (the Trust Loan) and a non-interest bearing portion of \$122,926.00 (the Fund Loan). The rate of interest on the Trust Loan is variable ranging from 4.00% to 5.00%.

Following are the maturities and debt schedule for the outstanding principal and interest on the loan:

<u>Year</u>	<u>Trust Loan 2010A</u>		<u>Fund Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2014	\$5,000.00	\$4,600.00	\$6,250.47	\$15,850.47
2015	5,000.00	4,350.00	6,250.47	15,600.47
2016	5,000.00	4,100.00	6,250.47	15,350.47
2017	5,000.00	3,850.00	6,250.47	15,100.47
2018	5,000.00	3,600.00	6,250.47	14,850.47
2019	5,000.00	3,350.00	6,250.47	14,600.47
2020	5,000.00	3,150.00	6,250.47	14,400.47
2021	5,000.00	2,900.00	6,250.47	14,150.47
2022	5,000.00	2,750.00	6,250.47	14,000.47
2023	5,000.00	2,550.00	6,250.47	13,800.47
2024	10,000.00	2,350.00	6,250.47	18,600.47
2025	10,000.00	1,950.00	6,250.47	18,200.47
2026	10,000.00	1,550.00	6,250.47	17,800.47
2027	10,000.00	1,200.00	6,250.47	17,450.47
2028	10,000.00	800.00	6,250.47	17,050.47
2030	10,000.00	400.00	6,250.56	16,650.56
	<u>\$110,000.00</u>	<u>\$43,450.00</u>	<u>\$100,007.61</u>	<u>\$253,457.61</u>

NOTE 5: PROPERTY TAXES (CONTINUED)

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2013</u>	BALANCE DECEMBER 31, <u>2012</u>
Prepaid Taxes	<u>\$931,420.50</u>	<u>\$154,869.02</u>

NOTE 6: PENSION PLANS

Township employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees Retirement System, the Police and Firemen's Retirement System, and the Consolidated Police and Firemen's Pension Fund of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the cost are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$3,669,427.19 for 2013, \$3,363,228.79 for 2012 and \$3,437,934.20 for 2011.

Certain Township employees are also covered by Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 8: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 9: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51. The Township has made provision from tax revenues, in the amount of \$63,215.07 for these appeals in the event that the tax reductions are granted.

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. The state and federal grants received and expended in 2013 were subject to the Single Audit Act Amendments of 1996 and State of New Jersey OMB Circular 04-04, which mandates that grant revenues and expenditures be audited in conjunction with the Township's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Single Audit Section, 2013 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2013, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the Balance Sheets of the Township:

	BALANCE DECEMBER 31 <u>2013</u>	2014 BUDGET <u>APPROPRIATION</u>	DEFERRED <u>AMOUNT</u>
Current Fund:			
Special Emergency Authorization 40A:4-53	\$1,637,757.87	\$634,096.00	\$1,003,661.87
Overexpenditure of Appropriations	84,566.52	84,566.52	-0-
Overexpenditure of Appropriation			
Reserves	1,223.73	1,223.73	-0-
Expenditure without an Appropriation	38,446.91	38,446.91	-0-
	<u>\$1,761,995.03</u>	<u>\$758,333.16</u>	<u>\$1,003,661.87</u>
Swim Pool Utility Operating Fund:			
Deficit in Swim Pool Utility Operating Fund	\$9,639.80	\$9,339.80	\$-0-
Overexpenditure of Appropriations	1,955.19	1,955.19	-0-
	<u>\$11,594.99</u>	<u>\$11,294.99</u>	<u>\$-0-</u>

NOTE 13: DEFERRED COMPENSATION PLAN

The Township offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The township does not make any contribution to the plans. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardship.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plans were amended to require that all amounts of compensation deferred under the Plans are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plans are held in trust, in annuity contracts or custodial accounts. All assets of the plans are held by independent administrators.

The accompanying financial statements do not include the Township's Deferred Compensation Plans activities. The Township's Deferred Compensation Plans financial statements are contained in a separate review report.

NOTE 15: LEASE PURCHASE AGREEMENT (CONTINUED)

In accordance with the terms of the lease agreements, the Township will be obligated to make the following rental payments:

<u>Year Ended December 31</u>	<u>Capital Equipment Lease - 2004</u>	<u>Capital Equipment Lease - 2006</u>	<u>Total</u>
2014	\$118,145.50	\$523,414.01	\$641,559.51
2015	64,954.76	506,608.45	571,563.21
2016	63,101.82	489,802.89	552,904.71
2017	61,185.00	317,149.32	378,334.32
2018	59,140.40	306,577.68	365,718.08
2019	55,817.90	296,006.04	351,823.94
2020		285,434.40	285,434.40
2021		274,862.76	274,862.76
	<u>\$422,345.38</u>	<u>\$2,999,855.55</u>	<u>\$3,422,200.93</u>

NOTE 16: SUBSEQUENT EVENTS

The Township has evaluated material subsequent events occurring after the financial statement date through November 21, 2014 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no material subsequent events needed to be disclosed with the exception of the following:

Debt Issued

On August 7, 2014, the Township issued a \$2,439,400.00 Bond Anticipation Note with an interest rate of 1.00% maturing August 7, 2015. The proceeds of the note will be used to fund outstanding bond anticipation notes and to fund unfinanced portions of various capital projects.

Also, on August 10, 2014, the Township issued a \$595,200.00 Emergency Note with an interest rate of 1.25% maturing August 9, 2015. The proceeds of the note will be used to fund the payment of various contractually required severance liabilities.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Township on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Township's contributions to SHBP for the years ended December 31, 2013, 2012 and 2011 were \$2,451,544.30, \$2,101,970.41 and \$1,985,447.28 which equaled the required contributions for each year.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes, commencing with the 2008 fiscal year.

The Township has not obtained the calculation its OPEB obligations from New Jersey State Health Benefits Plan. The impact of this liability on the financial position or results of operations, if any, cannot be readily determined at this time.

TOWNSHIP OF HILLSIDE
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 2,924,229.49
Increased by:			
Revenue Accounts Receivable	A-13	\$ 638,819.26	
Senior Citizens' Deductions Disallowed - Prior Year	A-8	331.51	
Taxes Receivable	A-9	63,229,717.53	
Tax Title Liens	A-10	809.32	
Sewer Charges Receivable	A-11	1,748,393.56	
Tax Overpayments	A-17	125,697.97	
Prepaid Taxes	A-18	931,420.50	
Prepaid Sewer Charges	A-37	262.00	
Miscellaneous Revenue Not Anticipated	A-2	<u>237,122.15</u>	
			\$ <u>66,912,573.80</u>
			\$ <u>69,836,803.29</u>
Decreased by:			
Payment to Treasurer	A-4		\$ <u>69,836,803.29</u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF DUE TO/FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

	<u>REF.</u>		
Increased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings		\$ 143,750.00	
Senior Citizens' and Veterans' Deductions Granted by Tax Collector:			
2013 Taxes		<u>2,500.00</u>	
	A-9		\$ <u>146,250.00</u>
Decreased by:			
Cash Receipts	A-4	\$ 134,403.77	
Senior Citizens' Deductions Disallowed by Tax Collector:			
Prior Year	A-5	<u>331.51</u>	
			\$ <u>134,735.28</u>
Balance, December 31, 2013 (Due From)	A		\$ <u><u>11,514.72</u></u>

"A-10"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 953,493.45
Increased by:			
Transferred from Property Taxes Receivable	A-9	\$ 58,152.16	
Transfer from Sewer Use Charges Receivable	A-11	3,235.03	
Other Charges		<u>1,095.83</u>	
			<u>62,483.02</u>
			\$ 1,015,976.47
Decreased by:			
Collections	A-2:A-5	\$ 809.32	
Transferred to Foreclosed Property	A-12	<u>513,511.25</u>	
			<u>514,320.57</u>
Balance, December 31, 2013	A		\$ <u>501,655.90</u>

"A-11"

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

Balance, December 31, 2012	A		\$ 115,042.65
Increased by:			
Levy			<u>1,783,386.87</u>
			\$ 1,898,429.52
Decreased by:			
Collections	A-2:A-5	\$ 1,748,393.56	
Prepaid Applied	A-2;A-36	258.43	
Transferred to Liens	A-10	<u>3,235.03</u>	
			<u>1,751,887.02</u>
Balance, December 31, 2013	A		\$ <u>146,542.50</u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 2012	ACCRUED	COLLECTED BY		BALANCE DECEMBER 31, 2013
			TREASURER	COLLECTOR	
Clerk:					
Licenses					
Alcoholic Beverage	\$ 81.00	\$ 14,067.80	\$ 14,148.80	\$	
Other	100.01	4,342.29	4,442.30		
Fees and Permits	24.20	3,434.36	3,458.56		
Tax Assessor:					
Fees and Permits		222.00	222.00		
Board of Health:					
Licenses					
Fees and Permits	21.00	13,282.75	13,303.75		
Police Department	425.00	3,435.00	3,860.00		
Fees and Permits		(1,950.32)	5,400.00		
Fire Department:	7,350.32				
Fees and Permits	11,336.00	7,798.00	19,134.00		
Municipal Court:					
Fines and Costs	23,591.22	338,481.96	344,224.86		17,848.32
Other Fees and Permits		10,637.00	10,637.00		
Interest and Costs on Taxes		553,535.08		553,535.08	
Interest on Investments and Deposits		46,817.77	46,817.77		
Cable T. V. Franchise Fees		60,682.78	60,682.78		
Alarm Fees		21,325.00	21,325.00		
Off Duty Administrative Fees		154,629.84	154,629.84		
Payment In Lieu of Taxes - Gargiulo		85,284.18		85,284.18	
Ambulance Service Fees		169,248.41	169,248.41		
Consolidated Municipal Property Tax Relief Aid		1,057,476.00	1,057,476.00		
Energy Receipts Tax		3,257,223.00	3,257,223.00		
Utility Operating Surplus of Prior Year		30,000.00	30,000.00		
Capital Surplus		7,214.66	7,214.66		
FEMA Reimbursement		66,547.60	66,547.60		
Construction Code Official					
Fees and Permits	12,498.34	293,489.73	305,988.07		
Uniform Fire Safety Act		24,960.64	24,960.64		
	\$ 55,427.09	\$ 6,222,185.53	\$ 5,620,945.04	\$ 638,819.26	\$ 17,848.32
	A		A-4	A-5	A

"A-15"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 438,532.56
Decreased by:		
Cash Disbursements	A-4	<u>375,317.49</u>
Balance, December 31, 2013	A	<u>\$ 63,215.07</u>

"A-16"

SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2012 and December 31, 2013	A	<u>\$ 2,174.10</u>
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TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 2,104,935.45
Increased by:			
2013 Appropriations	A-3	\$ 291,553.09	
Reserve for Grants Appropriated	A-21	<u>41,436.61</u>	
			<u>332,989.70</u>
			\$ <u>2,437,925.15</u>
Decreased by:			
Transferred to Appropriation Reserves	A-20	\$ 2,048,856.99	
Transferred to Grants Appropriated	A-21	<u>55,604.09</u>	
			<u>2,104,461.08</u>
Balance, December 31, 2013			\$ <u><u>333,464.07</u></u>
Current Fund	A		291,553.09
Grant Fund	A		<u>41,910.98</u>
			\$ <u><u>333,464.07</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>				
Traffic Lights	\$ 617.15	\$ 44,085.03	\$ 41,174.09	\$ 2,910.94
Mayor's Committee on Drugs and Alcohol	500.00	500.00		500.00
Garage Service and Repairs	1,338.17	24,692.37	19,409.23	5,283.14
Emergency Management	2,179.01	2,179.01		2,179.01
Roads Repair and Maintenance	7,676.15	76,043.34	68,148.42	7,894.92
Garbage, Trash and Recycling Collection	87,773.14	450,767.02	426,433.04	24,333.98
Sewer System	3,604.08	27,349.12	22,227.72	5,121.40
Sewer Pumping System	12,728.40	26,987.28	15,097.46	11,889.82
Joint Sewer Administrative Costs	459.39	1,209.86		1,209.86
Board of Health	10,046.18	15,675.36	15,070.90	604.46
Community Recreation Commission	2,818.55	7,902.12	6,633.15	1,268.97
Building Inspector (Code Enforcement)	3,581.25	8,196.75	3,704.78	4,491.97
Celebration of Public Events	9,487.00	9,487.00		9,487.00
Municipal Court	15,352.69	19,905.29	4,962.82	14,942.47
Cable T.V. and Community/Public Access	3,000.00	3,000.00		3,000.00
Property Clean-Up	12,875.87	12,875.87		12,875.87
Public Defender	2,525.00	2,525.00		2,525.00
Senior Citizens	2,100.79	3,974.96	3,847.67	127.29
Board of Health Blood Borne Pathogens	500.00	500.00		500.00
Utilities- All	146,859.19	268,371.70	218,824.48	49,547.22
Street Lighting	44,278.07	119,177.11	119,176.30	0.81
Fire Hydrant Service	33,797.47	88,933.10	88,932.45	0.65
Contingent	995.16	995.16		995.16
Social Security (O.A.S.I.)	11,314.38	11,314.38		11,314.38
Consolidated Police and Firemens' Pension Fund	18,480.21	18,480.21		18,480.21
Police and Firemens' Retirement System of N.J.	5.00	5.00		5.00
Hurricane Sandy		518,590.49	518,590.49	
Municipal Alliance Grant Matching Funds	13,500.00	13,500.00		13,500.00
	<u>1,494,725.08</u>	<u>3,543,582.07</u>	<u>2,570,109.67</u>	<u>973,472.40</u>
Sub-Total Other Expenses	<u>\$ 1,580,640.60</u>	<u>\$ 3,629,497.59</u>	<u>\$ 2,585,244.82</u>	<u>\$ 1,044,252.77</u>
<u>REF.</u>	A		A-4	A-1
Appropriation Reserves	A-20	\$ 1,580,640.60		
Transferred from Accounts Payable	A-19	<u>2,048,856.99</u>		
		<u>\$ 3,629,497.59</u>		

"A-22"

TOWNSHIP OF HILLSIDE

GRANTS FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2012	CASH RECEIPTS	APPLIED	BALANCE DECEMBER 31, 2013
Recycling Tonnage Grant	\$ 17,918.85	\$ 7,879.49	\$ 17,918.85	\$ 7,879.49
Body Armor Fund	6,366.90	7,920.73		14,287.63
Alcohol Education and Rehabilitation		580.52		580.52
	<u>\$ 24,285.75</u>	<u>\$ 16,380.74</u>	<u>\$ 17,918.85</u>	<u>\$ 22,747.64</u>

REF.

A

A-4

A-14

A

"A-26"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance December 31, 2012	A	\$	13,346.31
Increased by:			
Tax Levy	A-9	\$	8,648,743.71
Added Taxes			
2013	A-9		4,160.86
2012	A-1		<u>2,367.63</u>
			8,655,272.20
		\$	<u>8,668,618.51</u>
Decreased by:			
Payments	A-4		<u>8,662,548.28</u>
Balance December 31, 2013	A	\$	<u><u>6,070.23</u></u>

"A-27"

SCHEDULE OF SCHOOL TAXES PAYABLE

Balance December 31, 2012	A	\$	2,170,049.00
Increased by:			
Levy	A-1:A-9		<u>26,300,994.00</u>
		\$	<u>28,471,043.00</u>
Decreased by:			
Disbursements	A-4	\$	<u><u>28,471,043.00</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2012	ADDED IN 2013	RAISED IN 2013 BUDGET	BALANCE DECEMBER 31, 2013
Overexpenditure of 2012 Appropriations	\$ 2,104.48	\$	880.75	\$ 1,223.73
Overexpenditure of 2011 Appropriation Reserves	8,283.18		8,283.18	38,446.91
Expenditure Without an Appropriation	38,446.91			84,566.52
Overexpenditure of 2013 Appropriations		84,566.52		
	<u>\$ 48,834.57</u>	<u>\$ 84,566.52</u>	<u>\$ 9,163.93</u>	<u>\$ 124,237.16</u>

REF.

A

A-3

A-3

A

"A-31"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAX ANTICIPATION NOTE

<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>
8/1/2012	8/1/2012	3/1/2013	1.050%	\$ <u>8,000,000.00</u>	\$ <u>8,000,000.00</u>
				\$ <u>8,000,000.00</u>	\$ <u>8,000,000.00</u>
			<u>REF.</u>	A	A-4

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES
SPECIAL EMERGENCY - N.J.S.A. 40A 4-53

DATE AUTHORIZED	PURPOSE	NET AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2012	ADDED IN 2013	CASH RECEIPTS	RAISED IN 2013 BUDGET	BALANCE DECEMBER 31, 2013
4/5/2011	Contractually Required Severance Liabilities	\$ 992,079.54	\$ 198,415.31	\$ 595,247.54	\$	\$	\$ 198,415.00	\$ 396,832.54
8/7/2012	Contractually Required Severance Liabilities	192,781.02	38,556.20	192,781.02			38,556.00	154,225.02
9/4/2012	Contractually Required Severance Liabilities	622,287.28	124,457.46	622,287.28			124,458.00	497,829.28
12/30/2012	Hurricane Sandy Storm Damage	530,000.00	106,000.00	530,000.00		335,128.97	106,000.00	88,871.03
10/15/2013	Contractually Required Severance Liabilities	500,000.00	100,000.00		500,000.00			500,000.00
				\$ 1,940,315.84	\$ 500,000.00	\$ 335,128.97	\$ 467,429.00	\$ 1,637,757.87
	REF.			A	A-3	A-4	A-3	A

"A-36"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF RESERVE FOR RETIREMENT

REF.

Balance, December 31, 2012 and December 31, 2013	A	\$ <u>171,679.14</u>
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"A-37"

SCHEDULE OF PREPAID SEWER CHARGES

Balance, December 31, 2012	A	\$ 258.43
Increased by:		
Cash Receipts	A-5	<u>262.00</u>
		\$ 520.43
Decreased by:		
Applied	A-11	<u>258.43</u>
Balance, December 31, 2013	A	\$ <u>262.00</u>

"B-2"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2012	B		\$ 10,971.75
Increased by:			
Dog License Fees	B-1	\$ 4,410.00	
Encumbrances Payable	B-21	11,998.00	
Miscellaneous	B-1	<u>710.80</u>	
			\$ <u>17,118.80</u>
			\$ <u>28,090.55</u>
Decreased by:			
Cash Disbursements	B-1	\$ <u>19,294.00</u>	
			<u>19,294.00</u>
Balance, December 31, 2013	B		\$ <u><u>8,796.55</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
SFY2011	\$ 5,226.50
SFY2012	<u>4,752.00</u>
	\$ <u><u>9,978.50</u></u>

"B-3"

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FEES DUE STATE OF NEW JERSEY

Balance, December 31, 2012	B	\$ 23.40
Increased by:		
Cash Receipts	B-1	<u>1,149.00</u>
		\$ <u>1,172.40</u>
Decreased by:		
Cash Disbursements	B-1	<u>1,157.40</u>
Balance, December 31, 2013	B	\$ <u><u>15.00</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

<u>PROGRAM DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>GRANTS APPROVED BY COUNTY OF UNION</u>	<u>EXPENDED</u>	<u>BALANCE DECEMBER 31, 2013</u>
Program Year 31:				
Bathroom Renovations	\$ 13,360.67	\$	\$	13,360.67
Program Year 37:				
Street Improvements	35,321.88		31,826.60	3,495.28
Buie Center Youth Recreation	57.40			57.40
Housing and Code Enforcement	1,038.69			1,038.69
Program Year 38:				
Municipal Pool Complex ADA	15,000.00			15,000.00
Buie Center Youth Recreation	11,136.93		8,909.21	2,227.72
Senior Citizens Program	6,855.00		6,853.50	1.50
Maternal Child Health Care	19,442.28		16,919.99	2,522.29
Senior Citizens Health Care Program	10,162.72		10,158.68	4.04
Code Enforcement	50,000.04		50,000.04	
Program Year 39:				
Buie Center Youth Recreation		13,560.00	3,189.97	10,370.03
Senior Citizens Program		10,680.00	3,447.00	7,233.00
Maternal Child Health Care		25,500.00	9,357.72	16,142.28
Senior Citizens Health Care Program		13,690.00	5,527.28	8,162.72
Code Enforcement		65,000.00	22,500.00	42,500.00
Street Reconstruction and Resurfacing		60,000.00		60,000.00
	\$ 162,375.61	\$ 188,430.00	\$ 168,689.99	\$ 182,115.62
	2,085.13			2,085.13
Program Income - Sidewalk Reimbursements	\$ 164,460.74	\$ 188,430.00	\$ 168,689.99	\$ 184,200.75
	B	B-4		B
REF.				
Cash Disbursements			\$ 152,792.54	
Accounts Payable			15,897.45	
			\$ 168,689.99	

"B-9"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	84,703.16
Decreased by:			
Cash Disbursements	B-1		<u>4,283.52</u>
Balance, December 31, 2013	B	\$	<u><u>80,419.64</u></u>

"B-10"

SCHEDULE OF RESERVE FOR WORKER COMPENSATION

Balance, December 31, 2012	B	\$	<u>7,657.91</u>
Decreased by:			
Cash Disbursements	B-1	\$	<u><u>7,657.91</u></u>

"B-13"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF POLICE OFF-DUTY ESCROW

REF.

Balance, December 31, 2012	B	\$	98,985.24
Increased by:			
Cash Receipts	B-1		<u>449,297.45</u>
			548,282.69
Decreased by:			
Cash Disbursements	B-1		<u>467,580.74</u>
Balance, December 31, 2013	B	\$	<u>80,701.95</u>

"B-14"

SCHEDULE OF RESERVE FOR LOCAL LAW ENFORCEMENT BLOCK GRANT

Balance, December 31, 2012 and December 31, 2013	B	\$	<u>628.02</u>
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"B-15"

SCHEDULE OF RESERVE FOR SPECIAL LAW ENFORCEMENT TRUST

Balance, December 31, 2012	B	\$	24,966.82
Increased by:			
Cash Receipts	B-1		<u>12,936.13</u>
Balance, December 31, 2013	B	\$	<u>37,902.95</u>

"B-17"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR FEDERAL LAW ENFORCEMENT TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	233,569.75
Increased by:			
Cash Receipts	B-1		<u>488,328.22</u>
		\$	<u>721,897.97</u>
Decreased by:			
Cash Disbursements	B-1		<u>355,626.93</u>
Balance, December 31, 2013	B	\$	<u><u>366,271.04</u></u>

"B-18"

SCHEDULE OF RESERVE FOR BUILDING DEPARTMENT ESCROW

Balance, December 31, 2012	B	\$	189,653.47
Increased by:			
Cash Receipts	B-1		<u>223,008.81</u>
		\$	<u>412,662.28</u>
Decreased by:			
Cash Disbursements	B-1		<u>60,777.08</u>
Balance, December 31, 2013	B	\$	<u><u>351,885.20</u></u>

TOWNSHIP OF HILLSIDE

ANIMAL CONTROL TRUST FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2012				
Due To	B	\$ <u>66,611.00</u>	\$ <u>64,611.00</u>	\$ <u>2,000.00</u>
Receipts	B-1	<u>17,997.00</u>	<u>17,997.00</u>	<u> </u>
Balance, December 31, 2013				
Due To	B	\$ <u><u>84,608.00</u></u>	\$ <u><u>82,608.00</u></u>	\$ <u><u>2,000.00</u></u>

"B-23"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR RETIREE PRESCRIPTION ACCOUNT

REF.

Increased by:			
Cash Receipts	B-1	\$	105,790.85
Decreased by:			
Cash Disbursements	B-1		<u>87,911.64</u>
Balance, December 31, 2013	B	\$	<u><u>17,879.21</u></u>

"B-24"

SCHEDULE OF RESERVE FOR FLEXIBLE SPENDING ACCOUNT

Increased by:			
Cash Receipts	B-1	\$	5,000.00
Decreased by:			
Cash Disbursements	B-1		<u>4,980.00</u>
Balance, December 31, 2013	B	\$	<u><u>20.00</u></u>

"C-3"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
Capital Improvement Fund	\$ 398,412.46
Contracts Payable	249,250.20
Reserve for U.C.I.A.	2,158,304.13
Due U.C.I.A.	249,428.76
Reserve for Construction of Salt Shed	89,321.76
Grants Receivable	(6,882.08)
U.C.I.A. Receivable	(3,199,263.52)
Infrastructure Loan Receivable	(493,779.00)
Improvement Authorizations Funded (Set Forth on Exhibit "C-11")	569,696.81
Improvement Authorizations Expended (Set Forth on Exhibit "C-8")	(27,671.70)
Unexpended Proceeds of Bond Anticipation Notes	301,214.12
Interfunds Receivable	(296,063.38)
Interfunds Payable	32,679.40
Fund Balance	<u>8,458.58</u>
	<u>\$ 33,106.54</u>

REF.

C

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

REF.

Balance December 31, 2012 and
December 31, 2013

C

\$ 6,882.08

Analysis of Balance

Department of Transportation - West King Street

\$ 6,882.08

TOWNSHIP OF HILLSIDE
 GENERAL CAPITAL FUND

ECONOMIC DEVELOPMENT AUTHORITY

SCHEDULE OF LOAN PAYABLE

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF LOAN OUTSTANDING DECEMBER 31, 2013 DATE	INTEREST RATE	BALANCE DECEMBER 31, 2012	DECREASED	BALANCE DECEMBER 31, 2013
Underground Storage Tank Loan	5/30/2007	\$ 72,458.00	06/01/14-17 \$ 7,245.80	0.00%	\$ 36,229.00	\$ 7,245.80	\$ 28,983.20
					\$ 36,229.00	\$ 7,245.80	\$ 28,983.20

REF.

C C-4 C

"C-9"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 130,912.46
Increased by:			
Budget Appropriation	C-2		<u>300,000.00</u>
			\$ 430,912.46
Decreased by:			
Cash Disbursements	C-2		<u>32,500.00</u>
Balance, December 31, 2013	C		<u><u>\$ 398,412.46</u></u>

"C-10"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2012	C		\$ 802,705.67
Increased by:			
Contracts Payable:			
Improvement Authorizations	C-11	\$ 20,010.00	
Reserve for U.C.I.A.	C-17	<u>226,409.70</u>	
			<u>246,419.70</u>
			\$ 1,049,125.37
Decreased by:			
Cash Disbursements	C-2	\$ <u>799,875.17</u>	
			<u>799,875.17</u>
Balance, December 31, 2013	C		<u><u>\$ 249,250.20</u></u>
Improvement Authorizations			26,106.20
Reserve for U.C.I.A. (Memo Only)	C-14		<u>223,144.00</u>
			\$ <u><u>249,250.20</u></u>

TOWNSHIP OF HILLSIDE
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2012	INCREASED	DECREASED	BALANCE DECEMBER 31, 2013
09-019	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	8/12/2009	8/10/2012	8/9/2013	1.250%	\$ 1,402,000.00	\$	\$ 1,402,000.00	\$
		8/12/2009	8/9/2013	8/8/2014	1.250%		1,362,000.00		1,362,000.00
08-020	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	8/12/2009	8/10/2012	8/9/2013	1.250%	928,000.00		928,000.00	
		8/12/2009	8/9/2013	8/8/2014	1.250%		886,000.00		886,000.00
						<u>2,330,000.00</u>	<u>2,248,000.00</u>	<u>2,330,000.00</u>	<u>2,248,000.00</u>
							C-2		C
	Cash Disbursements							\$ 2,248,449.00	
	Paid by Budget							<u>81,551.00</u>	
								\$ <u>2,330,000.00</u>	

"C-14"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF U.C.I.A. LEASE RECEIVABLE

	<u>REF.</u>		
Balance December 31, 2012	C	\$	3,534,179.17
Decreased by:			
Cash Receipts	C-2		<u>334,915.65</u>
Balance December 31, 2013	C	\$	<u><u>3,199,263.52</u></u>
<u>Analysis of Balance:</u>			
Reserve for UCIA (Memo Only)	C-17		2,158,304.13
Contracts Payable (Memo Only)	C-10		<u>223,144.00</u>
			2,381,448.13
Unreimbursed Expenditures - Net			<u>817,815.39</u>
		\$	<u><u>3,199,263.52</u></u>

"C-17"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR U.C.I.A. (MEMO ONLY)

	<u>REF.</u>	
Balance December 31, 2012	C	\$ 2,384,713.83
Decreased by:		
Contracts Payable	C-10	<u>226,409.70</u>
Balance December 31, 2013	C	<u>\$ 2,158,304.13</u>

"C-18"

SCHEDULE OF DUE TO U.C.I.A.

Balance December 31, 2012 and December 31, 2013	C	<u>\$ 249,428.76</u>
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TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2013</u>
475	Various Capital Improvements	\$ 800.02
00-018	Various Public Improvements	50.00
02-023	Demolition of Unsafe Buildings and Structures at Various Locations	50,096.40
02-024	Townships Portion of Joint Meeting Capital Improvement Plan	16,303.00
06-016	Townships Portion of Joint Meeting Capital Improvement Plan	15,423.00
0-07-002	Environmental Remediation, Hollywood Ave Firehouse	22,542.00
08-020	Various Public Improvement & Acquisition of New, Additional or Replacement Equipment and Machinery	187.00
09-017	Township's Portion of Joint Meeting Capital Improvement Plan	520,000.00
09-019	Various Public Improvement and Acquisition of New, Additional or Replacement Equipment and Machinery	262.00
09-025	Hillside Ave Stormwater Management System	<u>356,221.00</u>
		<u>\$ 981,884.42</u>

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BUDGET AFTER MODIFICATION	NET PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 2,770.97	\$ 2,770.97	\$	2,770.97
Other Expenses	318.45	7,365.07	6,572.03	793.04
Social Security	1,622.44	1,622.44		1,622.44
	<u>\$ 4,711.86</u>	<u>\$ 11,758.48</u>	<u>\$ 6,572.03</u>	<u>\$ 5,186.45</u>
	D		D-4	D-1
Appropriation Reserves	\$ 4,711.86			
Reestablish Accounts Payable	7,046.62			
	<u>\$ 11,758.48</u>			

REF.

D-5
D-8

"D-7"

TOWNSHIP OF HILLSIDE
SWIM POOL UTILITY FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance December 31, 2013 and December 31, 2012	D	\$ <u>149,400.00</u>

"D-8"

SCHEDULE OF ACCOUNTS PAYABLE

Balance December 31, 2012	D	\$ 7,756.12
Increased by:		
2013 Accounts Payable	D-3	\$ <u>7,482.73</u>
		<u>7,482.73</u>
		\$ 15,238.85
Decreased by:		
Transferred to Appropriations Reserves	D-5	<u>7,046.62</u>
Balance December 31, 2013	D	\$ <u>8,192.23</u>

"D-10"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	<u>BALANCE DECEMBER 31, 2012</u>		<u>CONTRACTS PAYABLE</u>	<u>BALANCE DECEMBER 31, 2013</u>	
			<u>FUNDED</u>	<u>UNFUNDED</u>		<u>FUNDED</u>	<u>UNFUNDED</u>
General Improvement:							
Rebuild Swimming Pool Complex	06/04/84	\$ 3,000.00	\$ 160.94	\$	\$	160.94	\$
Rehabilitation of Municipal Pool	11/09/88	285,000.00	1,149.82			1,149.82	
Various Improvements of Municipal Pool	06/12/12	150,000.00		963.14			963.14
Various Improvements of Municipal Pool	10/03/12	175,000.00	74,400.00	100,600.00	9,466.43	64,933.57	100,600.00
			<u>\$ 75,710.76</u>	<u>\$ 101,563.14</u>	<u>\$ 9,466.43</u>	<u>\$ 66,244.33</u>	<u>\$ 101,563.14</u>
	REF.		D	D	D-18	D	D

"D-13"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>	BALANCE DECEMBER 31, 2013	BALANCE DECEMBER 31, 2012
Rebuild Swimming Pool Complex	6/4/84	\$ 160.94	\$ 160.94
Rehabilitation of Municipal Pool	11/9/88	1,149.82	1,149.82
Various Improvements of Municipal Pool	6/12/12	149,400.00	149,400.00
		<u>\$ 150,710.76</u>	<u>\$ 150,710.76</u>

REF.

D

D

"D-15"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF DEFERRED CHARGES

			ADDED IN		BALANCE
			2013		DECEMBER
					31, 2013
Overexpenditure of 2013 Appropriations	D-3	\$	1,955.19	\$	1,955.19
Deficit in 2013 Operations	D-1		<u>9,639.80</u>		<u>9,639.80</u>
		\$	<u>11,594.99</u>	\$	<u>11,594.99</u>
	REF				D

"D-17"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GENERAL CAPITAL FUND</u>	<u>SWIM POOL UTILITY OPERATING FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2012					
Due from	D	\$ 1,785.76	\$	\$ 1,785.76	\$
Due to	D	<u>74,261.86</u>	<u>74,261.86</u>	<u> </u>	<u> </u>
Receipts	D-4	<u>9,466.43</u>	<u>861.43</u>	<u> </u>	<u>8,605.00</u>
Disbursements	D-4	<u>15,000.00</u>	<u> </u>	<u>15,000.00</u>	<u> </u>
Balance, December 31, 2013					
Due from	D	16,785.76		\$ 16,785.76	
Due to	D	<u>\$ 83,728.29</u>	<u>\$ 75,123.29</u>	<u> </u>	<u>\$ 8,605.00</u>

"D-19"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF ACCRUED INTEREST ON NOTES

	<u>REF.</u>	
Increased by:		
Budget Appropriations for:		
Interest on Notes	D-3	\$ 1,302.00
Decreased by:		
Disbursements	D-4	<u>934.90</u>
Balance, December 31, 2013	D	<u>\$ 367.10</u>

TOWNSHIP OF HILLSIDE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>TOTAL</u>
Balance, December 31, 2012	E	\$ 18,799.83	\$ 16,988.57	\$ 35,788.40
Increased by:				
Due Public Assistance Trust Fund I			149.25	149.25
		<u>\$ 18,799.83</u>	<u>\$ 17,137.82</u>	<u>\$ 35,937.65</u>
Decreased by:				
Due Public Assistance Trust Fund II		\$ 149.25		\$ 149.25
Due Current Fund			17,137.82	17,137.82
Reserve for Public Assistance		18,650.58		18,650.58
		<u>\$ 18,799.83</u>	<u>\$ 17,137.82</u>	<u>\$ 35,937.65</u>

TOWNSHIP OF HILLSIDE

PART II

SINGLE AUDIT SECTION

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

REPORTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH U.S. OMB CIRCULAR NO. A-133

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUPLEE, CLOONEY & COMPANY

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiency 2013-02 which is described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings as item 2013-01. We also noted other instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of this report.

Township of Hillside's Response to Findings

The Township of Hillside's response to the findings identified in our audit will be described in the Township's Corrective Plan on file in the Township Clerk's Office. We did not audit the Township's response and, accordingly, we express no opinion on it.

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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

November 21, 2014

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal Program

In our opinion, the Township of Hillside complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items #2013-03, #2013-04, #2013-05, #2013-06, #2013-07, #2013-08, #2013-09, and #2013-10. Our opinion on each major federal program is not modified with respect to these matters. The Township's response to the noncompliance findings identified in our audit will be described in the Township's corrective action plan on file in the Township Clerk's office. We did not audit the Township's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of the Township of Hillside is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Hillside's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Hillside's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items #2013-03, #2013-04, #2013-05, #2013-06, #2013-07 #2013-08, #2013-09, and #2013-10.

TOWNSHIP OF HILLSIDE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

FEDERAL CFDA NUMBER	GRANTORS NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		RECEIVED 2013	EXPENDITURES 2013	CUMULATIVE EXPENDITURES DECEMBER 31, 2013
			FROM	TO			
<u>U.S. Department of Housing and Urban Development</u>							
<u>Pass Through From County of Union:</u>							
	14.218	\$ 486,039.06	9/1/05	8/31/06	\$	\$	452,678.39
Community Development Block Grant-Year 31	Various						
Community Development Block Grant-Year 37	Various	270,735.00	9/1/11	8/31/12	82,484.58	31,826.60	266,143.63
Community Development Block Grant-Year 38	Various	153,430.00	9/1/12	8/31/13	135,012.05	92,841.42	133,674.45
Community Development Block Grant-Year 39	Various	188,430.00	9/1/13	8/31/14	10,000.00	44,021.97	44,021.97
					227,496.63	168,689.99	896,518.44
<u>U.S. Department of Homeland Security:</u>							
<u>Disaster Grants - Public Assistance</u>							
97.036	PA-02-NJ-4086-PW-02064(1)	659,816.25	10/30/2012	4/30/13	274,923.44	659,816.25	659,816.25
97.036	PA-02-NJ-4086-PW-02858(1)	159,714.25	10/30/2012	4/30/13	66,547.60	159,714.25	159,714.25
97.036	PA-02-NJ-4086-PW-02974(1)	21,447.76	10/30/2012	4/30/13	21,447.76	21,447.76	21,447.76
97.036	PA-02-NJ-4086-PW-02979(0)	42,332.40	10/30/2012	4/30/13	42,332.40	42,332.40	42,332.40
97.036	PA-02-NJ-4086-PW-03116(1)	66,523.63	10/30/2012	4/30/13	406,251.20	883,310.66	883,310.66
<u>U.S. Department of Transportation:</u>							
<u>Pass Through From State of N.J. Division of Highway</u>							
<u>Traffic Safety:</u>							
20.602	OP08-45-01-57	4,000.00	N/A	N/A	4,000.00	4,000.00	4,000.00
20.602	AL05-163	4,000.00	8/19/05	9/30/05			3,800.00
20.602	PT05-63-01-10	12,805.00	2/1/05	10/31/05	4,000.00	4,000.00	11,000.00
							18,800.00
97.044	EMW-2010-FH-00089	3,302,469.00	8/14/11	10/15/15	965,883.52	602,219.40	1,275,251.93
					965,883.52	602,219.40	1,275,251.93
<u>U.S. Department of the Treasury:</u>							
<u>Treasury Forfeiture Fund</u>							
N/A	N/A	1,335,301.79	7/1/09	12/31/13	488,328.22	355,626.93	1,457,358.97
<u>U.S. Department of Justice:</u>							
<u>Pass Through From County of Union:</u>							
16.804	2010-DJ-BX-1177	14,067.90	N/A	N/A			8,611.85
							8,611.85
					\$ 2,090,959.57	\$ 2,013,846.98	\$ 4,539,851.85

TOWNSHIP OF HILLSIDE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2013

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial assistance programs of the Township of Hillside, County of Union, New Jersey. All federal and state financial assistance received directly from federal or state agencies, as well as federal awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Township of Hillside
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|-----------|
| (1) | Type of Auditor’s Report Issued: | Qualified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | Yes |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to basic financial statements noted? | Yes |

Federal Program(s)

- | | | | | | | | | | | | | |
|--------------|---|--------------|----------------|--------|--|--------|---|--------|--------------------------|--------|-------------------------------------|--|
| (1) | Internal Control Over Major Federal Programs: | | | | | | | | | | | |
| | (a) Material weakness identified? | No | | | | | | | | | | |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | Yes | | | | | | | | | | |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unqualified | | | | | | | | | | |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Section.510(a) of Circular OMB A-133? | Yes | | | | | | | | | | |
| (4) | Identification of Major Federal Program(s): | | | | | | | | | | | |
| | <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Grant</u></td> <td style="text-align: center;"><u>Program</u></td> </tr> <tr> <td style="text-align: center;">Number</td> <td></td> </tr> <tr> <td style="text-align: center;">97.083</td> <td>Staffing for Adequate Fire and Emergency Response (SAFER)</td> </tr> <tr> <td style="text-align: center;">16.922</td> <td>Treasury Forfeiture Fund</td> </tr> <tr> <td style="text-align: center;">97.036</td> <td>Disaster Grants - Public Assistance</td> </tr> </table> | <u>Grant</u> | <u>Program</u> | Number | | 97.083 | Staffing for Adequate Fire and Emergency Response (SAFER) | 16.922 | Treasury Forfeiture Fund | 97.036 | Disaster Grants - Public Assistance | |
| <u>Grant</u> | <u>Program</u> | | | | | | | | | | | |
| Number | | | | | | | | | | | | |
| 97.083 | Staffing for Adequate Fire and Emergency Response (SAFER) | | | | | | | | | | | |
| 16.922 | Treasury Forfeiture Fund | | | | | | | | | | | |
| 97.036 | Disaster Grants - Public Assistance | | | | | | | | | | | |
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$300,000.00
Type B Federal Program Threshold <= \$300,000.00 | | | | | | | | | | | |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular A-133? | Yes | | | | | | | | | | |

Township of Hillside
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section III – Findings and Questioned Costs Relative to Major Federal Programs
(Continued)

U.S. Department of Homeland Security - Staffing for Adequate Fire and Emergency Response (SAFER) Grant – CFDA #97-083 (Continued)

Finding #2013-04:

Our examination of the amounts charged to the grant appropriation disclosed that charges for overtime were included. Per the grant agreement, charges for overtime are specifically unallowable. Reimbursement was not sought for these charges, therefore there are no questioned costs.

Recommendation

That only allowable costs be charged to the grant appropriation and that Township records be adjusted accordingly.

Finding #2013-05:

Supporting documentation for fringe benefits submitted for reimbursement was, in one case unavailable for audit. This was the result of a loss of computer files stemming from a failure of the Township's computer server.

Recommendation

That supporting documentation be made available for all expenditures submitted for reimbursement.

U.S. Department of the Treasury – Treasury Forfeiture Fund – CFDA #16.922

Finding #2013-06:

During the course of our audit of the Treasury Forfeiture Funds, we noted two expenditures that exceed the bid threshold that were not awarded by resolution of the governing body.

Recommendation

We recommend that all expenditures in excess of the bid threshold be awarded by resolution of the governing body.

Township of Hillside
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section III – Findings and Questioned Costs Relative to Major Federal Programs
(Continued)

U.S. Department of Homeland Security – Disaster Grants – Public Assistance – 97.036

Finding #2013-09:

We noted that expenditures reported on the Project Worksheet for Debris Removal related to Force labor were not calculated correctly as a result of Township requesting reimbursement for regular time in excess of the 30 day limit imposed by FEMA. Questioned costs for regular time submitted for reimbursement in excess of the 30 period totaled \$17,620.79.

Recommendation:

That all FEMA project workbooks be reviewed for compliance with FEMA regulations prior to being filed with the federal agency.

Finding #2013-10:

Our examination of the calculation for Fringe Benefits reported on the Project Worksheet for Debris Removal related to Force labor do not appear to be calculated correctly. Certain allowable costs were not included in the regular time reimbursement rate, while the rate used for overtime appears to include some costs that are not reimbursable. The effect of these errors has not been determined.

Recommendation:

That the calculation of Fringe Benefit for all FEMA project workbooks be reviewed for accuracy, completeness and compliance with FEMA regulations prior to being filed with the federal agency and resubmitted as necessary.

Township of Hillside
Schedule of Prior Year Audit Findings

Finding #2012-05:

Per the Guidelines, the local agency must annually submit a signed Equitable Sharing Agreement and Certification form within 60 days after the end of an agency's fiscal year. This form was not filed within the required timeframe.

Current Status

This finding is repeated in the current year as finding 2013-07.

PART III

TOWNSHIP OF HILLSIDE

STATISTICAL DATA

LIST OF OFFICIALS

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - SWIM POOL UTILITY FUND

	<u>DECEMBER 31, 2013</u>		<u>DECEMBER 31, 2012</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance	\$ 16,000.00	10.87%	\$ 29,525.00	
Membership Fees	21,315.00	14.48%	26,770.00	14.31%
Non-Resident Membership Fees	2,575.00	1.75%	4,780.00	2.56%
Miscellaneous Revenues	<u>107,297.20</u>	<u>72.90%</u>	<u>125,967.73</u>	<u>67.35%</u>
<u>TOTAL INCOME</u>	<u>\$ 147,187.20</u>	<u>100.00%</u>	<u>\$ 187,042.73</u>	<u>84.21%</u>
<u>EXPENDITURES</u>				
Operating	\$ 152,500.05	96.04%	\$ 120,700.00	89.06%
Deferred Charges and Statutory Expenditures	<u>6,282.14</u>	<u>3.96%</u>	<u>14,824.02</u>	<u>10.94%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 158,782.19</u>	<u>100.00%</u>	<u>\$ 135,524.02</u>	<u>100.00%</u>
Excess/(Deficit) in Revenue	\$ (11,594.99)		\$ 51,518.71	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>1,955.19</u>			
Statutory Excess to Fund Balance			<u>51,518.71</u>	
Operating Deficit to be Raised in Budget of Succeeding Year	<u>(9,639.80)</u>			
Fund Balance, January 1	\$ <u>97,822.45</u>		\$ <u>75,828.74</u>	
Less:				
Fund Balance Utilized	16,000.00		29,525.00	
Current Fund Budget Revenue	<u>30,000.00</u>		<u>29,525.00</u>	
	46,000.00		29,525.00	
Fund Balance, December 31	<u>\$ 51,822.45</u>		<u>\$ 97,822.45</u>	

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
CY2013	\$501,655.90	\$2,875,122.81	\$3,376,778.71	5.26%
CY2012	\$953,493.45	\$2,582,177.98	\$3,535,671.43	5.55%
TY2011	\$888,227.67	\$2,100,616.96	\$2,988,844.63	9.37%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens at year end on the basis of the last assessed valuation of such properties was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
CY2013	\$2,280,100.00
CY2012	\$1,888,000.00
TY2011	\$1,888,000.00

COMPARISON OF SWIM POOL UTILITY MEMBERSHIP FEES

<u>YEAR ENDED</u>	<u>BUDGET ANTICIPATION</u>	<u>REALIZED</u>
December 31, 2013	\$62,460.00	\$23,890.00
December 31, 2012	\$26,000.00	\$31,550.00
December 31, 2011	\$26,000.00	\$32,450.00

OFFICIALS IN OFFICE

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF CORPORATE OR PERSONAL SURETY</u>
Joseph Menza	Mayor	*	
Frank Deo	Councilman at Large	*	
President Carlisle, Jr.	Councilman at Large	*	
Angela R. Garretson	Councilwoman at Large	*	
Tonia Hobbs	Councilwoman Ward 1	*	
Salonia Saxon	Councilwoman Ward 2	*	
Donald DeAugustine	Councilman Ward 3	*	
Gerald Freedman	Councilman Ward 4	*	
Diane Rowe	Township Clerk to 09/01/13	\$18,000.00	Hartford Fire Insurance
Deborah Karlsohn	Township Clerk from 09/01/13	*	
Sonya Wingate	Acting Chief Financial Officer from 01/09/13 to 01/30/13		
Juan Uribe	Chief Financial Officer from 01/31/13	\$100,000.00	Hartford Fire Insurance
Sonya Wingate	Tax Collector/Tax Search Officer	\$250,000.00	Traveler's Casualty & Surety
Norma Garcia Anstatt	Presiding Municipal Judge	\$20,000.00	Hartford Fire Insurance
Lara D. Fabrizio	Municipal Judge	\$18,000.00	Hartford Fire Insurance
Jessica Ciuia	Court Administrator	\$18,000.00	Hartford Fire Insurance
Rosanne F. Amato	Deputy Court Administrator	\$18,000.00	Hartford Fire Insurance
Christine Burgess	Acting Township Attorney	*	
Matthew O'Keefe	Construction Code Official from 02/26/13	*	
Elizabeth Geminder	Health Administrator	*	
Robert Quinlan	Chief of Police to 02/01/13	*	
John Roberts	Acting Chief of Police 02/01/13 to 02/05/13		
Louis Panarese	Chief of Police from 02/05/13	*	
Dominick Naples	Fire Chief	*	

COMMENTS AND RECOMMENDATIONS

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 5, 2013.

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

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
CY2013	31
CY2012	29
TY2011	33
SFY2011	25
SFY2010	25

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	<u>NUMBER MAILED</u>
Payments of 2013 Taxes	50
Delinquent Taxes	50

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus, creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out at year end.

OTHER COMMENTS (CONTINUED)

Payroll

Our audit of the Net Payroll and Payroll Agency Accounts disclosed that a detailed analysis of payroll and payroll deductions balances were not maintained during 2013.

It was also noted that payroll checks are signed electronically by the payroll service provider. Only the Chief Financial Officer is authorized to control the check signing process.

Our examination of the Payroll records also disclosed that the Township uses an outside service provider to calculate and disburse payroll taxes. Per N.J.A.C. 5:30-17.6 the contract authorizing such service must meet certain requirements including provisions that require the provider to be responsible for any errors or omissions and to maintain insurance to indemnify the Township in such cases. The last contact available from the provider was several years old and did not meet the requirement of the Administrative Code.

The code also requires that a resolution of the governing body be passed authorizing the provider to perform the disbursement function. The resolution is also required to designate a responsible individual to authorize and supervise the activities of the provider. No resolution authorizing the service or designating an individual to authorize and supervise the activities of the provider was available for audit.

Tax Collector

Documentation of the process for approving cancellations and adjustments to the tax and sewer records was unavailable for audit.

The detailed analysis of Outside Liens and Tax Sale Premiums at December 31, 2013 were not available for audit.

Tax Assessor

During our audit we determined that the Assessor does not receive all Building Permits on a timely basis. The information from these permits is critical to maintaining proper assessments.

Purchasing

We noted one instance where a written Certification of availability of funds was not obtained from the Chief Financial Officer prior to the award of contracts in excess of the bid threshold.

We noted one instance where a vendor was paid in excess of an established "Not to Exceed" amount without further authorization of the governing body.

Public Assistance Trust Fund

The operation of the Public Assistance Program was transferred to the County of Union in November of 2011. In February 2011 the Township received \$16,988.57 in Supplemental Security Income payments from the State of New Jersey. The Township should investigate the proper disposition of these funds.

RECOMMENDATIONS

*That General Ledgers for all funds be currently and completely maintained and proven to subsidiary records on a monthly basis.

That the Township maintain a General Fixed Asset Ledger in compliance with N.J.A.C 5:30-5.6.

*That all books of original entry be maintained completely and on a timely basis.

*That the practice of issuing confirming purchase orders be discontinued.

*That the books of original entry be proven to the subsidiary ledgers on a monthly basis.

*That sufficient appropriation balances be available prior to the commitment or payment of funds.

*That Substitution Forms be submitted to the Union County Improvement Authority for approval for all items purchased not contained in the original ordinance and lease agreement.

*That reimbursement vouchers be submitted to the Union County Improvement Authority for all eligible outstanding costs on a timely basis.

*That the detailed analysis of Trust and Builders Escrow deposits be agreed to the reconciled balance in the bank account.

*That sufficient balance be made available prior to the commitment or payment of funds from the Builders Escrow Account.

That the Township develops suitable controls and procedures relating to obtaining of additional builders escrow account deposits.

*That sufficient balance be made available prior to the commitment or payment of funds from the Police Outside Overtime Trust in accordance with Local Finance Notice 2000-14.

*That all inactive Grant Receivable and Reserve accounts be examined for validity.

That supporting documentation for the liability for Accumulated Absences be made available for audit

*That a detailed analysis of the balances in the Net Payroll and Payroll Agency Account be prepared on a monthly basis.

*That the Township's use of payroll processing and disbursement services be brought in to compliance with the requirements of N.J.A.C. 5:30-17.

*That the process for approving cancellations and adjustments to the tax and sewer records be documented and made available for audit.

*That the detailed analysis of Outside Liens and Tax Sale Premiums be reconciled to the Cash on Deposit on a monthly basis.

