



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, 2016

TOWNSHIP OF HILLSIDE

I N D E X

	<u>PAGES</u>
<u>PART I</u>	
Independent Auditor's Report	1-3
	<u>EXHIBITS</u>
<u>Current Fund:</u>	
Balance Sheets - Regulatory Basis	"A"
Statements of Operations and Changes in Fund Balance - Regulatory Basis	"A-1"
Statement of Revenues - Regulatory Basis - Year Ended December 31, 2016	"A-2"
Statement of Expenditures - Regulatory Basis - Year Ended December 31, 2016	"A-3"
<u>Trust Fund:</u>	
Balance Sheets - Regulatory Basis	"B"
<u>General Capital Fund:</u>	
Balance Sheets - Regulatory Basis	"C"
Statement of Fund Balance - Regulatory Basis	"C-1"
<u>Swim Pool Utility Fund:</u>	
Balance Sheets - Regulatory Basis	"D"
Statements of Operations and Changes in Operating Fund Balance-Regulatory Basis	"D-1"
Statement of Revenues - Regulatory Basis - Year Ended December 31, 2016	"D-2"
Statement of Expenditures - Regulatory Basis - Year Ended December 31, 2016	"D-3"
<u>Public Assistance Trust Fund:</u>	
Balance Sheets - Regulatory Basis	"E"
<u>General Fixed Assets Account Group:</u>	
Balance Sheets - Regulatory Basis	"F"
	<u>PAGES</u>
Notes to Financial Statements	4-37

TOWNSHIP OF HILLSIDE

I N D E X (CONTINUED)

Supplementary Schedules - All Funds

EXHIBITS

Current Fund:

Schedule of Cash-Treasurer	"A-4"
Schedule of Cash-Collector	"A-5"
Schedule of Change Funds	"A-6"
Schedule of Reserve for Hurricane Sandy	"A-7"
Schedule of Due to/from State of New Jersey Senior Citizens' and Veterans' Deductions	"A-8"
Schedule of Taxes Receivable and Analysis of Property Tax Levy	"A-9"
Schedule of Tax Title Liens	"A-10"
Schedule of Sewer Use Charges Receivable	"A-11"
Schedule of Foreclosed Property	"A-12"
Schedule of Revenue Accounts Receivable	"A-13"
Schedule of Grants Receivable - Grants Fund	"A-14"
Schedule of Prepaid Sewer Charges	"A-15"
Schedule of Sewer Overpayments	"A-16"
Schedule of Tax Overpayments	"A-17"
Schedule of Prepaid Taxes	"A-18"
Schedule of Encumbrances Payable	"A-19"
Schedule of Appropriation Reserves	"A-20"
Schedule of Reserve for Grants-Appropriated - Grants Fund	"A-21"
Schedule of Reserve for Grants-Unappropriated - Grants Fund	"A-22"
Schedule of Reserve for Fire Penalties and Assessments	"A-23"
Schedule of Reserve for Codification of Ordinances	"A-24"
Schedule of Deferred Charges - Grant Fund	"A-25"
Schedule of County Taxes Payable	"A-26"
Schedule of School Taxes Payable	"A-27"
Schedule of Interfunds	"A-28"
Schedule of Deferred Charges	"A-29"
Schedule of Reserve for Sale of Municipal Assets	"A-30"
Schedule of Accounts Payable	"A-31"
Schedule of Due Trust Other Fund	"A-32"
Schedule of Due Swim Pool Capital Fund	"A-33"
Schedule of Deferred Charges - Special Emergency N.J.S.A. 40A 4-53	"A-34"
Schedule of Emergency Note	"A-35"
Schedule of Reserve for Retirement	"A-36"

Trust Fund:

Schedule of Cash-Treasurer	"B-1"
Schedule of Reserve for Animal Control Fund Expenditures	"B-2"
Schedule of Reserve for Animal Control Fees Due State of New Jersey	"B-3"
Schedule of Community Development Block Grant Receivable	"B-4"
Schedule of Reserve for Community Development Block Grant	"B-5"
Schedule of Reserve for Facade Loan Repayments	"B-6"
Schedule of Reserve for Tax Sale Redemption	"B-7"

TOWNSHIP OF HILLSIDE

I N D E X (CONTINUED)

EXHIBITS

Trust Fund (Continued):

Schedule of Reserve for Recreation Trust	"B-8"
Schedule of Reserve for State Unemployment Insurance	"B-9"
Schedule of Reserve for Flexible Spending Account	"B-10"
Schedule of Reserve for UEZ 2 nd Generation Fund	"B-11"
Schedule of Reserve for UEZ Revolving Loan Escrow	"B-12"
Schedule of Police Off-Duty Escrow	"B-13"
Schedule of Reserve for Local Law Enforcement Block Grant	"B-14"
Schedule of Reserve for Special Law Enforcement Trust	"B-15"
Schedule of Reserve for Miscellaneous Trust Deposits	"B-16"
Schedule of Reserve for Federal Law Enforcement Trust Fund	"B-17"
Schedule of Reserve for Building Department Escrow	"B-18"
Schedule of Interfunds - Trust Other Fund	"B-19"
Schedule of Interfunds - Animal Control Trust Fund	"B-20"
Schedule of Encumbrances Payable	"B-21"
Schedule of Reserve for Retiree Prescription Account	"B-22"

General Capital Fund:

Schedule of General Capital Cash-Treasurer	"C-2"
Analysis of Cash	"C-3"
Schedule of Deferred Charges to Future Taxation - Funded	"C-4"
Schedule of Grants Receivable	"C-5"
Schedule of Interfunds	"C-6"
Schedule of Loan Payable - Economic Development Authority	"C-7"
Schedule of Deferred Charges to Future Taxation-Unfunded	"C-8"
Schedule of Capital Improvement Fund	"C-9"
Schedule of Contracts Payable	"C-10"
Schedule of Improvement Authorizations	"C-11"
Schedule of Bond Anticipation Notes	"C-12"
Schedule of Serial Bonds	"C-13"
Schedule of U.C.I.A. Lease Receivable	"C-14"
Schedule of Infrastructure Loan Payable	"C-15"
Schedule of Reserve for U.C.I.A. (Memo Only)	"C-17"
Schedule of Due to U.C.I.A.	"C-18"
Schedule of Reserve for Construction of Salt Shed	"C-19"
Schedule of Bonds and Notes Authorized But Not Issued	"C-20"

Swim Pool Utility Fund:

Schedule of Cash-Treasurer	"D-4"
Schedule of Appropriation Reserves	"D-5"
Schedule of Interfunds	"D-6"
Schedule of Grants Receivable - Capital Fund	"D-7"
Schedule of Encumbrances Payable - Capital Fund	"D-8"
Schedule of Fixed Capital Authorized and Uncompleted - Capital Fund	"D-9"

TOWNSHIP OF HILLSIDE

I N D E X (CONTINUED)

EXHIBITS

Swim Pool Utility Fund (Continued):

Schedule of Improvement Authorizations - Capital Fund	"D-10"
Schedule of Capital Improvement Fund - Capital Fund	"D-11"
Schedule of Reserve for Amortization - Capital Fund	"D-12"
Schedule of Deferred Reserve for Amortization - Capital Fund	"D-13"
Schedule of Fixed Capital	"D-14"
Schedule of Deferred Charges	"D-15"
Schedule of Bond Anticipation Notes	"D-16"
Schedule of Interfunds	"D-17"
Schedule of Accrued Interest on Notes	"D-18"
Schedule of Bonds and Notes Authorized But Not Issued	"D-19"

PAGES

PART II

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	38-39
Schedule of Expenditures of Federal Awards - Year Ended December 31, 2016	40-41
Schedule of Expenditures of State Financial Assistance - Year Ended December 31, 2016	42-43
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance - Year Ended December 31, 2016	44
Schedule of Findings and Questioned Costs for the Year Ended December 31, 2016	45

PART III

Statistical Data	46-50
Officials in Office	51-52
Comments and Recommendations	53-59

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, 2016 AND
DECEMBER 31, 2015



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Hillside
County of Union
Hillside, New Jersey 07205

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Hillside, as of December 31, 2016 and 2015, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's regulatory 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 in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 of Hillside'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 of Hillside'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, 2016 and 2015, 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, 2016.

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, 2016 and 2015, 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, 2016 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.

SUPLEE, CLOONEY & COMPANY

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Hillside's regulatory financial statements. The supplementary information and schedule of expenditures of federal awards and state financial assistance and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents and the schedule of expenditures of state financial assistance as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and schedule of expenditures of federal awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 on our consideration of the Township of Hillside'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 Township of Hillside's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

October 19, 2017

CURRENT FUND

TOWNSHIP OF HILLSIDE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
Cash - Treasurer	A-4	\$ 12,713,385.10	\$ 14,173,963.24
Cash - Change Fund	A-6	690.00	690.00
Due From State of New Jersey: Senior Citizens and Veterans Deductions	A-8	<u>68,053.05</u>	<u>50,535.57</u>
		<u>\$ 12,782,128.15</u>	<u>\$ 14,225,188.81</u>
 Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 3,665,468.71	\$ 3,273,499.21
Tax Title Liens Receivable	A-10	686,491.15	674,022.68
Foreclosed Property	A-12	2,280,100.00	2,280,100.00
Revenue Accounts Receivable	A-13	224,413.31	224,413.31
Interfunds Receivable	A-28	1,164,810.23	879,333.92
Sewer Charges Receivable	A-11	405,420.37	180,719.53
Prepaid School Taxes	A-27 A	<u>2.00</u> \$ 8,426,705.77	<u>1.00</u> \$ 7,512,089.65
 Deferred Charges:			
Overexpenditure of 2014 Appropriations	A-29	\$	\$ 82,489.64
Overexpenditure of 2015 Appropriations	A-29		58,388.77
Overexpenditure of 2016 Appropriations	A-29	10,020.58	
Expenditure Without an Appropriation	A-29	624,813.90	3,783.47
Special Emergency Appropriation 40A: 4-53	A-34	<u>523,014.50</u>	<u>972,694.84</u>
		<u>\$ 1,157,848.98</u>	<u>\$ 1,117,356.72</u>
		<u>\$ 22,366,682.90</u>	<u>\$ 22,854,635.18</u>
 Grant Fund:			
Grant Aid Receivable	A-14	\$ 1,957,644.43	\$ 1,977,393.81
Due Trust Other Fund	A-32	256,355.00	256,355.00
Due Swim Pool Capital Fund	A-33	<u>22,952.50</u>	<u>22,952.50</u>
		2,236,951.93	2,256,701.31
 Deferred Charges:			
Overexpenditure of Reserve for Grants Appropriated		<u></u>	<u>96,523.59</u>
		<u>\$ 2,236,951.93</u>	<u>\$ 2,353,224.90</u>

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Liabilities:			
Appropriation Reserves	A-3:A-20	\$ 910,406.98	\$ 3,619,472.41
Prepaid Sewer Charges	A-15		100.00
Sewer Overpayments	A-16	12,006.37	10,241.38
Tax Overpayments	A-17	158,525.91	113,436.47
Prepaid Taxes	A-18	230,250.84	206,852.61
Encumbrances Payable	A-19	505,857.23	797,379.59
Accounts Payable	A-31	20,720.39	169.74
County Taxes Payable	A-26	15,843.49	16,116.21
Interfunds Payable	A-28	1,858,363.87	1,074,418.14
Emergency Note	A-35	790,455.00	1,240,913.00
Reserve For:			
Fire Penalties and Assessments	A-23	30,256.65	30,256.65
Codification of Ordinances	A-24	189.38	189.38
Sale of Municipal Assets	A-30	10,500.00	10,500.00
Retirement	A-36	52,249.76	52,249.76
Hurricane Sandy	A-7	8,426.16	8,426.16
Unallocated Receipts - Net		41,425.44	37,142.23
		\$ 4,645,477.47	\$ 7,217,863.73
Reserve for Receivables and Other Assets	A	8,426,705.77	7,512,089.65
Fund Balance	A-1	9,294,499.66	8,124,681.80
		\$ 22,366,682.90	\$ 22,854,635.18
Grant Fund:			
Due Current Fund	A-28	\$ 613,695.72	\$ 683,511.10
Encumbrances Payable	A-19	474.37	8,811.14
Due State of New Jersey		25.04	25.04
Reserve for:			
Grants - Appropriated	A-21	1,570,903.38	1,590,042.65
Grants - Unappropriated	A-22	51,853.42	70,834.97
		\$ 2,236,951.93	\$ 2,353,224.90

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

TOWNSHIP OF HILLSIDE

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2016</u>	YEAR ENDED DECEMBER <u>31, 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	A-1:A-2	\$ 2,648,000.00	\$ 2,630,000.00
Miscellaneous Revenues Anticipated	A-2	8,871,216.36	8,377,668.49
Receipts From Delinquent Taxes	A-2	2,718,398.30	2,413,773.25
Receipts From Current Taxes	A-2	64,191,743.94	63,406,277.53
Non-Budget Revenue	A-2	475,998.79	700,663.36
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	<u>2,577,106.04</u>	<u>2,445,710.99</u>
<u>TOTAL REVENUE AND OTHER INCOME REALIZED</u>		<u>\$ 81,482,463.43</u>	<u>\$ 79,974,093.62</u>
 <u>EXPENDITURES</u>			
Budget Appropriations:			
Municipal Purposes	A-3	\$ 39,099,501.50	\$ 39,756,079.50
County Taxes	A-26	8,937,288.34	8,764,272.76
Local District School Tax	A-27	29,352,399.00	28,494,736.00
Refund Prior Years Revenues	A-4		104,120.52
Interfunds Advanced		285,476.31	193,942.13
Prepaid School Tax		1.00	
<u>TOTAL EXPENDITURES</u>		<u>\$ 77,674,666.15</u>	<u>\$ 77,313,150.91</u>
Excess in Revenue		\$ 3,807,797.28	\$ 2,660,942.71
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>10,020.58</u>	<u>58,388.77</u>
Statutory Excess to Fund Balance		\$ 3,817,817.86	\$ 2,719,331.48
Fund Balance, January 1	A	<u>8,124,681.80</u>	<u>8,035,350.32</u>
		\$ 11,942,499.66	\$ 10,754,681.80
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>2,648,000.00</u>	<u>2,630,000.00</u>
Fund Balance, December 31	A	<u>\$ 9,294,499.66</u>	<u>\$ 8,124,681.80</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, 2016

	REF.	ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 2,648,000.00	\$ _____	\$ 2,648,000.00	\$ _____
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage Control	A-13	14,000.00			(14,000.00)
Other	A-2	18,000.00		4,468.00	(13,532.00)
Fees and Permits:					
Construction Code	A-2	295,000.00		581,623.12	286,623.12
Other	A-2	43,000.00		4,683.16	(38,316.84)
Fines and Costs:					
Municipal Court	A-13	301,000.00		375,801.24	74,801.24
Interest and Costs on Taxes	A-13	605,000.00		731,663.52	126,663.52
Interest on Investments and Deposits	A-13	54,000.00		54,975.96	975.96
Joint Sewer User Charges	A-2	1,600,000.00		1,591,600.28	(8,399.72)
Cable T.V. Franchise Fee	A-13	121,580.00		138,402.50	16,822.50
Ambulance Service Fees	A-13	340,000.00		359,393.93	19,393.93
Alarm Fees	A-13	28,000.00		30,324.50	2,324.50
Payment in Lieu of Taxes - Gargiulo	A-13	81,550.00		40,775.75	(40,774.25)
Off-Duty Administrative Fees	A-13	125,000.00		360,545.65	235,545.65
Consolidated Municipal Property Tax Relief Aid	A-13	959,106.00		949,514.94	(9,591.06)
Energy Receipts Tax	A-13	3,355,593.00		3,322,725.24	(32,867.76)
Clean Communities Program	A-14	33,797.04		33,797.04	
Alcohol Education and Rehabilitation	A-14	1,473.33		1,473.33	
Body Armor Grant	A-14	5,888.43		5,888.43	
Summer Food Program - 2015	A-14	25,776.17		25,776.17	
Summer Food Program - 2016	A-14	61,667.83		61,667.83	
Impaired Driving	A-14	3,900.00		3,900.00	
Uniform Fire Safety Act	A-13	14,500.00		17,867.04	3,367.04
Sewer Trunk Surplus	A-13	174,348.73		174,348.73	
	A-1	\$ 8,262,180.53	\$ _____	\$ 8,871,216.36	\$ 609,035.83
Receipts From Delinquent Taxes	A-1:A-2	2,747,327.49		2,718,398.30	(28,929.19)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-9	28,371,723.92		28,824,239.29	452,515.37
Minimum Library Tax	A-9	544,842.53		544,842.53	
	A-2	28,916,566.45		29,369,081.82	452,515.37
BUDGET TOTALS		\$ 42,574,074.47	\$ _____	\$ 43,606,696.48	\$ 1,032,622.01
Non-Budget Revenue	A-1:A-2			475,998.79	475,998.79
		\$ 42,574,074.47	\$ _____	\$ 44,082,695.27	\$ 1,508,620.80
	REF.	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, 2016

<u>ANALYSIS OF REALIZED REVENUE</u>	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collected	A-1:A-9	\$ 64,191,743.94
Allocated to:		
School and County Taxes		<u>38,289,687.34</u>
Balance for Support of Municipal Budget Appropriations		\$ 25,902,056.60
Add: Reserve for Uncollected Taxes	A-3	<u>3,467,025.22</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 29,369,081.82</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	\$ 2,655,558.67
Tax Title Lien Collections	A-10	<u>62,839.63</u>
	A-2	<u>\$ 2,718,398.30</u>
Licenses - Other:		
Township Clerk	A-13	\$ 4,468.00
	A-2	<u>\$ 4,468.00</u>
Fees and Permits - Other:		
Township Clerk	A-13	\$ 3,518.16
Board of Health	A-13	760.00
Tax Assessor	A-13	<u>405.00</u>
	A-2	<u>\$ 4,683.16</u>
Uniform Construction Code Fees	A-13	582,325.12
Less: Refunds	A-4	<u>702.00</u>
	A-2	<u>581,623.12</u>
Joint Sewer Use Charges	A-11	\$ 1,581,258.90
Prepaid and Overpayments Applied	A-11	<u>10,341.38</u>
	A-2	<u>\$ 1,591,600.28</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, 2016

REF.

ANALYSIS OF REALIZED REVENUE

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:			
Cable Franchise Fees		\$	101,590.01
Refunds			91,110.00
Vehicle Reimbursement			2,801.67
Natalie Ogonovak			13,219.83
Police Department			963.86
Lamar Industries - Billboard			11,000.00
Investors Bank			10,755.09
James			40,998.60
Insurance Reimbursement - Traffic Signal			15,654.00
Senior Citizen Administrative Fee			2,200.59
Homestead Rebate Administration Fee			1,027.20
Statewide Insurance			32,144.00
Hillside Board of Education Reimbursement			7,917.00
Municipal Alliance Grant - Prior Year			20,446.16
CDBG Reimbursement			5,776.37
Miscellaneous			28,794.45
			<hr/>
Tax Collector	A-4	\$	386,398.83
	A-5		<hr/> 90,588.83
			476,987.66
Less: Refunds	A-4		<hr/> 988.87
			<hr/>
	A-2	\$	<u><u>475,998.79</u></u>

TOWNSHIP OF HILLSIDE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET			PAID OR CHARGED	RESERVED		
\$	191,000.00	\$	130,000.00	\$	77.78	\$	\$
<u>GENERAL APPROPRIATIONS - OPERATIONS WITHIN "CAPS"</u>							
<u>GENERAL GOVERNMENT</u>							
Administrative and Executive:							
Salaries and Wages	15,000.00		10,000.00	10,000.00			
Other Expenses:							
Departmental Expenses	12,000.00		12,000.00	10,541.16	1,458.84		
Photocopy and Microfilm	20,000.00		20,000.00	15,664.80	4,335.20		
Townwide Repair and Maintenance Contracts							
Township Clerk:	222,000.00		194,000.00	193,589.59	410.41		
Salaries and Wages	14,500.00		24,500.00	24,004.64	495.36		
Other Expenses:	15,000.00		18,000.00	15,985.98	2,014.02		
Miscellaneous							
Advertising	50,000.00		50,000.00	48,999.72	1,000.28		
Township Council:	27,500.00		22,500.00	15,407.97	7,092.03		
Salaries and Wages	25,000.00		15,000.00	12,027.89	2,972.11		
Other Expenses	147,000.00		119,000.00	90,377.77	28,622.23		
Financial Administration:	350,000.00		300,000.00	292,386.08	7,613.92		
Salaries and Wages	60,950.00		60,950.00	51,725.00	9,225.00		
Other Expenses							
Annual Audit	68,000.00		45,147.65	40,025.75	5,121.90		
Computer Service Department:							
Other Expenses	145,000.00		130,000.00	127,957.43	2,042.57		
Collection of Taxes:	24,900.00		26,400.00	23,938.06	2,461.94		
Salaries and Wages	116,500.00		110,500.00	110,494.29	5.71		
Other Expenses:	15,000.00		15,000.00	11,962.61	3,037.39		
Miscellaneous	60,000.00		53,000.00	50,769.40	2,230.60		
Legal Services and Costs:	260,000.00		181,941.65	136,975.18	44,966.47		
Other Expenses	31,000.00		16,000.00	15,000.00	1,000.00		
Municipal Prosecutor:	15,000.00		10,000.00	6,750.00	3,250.00		
Salaries and Wages	5,000.00						
Other Expenses	150,000.00		21,000.00	10,737.21	10,262.79		
Engineering Services:							
Salaries and Wages							
Other Expenses - General							

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, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
	\$	\$	\$	\$	\$	\$
Office of Economic Development:						
Salaries and Wages	35,000.00	30,000.00	29,133.86	866.14		
Other Expenses	5,000.00	4,000.00	2,188.00	1,812.00		
Buildings and Grounds:						
Salaries and Wages	196,000.00	196,000.00	195,995.64	4.36		
Other Expenses	115,000.00	135,058.35	134,710.94	347.41		
Municipal Land Use Law (N.J.S.A. 40:550-1):						
Planning Board:						
Salaries and Wages	2,500.00	2,500.00		2,500.00		
Other Expenses	2,000.00	2,000.00	2,000.00			
Zoning Costs:						
Salaries and Wages	2,500.00	2,500.00		2,500.00		
Other Expenses	2,000.00	2,000.00	427.60	1,572.40		
Alcohol Beverage Control:						
Other Expenses	7,500.00	7,500.00	2,736.00	4,764.00		
Postage:						
Other Expenses	40,000.00	24,000.00	21,579.31	2,420.69		
Insurance:						
Unemployment Compensation Insurance	75,000.00	75,000.00	61,219.08	13,780.92		
Group Insurance Plan for Employees	5,954,499.54	6,033,499.54	5,882,191.90	151,307.64		
Workers Compensation Insurance Trust Fund	325,000.00	379,166.00	378,226.34	939.66		
Other Insurance Premiums	660,000.00	601,000.00	577,014.42	23,985.58		
PUBLIC SAFETY						
Fire:						
Salaries and Wages	5,059,710.29	5,593,643.77	5,593,643.77			
Other Expenses:						
Miscellaneous	195,000.00	172,000.00	171,757.87	242.13		
Ambulance Services	42,500.00	42,500.00	35,820.55	6,679.45		
Uniform Fire Safety Act:						
Fire Official:						
Salaries and Wages	175,000.00	147,630.72	147,630.72			
Other Expenses	3,000.00	1,000.00		1,000.00		
Police:						
Salaries and Wages	7,968,000.00	7,968,000.00	7,956,794.96	11,205.04		
Other Expenses:						
Departmental Expenses	165,000.00	160,000.00	155,081.37	4,918.63		
Traffic Lights:						
Other Expenses	50,000.00	75,000.00	64,627.89	10,372.11		

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, 2016

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION				
\$	272,144.74	230,144.74	229,616.83	\$	527.91	\$
<u>PUBLIC SAFETY</u>						
School Crossing Guards:						
Salaries and Wages						
Garage Service and Repair:						
Salaries and Wages	170,000.00	170,000.00	169,994.03		5.97	
Other Expenses	145,000.00	130,000.00	128,000.00		2,000.00	
Office of Emergency Management:						
Salaries and Wages	9,000.00	5,000.00	4,980.66		19.34	
<u>STREETS AND ROADS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	1,398,000.00	1,522,390.99	1,522,390.99			
Other Expenses	150,000.00	175,000.00	143,495.88		31,504.12	
<u>SANITATION</u>						
Garbage, Trash, and Recycling Collection:						
Other Expenses	1,700,000.00	1,665,000.00	1,530,416.83		154,583.17	
Sewer System:						
Other Expenses	55,000.00	40,000.00	32,748.16		7,251.84	
Sewer Pumping System:						
Other Expenses	45,000.00	45,000.00	44,631.64		368.36	
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	326,000.00	326,000.00	310,543.20		15,456.80	
Other Expenses	45,000.00	26,000.00	23,779.53		2,220.47	
Dog License Registration:						
Other Expenses	70,000.00	70,000.00	63,979.52		6,020.48	
<u>RECREATION AND EDUCATION</u>						
Community Recreation Commission:						
Salaries and Wages	242,000.00	242,897.16	237,870.56		5,026.60	
Other Expenses	36,950.00	31,882.10	26,375.94		5,506.16	
Senior Citizens:						
Salaries and Wages	175,000.00	153,000.00	152,368.46		631.54	
Other Expenses	21,925.00	18,925.00	18,706.74		218.26	
Celebration of Public Events:						
Mayor and Administration:						
Other Expenses	5,000.00	5,000.00	452.00		4,548.00	
Council:						
Other Expenses	5,000.00	5,000.00			5,000.00	
Municipal Court:						
Salaries and Wages	355,250.00	338,250.00	321,670.94		16,579.06	
Other Expenses	28,000.00	28,000.00	25,753.58		2,246.42	
Public Defender:						
Other Expenses	10,000.00	10,000.00	6,551.50		3,448.50	

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, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Sub-Officials:						
Building Inspector:						
Salaries and Wages	\$ 338,225.00	\$ 338,225.00	\$ 330,603.10	\$ 7,621.90	\$	\$
Other Expenses	12,500.00	12,500.00	5,536.07	6,963.93		
UNCLASSIFIED						
Utilities - All	550,000.00	625,000.00	618,531.90	6,468.10		
Street Lighting	355,000.00	324,000.00	256,211.67	65,788.33		
Fire Hydrant Service	275,000.00	255,000.00	181,336.41	73,663.59		
Temporary and Summer Employees:						
Salaries and Wages	15,000.00	15,000.00	13,895.60	1,104.40		
Group Insurance:						
Health Benefit Waiver	75,000.00	11,000.00		11,000.00		
Salary Adjustment Account	125,000.00	125,000.00	123,252.01	1,747.99		
TOTAL OPERATIONS WITHIN "CAPS"	\$ 30,130,554.57	\$ 30,202,152.67	\$ 29,383,716.72	\$ 818,435.95	\$	\$
Contingent	500.00	500.00		500.00		
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 30,131,054.57	\$ 30,202,652.67	\$ 29,383,716.72	\$ 818,935.95	\$	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":						
Deferred Charges:						
Expenditure without an Appropriations	\$ 3,783.47	\$ 3,783.47	\$ 3,783.47	\$	\$	\$
Overexpenditure of CY 2015 Appropriations	58,388.77	58,388.77	58,388.77			
Overexpenditure of Grant Reserves	82,489.64	82,489.64	82,489.64			
Overexpenditure of 2014 Appropriations Reserves	96,523.59	96,523.59	96,523.59			
Anticipated Deficit in Swimming Pool Utility Operations	105,000.00	105,000.00	102,431.68		2,568.32	
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	466,274.00	474,428.90	474,428.90			
Social Security (O.A.S.I.)	645,000.00	585,000.00	559,056.59	5,943.41		
Consolidated Police and Firemen's Pension Fund	18,500.00	18,500.00	-163.65	18,663.65		
Police and Firemen's Retirement System of N.J.	3,106,168.00	3,106,415.00	3,106,251.26	163.74		
Defined Retirement Contribution Plan	5,000.00	5,000.00		5,000.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 4,587,127.47	\$ 4,515,529.37	\$ 4,483,190.25	\$ 29,770.80	\$ 2,568.32	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 34,718,182.04	\$ 34,718,182.04	\$ 33,866,906.97	\$ 848,706.75	\$ 2,568.32	\$

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, 2016

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDITURE
	BUDGET							
GENERAL APPROPRIATIONS-OPERATIONS EXCLUDED FROM "CAPS":								
Maintenance of Free Public Library	\$ 710,000.00	\$	710,000.00	\$ 710,000.00	\$	\$	\$	
Joint Trunk Sewer	1,690,105.33		1,690,105.33	1,690,105.33				
Snow Removal Cost - State of Emergency	129,203.33		129,203.33	83,591.10	45,612.23			
Reserve for Tax Appeals	10,000.00		10,000.00		10,000.00			
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS								
Union County Fire and EMS Dispatch Services	42,500.00		42,500.00	36,412.00	6,088.00			
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES								
Clean Communities Program	33,797.04		33,797.04	33,797.04				
Body Armor Fund	5,888.43		5,888.43	5,888.43				
Impaired Driving	3,900.00		3,900.00	3,900.00				
Alcohol Education and Rehabilitation Fund	1,473.33		1,473.33	1,473.33				
Summer Food Service Program - 2016	25,776.17		25,776.17	25,776.17				
Summer Food Service Program - (2015 overexpenditure)	61,667.83		61,667.83	61,667.83				
TOTAL OPERATIONS-EXCLUDED FROM "CAPS"	\$ 2,714,311.46	\$	2,714,311.46	\$ 2,652,611.23	\$	61,700.23	\$	

CAPITAL IMPROVEMENT FUND - EXCLUDED FROM "CAPS":
Capital Improvement Fund

MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS":								
Payment of Bond Principal	\$ 318,000.00	\$	318,000.00	\$ 318,000.00	\$	\$	\$	
Payment of Bond Anticipation Notes	81,552.00		81,552.00	81,552.00				
Interest on Bonds	11,925.00		11,925.00	11,925.00				
Interest on Notes	47,958.62		47,958.62	47,958.61				0.01
New Jersey Economic Development Authority Loan Principal	7,245.80		7,245.80	7,245.80				

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, 2016

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED	OVER- EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
\$	75,335.42	\$ 75,335.42	\$ 64,502.40	\$	\$	\$ 9,166.98
	18,787.50	18,787.50	19,641.10			853.60
	471,254.43	471,254.43	471,254.43			
	77,816.64	77,816.64	77,816.64			
\$	1,109,875.41	\$ 1,109,875.41	\$ 1,119,895.98	\$	0.01	\$ 10,020.58
\$	15,000.00	\$ 15,000.00	\$	\$	15,000.00	\$
	449,680.34	449,680.34	449,680.34			
\$	464,680.34	\$ 464,680.34	\$ 449,680.34	\$	15,000.00	\$
\$	4,388,867.21	\$ 4,388,867.21	\$ 4,322,167.55	\$ 61,700.23	15,000.01	\$ 10,020.58
\$	39,107,049.25	\$ 39,107,049.25	\$ 38,189,094.52	\$ 910,406.98	17,568.33	\$ 10,020.58
	3,467,025.22	3,467,025.22	3,467,025.22			
\$	42,574,074.47	\$ 42,574,074.47	\$ 41,656,119.74	\$ 910,406.98	17,568.33	\$ 10,020.58

REF.

A-2

A-1

A-1-A-29

MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS": (CONTINUED)
N.J. Environmental Infrastructure Loan Program:

Principal	
Interest	
Union County Improvement Authority:	
Principal	
Interest	

TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"

DEFERRED CHARGES-EXCLUDED FROM "CAPS":

Judgements	
Special Emergency Authorizations 5 Years	

TOTAL DEFERRED CHARGES-EXCLUDED FROM "CAPS"

TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"

SUB-TOTAL GENERAL APPROPRIATIONS

Reserve for Uncollected Taxes

TOTAL GENERAL APPROPRIATIONS

Reserve for Uncollected Taxes		
Encumbrances Payable	\$ 3,467,025.22	
Reserve for Grants Appropriated	505,857.23	
Deferred Charges - Current Fund	132,502.80	
Deferred Charges - Special Emergency Authorization 40A 4-53	144,861.88	
Disbursed	449,680.34	
	37,605,949.48	
Less: Refunds	\$ 42,305,676.95	
	649,557.21	
	\$ 41,656,119.74	

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

THIS PAGE INTENTIONALLY LEFT BLANK

TRUST FUND

"B"

TOWNSHIP OF HILLSIDE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 106,923.18	\$ 103,795.33
		<u>\$ 106,923.18</u>	<u>\$ 103,795.33</u>
Other Trust Funds:			
Cash	B-1	\$ 5,607,331.08	\$ 6,374,205.28
Community Development Block Grants Receivable	B-4	135,470.00	288,027.49
Interfunds Receivable	B-19	1,886,955.16	834,967.57
		<u>\$ 7,629,756.24</u>	<u>\$ 7,497,200.34</u>
		<u>\$ 7,736,679.42</u>	<u>\$ 7,600,995.67</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 12,959.45	\$ 9,846.00
Due State of New Jersey	B-3	198.00	183.60
Interfunds Payable	B-20	93,765.73	93,765.73
		<u>\$ 106,923.18</u>	<u>\$ 103,795.33</u>
Other Trust Funds:			
Reserve for:			
Community Development Block Grants	B-5	\$ 134,275.90	\$ 229,726.19
Facade Loan Repayment	B-6	35,134.28	35,134.28
Tax Sale Redemption	B-7	427,125.32	294,607.10
Recreation Trust	B-8	25,070.26	22,853.84
State Unemployment Insurance	B-9	120,084.13	120,084.13
Flexible Spending Account	B-10	1,225.00	1,225.00
UEZ Second Generation Fund	B-11	634,483.35	631,113.71
UEZ Revolving Loan Escrow	B-12	7,245.46	7,195.23
Police Off-Duty Escrow	B-13	95,926.41	216,752.79
Local Law Enforcement Block Grant	B-14	628.02	628.02
Special Law Enforcement	B-15	50,674.50	44,905.58
Miscellaneous Trust Deposits	B-16	4,612,129.70	4,460,740.06
Federal Law Enforcement Trust	B-17	602,323.09	715,172.95
Building Department Escrow	B-18	489,308.34	318,971.25
Retiree Prescription Account	B-22	32,777.77	35,687.88
Encumbrances Payable	B-21	3,615.73	4,673.35
Interfunds Payable	B-19	357,111.80	357,111.80
Due County of Union		617.18	617.18
		<u>\$ 7,629,756.24</u>	<u>\$ 7,497,200.34</u>
		<u>\$ 7,736,679.42</u>	<u>\$ 7,600,995.67</u>

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

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 110,991.38	\$ 289,657.78
Deferred Charges to Future Taxation:			
Funded	C-4	1,048,739.27	1,449,320.49
Unfunded	C-8	7,871,214.42	3,410,766.42
Grants Receivable	C-5	475,798.08	6,882.08
U.C.I.A. Lease Receivable	C-14	2,626,928.68	2,626,928.68
Interfunds Receivable	C-6	75,123.29	310,063.99
		<u>\$ 12,208,795.12</u>	<u>\$ 8,093,619.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Interfunds Payable	C-6	\$ 285,924.44	\$ 32,679.40
Economic Development Authority Loan Payable	C-7	7,245.80	14,491.60
Capital Improvement Fund	C-9	404,637.46	531,737.46
Contracts Payable	C-10	1,140,235.19	240,241.10
Bond Anticipation Note	C-12	2,002,896.00	2,084,449.00
General Serial Bonds	C-13		318,000.00
Infrastructure Loan Payable	C-15	1,041,493.47	1,116,828.89
Reserve for U.C.I.A.	C-16	141,074.89	1,833,074.47
Due U.C.I.A.	C-17	249,428.76	249,428.76
Reserve for Construction of Salt Shed	C-18	89,321.76	89,321.76
Improvement Authorizations:			
Funded	C-11	1,265,712.81	569,696.81
Unfunded	C-11	5,531,952.84	989,952.84
Fund Balance	C-1	48,871.70	23,717.35
		<u>\$ 12,208,795.12</u>	<u>\$ 8,093,619.44</u>

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

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 23,717.35
Increased by:		
Premium on Bond Anticipation Note Issued	C-2	<u>25,154.35</u>
Balance, December 31, 2016	C	\$ <u><u>48,871.70</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

SWIM POOL UTILITY FUND

"D"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>ASSETS</u>			
Operating Fund:			
Cash		\$ 49,834.52	\$ 25,152.52
Interfunds Receivable	D-6	76.50	
Deferred Charge:			
Overexpenditure of 2014 Appropriations	D-15		0.30
Overexpenditure of Appropriations	D-15		9,069.25
Overexpenditure of Appropriation Reserves	D-15		13,967.59
		<u>\$ 49,911.02</u>	<u>\$ 48,189.66</u>
Capital Fund:			
Interfunds Receivable	D-17	\$ 10,584.06	\$ 10,584.06
Grants Receivable	D-7	149,400.00	149,400.00
Fixed Capital	D-14	710,689.24	710,689.24
Fixed Capital Authorized and Uncompleted	D-9	326,310.76	326,310.76
		<u>\$ 1,196,984.06</u>	<u>\$ 1,196,984.06</u>
		<u>\$ 1,246,895.08</u>	<u>\$ 1,245,173.72</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Cash (deficit)	D-4	\$	\$ 6,169.94
Appropriation Reserves	D-3:D-5	13,443.37	6,123.40
Encumbrances Payable	D-8	1,727.36	6,501.76
Interfunds Payable	D-6	15,868.93	10,584.06
Accrued Interest on Notes	D-19	426.06	365.20
		<u>\$ 31,465.72</u>	<u>\$ 29,744.36</u>
Fund Balance	D-1	18,445.30	18,445.30
		<u>\$ 49,911.02</u>	<u>\$ 48,189.66</u>
Capital Fund:			
Improvement Authorizations - Funded	D-10	\$ 45,695.13	\$ 45,695.13
Improvement Authorizations - Unfunded	D-10	101,563.14	101,563.14
Capital Improvement Fund	D-11	10,250.00	10,250.00
Reserve for:			
Amortization	D-12	720,863.24	718,277.24
Deferred Amortization	D-13	150,710.76	150,710.76
Bond Anticipation Note Payable	D-16	69,826.00	72,412.00
Interfunds Payable	D-17	98,075.79	98,075.79
		<u>\$ 1,196,984.06</u>	<u>\$ 1,196,984.06</u>
		<u>\$ 1,246,895.08</u>	<u>\$ 1,245,173.72</u>

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

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

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

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2016</u>	YEAR ENDED DECEMBER <u>31, 2015</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance	D-2	\$	\$ 23,440.60
Membership Fees	D-2	11,920.00	10,680.00
Non-Resident Membership Fees	D-2	3,025.00	1,650.00
Miscellaneous Revenues	D-2	137,450.51	153,622.00
Food Concession	D-2	584.00	4,199.00
Deficit (General Budget)	D-2	102,429.68	837.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		<u>11,004.96</u>	
<u>TOTAL INCOME</u>		<u>\$ 266,414.15</u>	<u>\$ 194,428.92</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 232,000.00	\$ 174,069.25
Debt Service	D-3	3,727.01	3,333.92
Deferred Charges and Statutory Expenditures	D-3	<u>30,687.14</u>	<u>26,095.00</u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 266,414.15</u>	<u>\$ 203,498.17</u>
Excess (Deficit) in Revenue		\$	\$ (9,069.25)
Adjustment to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-3		<u>9,069.25</u>
Statutory Excess to Fund Balance		\$	
Fund Balance, January 1	D	<u>18,445.30</u>	<u>41,885.90</u>
Decreased by:		\$	\$
Utilized by Operating Budget		<u> </u>	<u>23,440.60</u>
Fund Balance, December 31	D	<u>\$ 18,445.30</u>	<u>\$ 18,445.30</u>

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

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>REF.</u>	<u>BUDGET REVENUE</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Membership Fees	D-1:D-4	\$ 38,000.00	\$ 11,920.00	\$ (26,080.00)
Non-Resident Membership Fees	D-1:D-4	3,831.15	3,025.00	(806.15)
Miscellaneous	D-1:D-4	115,000.00	137,450.51	22,450.51
Food Concession	D-1:D-4	5,000.00	584.00	(4,416.00)
Deficit (General Budget)	D-1:D-4	<u>105,000.00</u>	<u>102,429.68</u>	<u>(2,570.32)</u>
Budget Totals	D-3	<u>\$ 266,831.15</u>	<u>\$ 255,409.19</u>	<u>\$ (11,421.96)</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, 2016

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Operating:					
Salaries and Wages	\$ 105,000.00	\$ 105,000.00	\$ 99,268.78	\$ 5,731.22	
Other Expenses	127,000.00	127,000.00	120,859.05	6,140.95	
Deferred Charges:					
Overexpenditure of Appropriations	9,069.55	9,069.55	9,069.55		
Overexpenditure of Appropriation Reserves	13,967.59	13,967.59	13,967.59		
Debt Service:					
Payment of Bond Anticipation & Capital Notes	3,000.00	3,000.00	2,586.00		414.00
Interest on Notes	1,141.01	1,141.01	1,141.01		
Statutory Expenditures:					
Social Security	7,650.00	7,650.00	6,078.80	1,571.20	
	<u>\$ 266,828.15</u>	<u>\$ 266,828.15</u>	<u>\$ 252,970.78</u>	<u>\$ 13,443.37</u>	<u>\$ 414.00</u>
	D-2		D-1	D:D-1	D-1
REF.					
Cash Disbursements			\$ 227,774.77		
Accrued Interest on Notes			1,141.01		
Accounts Payable			1,017.86		
Deferred Charges			<u>23,037.14</u>		
			<u>\$ 252,970.78</u>		

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

THIS PAGE INTENTIONALLY LEFT BLANK

PUBLIC ASSISTANCE TRUST FUND

"E"

TOWNSHIP OF HILLSIDE
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2016</u>	BALANCE DECEMBER <u>31, 2015</u>
<u>ASSETS</u>			
Due Current Fund		\$ <u>17,137.82</u>	\$ <u>17,137.82</u>
		\$ <u><u>17,137.82</u></u>	\$ <u><u>17,137.82</u></u>
<u>LIABILITIES AND RESERVES</u>			
Due State of New Jersey		\$ <u>17,137.82</u>	\$ <u>17,137.82</u>
		\$ <u><u>17,137.82</u></u>	\$ <u><u>17,137.82</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

TOWNSHIP OF HILLSIDE
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEET - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2016</u>	BALANCE DECEMBER <u>31, 2015</u>
<u>FIXED ASSETS</u>		
Land	\$ 3,622,900.00	\$ 3,622,900.00
Buildings	4,332,700.00	4,332,700.00
Machinery and Equipment	<u>6,914,474.00</u>	<u>6,914,474.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 14,870,074.00</u>	<u>\$ 14,870,074.00</u>
 <u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 14,870,074.00</u>	<u>\$ 14,870,074.00</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF HILLSIDE

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Hillside is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Council consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Hillside include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Hillside, as required by N.J.S.A. 40A: 5-5. Accordingly, the financial statements of the Township of Hillside do not include the operations of the municipal library or the Board of Education, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with Generally Accepted Accounting Principles (GAAP).

The Accounting policies of the Township of Hillside conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the Township of Hillside are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

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)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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.

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.

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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Swim Pool Utility (Continued)

The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension 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. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

New Jersey's 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 to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Township of Hillside had the following cash and cash equivalents at December 31, 2016:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$18,893,954.91	(\$305,489.65)		\$18,588,465.26
Change Funds			\$690.00	690.00
Total Cash and Cash Equivalents	<u>\$18,893,954.91</u>	<u>(\$305,489.65)</u>	<u>\$690.00</u>	<u>\$15,589,155.26</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, 2016, 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 \$18,893,954.91, \$250,000.00 was covered by Federal Depository Insurance, \$18,643,954.91 was covered under the provisions of NJGUDPA.

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)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-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. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

As of December 31, 2016, the Township has \$0.00 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 Township 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: GOVERNMENTAL DEBT

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.

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

	<u>CY2016</u>	<u>CY2015</u>	<u>CY2014</u>
Issued:			
General:			
Bonds, Notes and Loans	\$3,051,835.27	\$3,533,769.59	\$3,457,760.11
Swim Pool Utility:			
Notes	<u>69,826.00</u>	<u>72,412.00</u>	<u>75,000.00</u>
Total Issued	<u>\$3,121,661.27</u>	<u>\$3,608,181.59</u>	<u>\$3,532,760.11</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	5,868,317.43	1,326,317.42	1,875,658.42
Swim Pool Utility:			
Bonds and Notes	<u>100,600.00</u>	<u>100,600.00</u>	<u>100,600.00</u>
Total Authorized But Not Issued	<u>5,968,917.42</u>	<u>1,426,917.42</u>	<u>1,976,258.42</u>
Net Bonds and Notes Issued and and Authorized But Not issued	<u>\$9,090,578.69</u>	<u>\$5,033,099.01</u>	<u>\$5,509,018.53</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt

**SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2016)**

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 regulatory net debt of .513%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Swim Pool Debt	\$170,426.00	\$170,426.00	-0-
General Debt	8,920,152.69	-0-	\$8,920,152.69
	<u>\$9,090,578.69</u>	<u>\$170,426.00</u>	<u>\$8,920,152.69</u>

NET DEBT \$9,090,578.69 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,639,617,428.66 EQUALS .513%.

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED - DEBT LIMITATION

Equalized Valuation Basis* - December 31, 2016	\$1,639,617,428.66
3-1/2 of Equalized Valuation Basis	57,386,610.00
Net Debt	8,930,152.69
Remaining Borrowing Power	<u>\$48,466,457.31</u>

*Equalized Valuation Basis is the average of the equalized valuations of Real Estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Township for the last three (3) preceding years.

Long-Term Debt

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2016, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$ 5,868,317.42</u>
Swim Pool Capital Fund	<u>\$ 100,600.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

The Township has entered into four 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>	
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>\$85,000.00</u>	<u>\$15,275.00</u>	<u>\$64,951.98</u>	<u>\$165,226.98</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS (CONTINUED)

The second Environmental Infrastructure Trust loan, 2006A dated 11/09/06, also consists of two parts, an interest bearing portion of \$105,000.00 (the Trust Loan) and a non-interest bearing portion of \$300,397.00 (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 2006A</u>		<u>Fund Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2017	\$5,000.00	\$2,525.00	\$14,283.58	\$21,808.58
2018	5,000.00	2,325.00	13,903.95	21,228.95
2019	5,000.00	2,125.00	13,524.32	20,649.32
2020	5,000.00	1,925.00	13,144.69	20,069.69
2021	5,000.00	1,725.00	12,765.06	19,490.06
2022	5,000.00	1,518.76	12,373.56	18,892.32
2023	5,000.00	1,312.50	11,982.08	18,294.58
2024	5,000.00	1,100.00	11,578.72	17,678.72
2025	10,000.00	850.00	20,594.94	31,444.94
2026	10,000.00	425.00	19,788.39	30,213.39
	<u>\$60,000.00</u>	<u>\$15,831.26</u>	<u>\$143,939.29</u>	<u>\$219,770.55</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

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 JMECU</u>		<u>Fund Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2017	\$5,000.00	\$3,850	\$6,250.47	\$15,100.47
2018	5,000.00	3,600	6,250.47	14,850.47
2019	5,000.00	3,350	6,250.47	14,600.47
2020	5,000.00	3,150	6,250.47	14,400.47
2021	5,000.00	2,900	6,250.47	14,150.47
2022	5,000.00	2,750	6,250.47	14,000.47
2023	5,000.00	2,550	6,250.47	13,800.46
2024	10,000.00	2,350	6,250.47	18,600.47
2025	10,000.00	1,950	6,250.47	18,200.47
2026	10,000.00	1,550	6,250.47	17,800.47
2027	10,000.00	1,200	6,250.47	17,450.47
2028	10,000.00	800	6,250.47	17,050.47
2034	10,000.00	400	6,250.56	16,650.56
	<u>\$155,000.00</u>	<u>\$30,400</u>	<u>\$81,256.20</u>	<u>\$206,656.19</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

The fourth Environmental Infrastructure Trust loan, 2015A-1 dated 05/28/15, also consists of two parts, an interest bearing portion of \$160,000.00 (the Trust Loan) and a non-interest bearing portion of \$389,341.00 (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 JMECU</u>		<u>Fund Loan</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2017	\$5,000.00	\$6,950.00	\$19,797.00	\$31,747.00
2018	5,000.00	6,700.00	19,797.00	31,497.00
2019	5,000.00	6,450.00	19,797.00	31,247.00
2020	5,000.00	6,200.00	19,797.00	30,997.00
2021	5,000.00	5,950.00	19,797.00	30,747.00
2022	10,000.00	5,700.00	19,797.00	35,497.00
2023	10,000.00	5,200.00	19,797.00	34,997.00
2024	10,000.00	4,700.00	19,797.00	34,497.00
2025	10,000.00	4,200.00	19,797.00	33,997.00
2026	10,000.00	3,700.00	19,797.00	33,497.00
2027	10,000.00	3,200.00	19,797.00	32,997.00
2028	10,000.00	2,800.00	19,797.00	32,597.00
2029	10,000.00	2,400.00	19,797.00	32,197.00
2030	10,000.00	2,000.00	19,797.00	31,797.00
2031	10,000.00	1,600.00	19,797.00	31,397.00
2032	10,000.00	1,200.00	19,797.00	30,997.00
2033	10,000.00	800.00	19,797.00	30,597.00
2034	10,000.00	400.00	19,797.00	30,197.00
	<u>\$155,000.00</u>	<u>\$70,150.00</u>	<u>\$356,346.00</u>	<u>\$581,496.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

ECONOMIC DEVELOPMENT AUTHORITY LOAN

The Township has also entered into a Loan agreements with the Economic Development Authority of New Jersey, dated 05/30/07 totaling \$72,458.00 for the removal of Underground Storage Tanks. The loans are not interest bearing.

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

<u>YEAR</u>	<u>PRINCIPAL</u>
2017	<u>\$7,245.80</u>
	<u><u>\$7,245.80</u></u>

Short-Term Debt

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>
09-019	08/12/09	08/05/16	08/04/17	2.250%	\$1,242,374.00
08-020	08/12/09	08/05/16	08/04/17	2.250%	<u>760,522.00</u>
					<u><u>\$2,002,896.00</u></u>

Swim Pool Utility Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>
12-011	08/10/12	08/05/16	08/04/17	2.250%	<u>\$69,826.00</u>

NOTE 4: FUND BALANCE APPROPRIATED

Fund balances, at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 were as follows:

Current Fund	<u>\$3,858,553.00</u>
--------------	-----------------------

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

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

	BALANCE DECEMBER 31, <u>2016</u>	BALANCE DECEMBER 31, <u>2015</u>
Prepaid Taxes	<u>\$230,250.00</u>	<u>\$206,852.61</u>

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), the Police, Firemen's Retirement System (PFRS), the Consolidated Police and Firemen's Pension Fund or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund.

These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

NOTE 6: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey 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 pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Consolidated Police and Firemen's Pension Fund

The Consolidated Police and Firemen's Retirement System (CPFRS) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2014 PERS provides for employee contributions of 7.06% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2014, members contributed at a uniform rate of 10.00% of base salary.

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 \$3,580,680.15 for 2016, \$3,577,528.29 for 2015 and \$3,310,151.64 for 2014.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by the 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 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2016. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2016.

Public Employees Retirement System (PERS)

At June 30, 2016, the State reported a net pension liability of \$15,625,322.00 for the Township of Hillside's proportionate share of the total net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Township's proportion was 0.0527577147 percent, which was an increase of 0.0016270018 percent from its proportion measured as of June 30, 2015.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$1,123,612.00 for the Township of Hillside's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2016 billing was \$439,587.00.

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$290,584.00
Changes of assumptions		3,236,732.00
Net difference between projected and actual earnings on pension plan investments		595,165.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>\$1,600,223.00</u>	<u>265,148.00</u>
	<u>\$1,600,223.00</u>	<u>\$4,388,272.00</u>

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$542,795.00
2018	542,795.00
2019	716,821.00
2020	660,204.00
2021	<u>325,434.00</u>
	<u>\$2,788,049.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Inflation	3.04 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	2.15-4.40 Percent	1.65-4.15 Percent
Thereafter	3.15-5.40 Percent	2.65-5.15 Percent
Investment Rate of Return	7.90 Percent	7.65 percent

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

	<u>June 30, 2016</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Township's proportionate share of the pension liability	\$19,147,008.00	\$15,625,322.00	\$12,717,864.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2016, the State reported a net pension liability of \$68,422,434.00 for the Township of Hillside's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Township's proportion was 0.3581846685 percent, which was a decrease of 0.0018019122 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$7,306,112.00. The pension expense recognized in the Township's financial statement based on the April 1, 2016 billing was \$2,926,154.00

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$448,519.00	
Changes of assumptions		\$9,447,070.00
Net difference between projected and actual earnings on pension plan investments		4,794,222.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>\$1,272,765.00</u>	<u>1,077,139.00</u>
	<u>\$1,721,284.00</u>	<u>\$15,348,431.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other 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	Amount
<u>June 30</u>	
2017	\$3,285,287.00
2018	3,285,287.00
2019	4,472,206.00
2020	2,504,272.00
2021	<u>79,095.00</u>
	<u>\$13,627,147.00</u>

Actuarial Assumptions

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

	<u>2016</u>	<u>2015</u>
Inflation	3.08 Percent	3.04 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.60-9.48 Percent
Thereafter	3.10-9.98 Percent	3.60-10.48 Percent
Investment Rate of Return	7.65 Percent	7.90 Percent

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

Disability mortality rates were based on special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Township's proportionate share of the PFRS pension liability	\$88,225,711.00	\$68,422,434.00	\$52,274,052.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Township under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Township does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Township related to this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$5,745,787.00 and \$5,258,397.00 respectively.

At December 31, 2016, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$68,422,434.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>5,745,787.00</u>
	<u>\$74,168,221.00</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES (UNAUDITED)

Under the existing policy of the Township, certain employees are allowed to accumulate unused vacation and sick pay over the life of their working careers, which may be taken as time off, or paid at the later date, at an agreed upon rate. At December 31, 2016, the current cost of such unpaid compensation is estimated to be approximately \$1,838,830.75. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has accumulated \$52,249.75 for this purpose in the Current Fund and continues to budget funds to provide for these liabilities as they arise.

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.

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. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016, 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 11: RISK MANAGEMENT (CONTINUED)

The Township has also established a self-insurance program in accordance with New Jersey Statute Chapter 40:10. The statute enables the governing body of any local unit to provide insurance coverage for its exposure to a wide variety of property and liability casualty risks. The Township self-insures for workers compensation exposure. The Township has purchased a separate excess workers' compensation policy for coverage of losses in excess of a \$450,000.00 per occurrence.

At December 31, 2016, the Township's exposure for claims incurred under the above self-insurance programs is not presently determinable.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. Below is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Township's expendable trust fund for the current and previous two years:

Year	Contributions		Amount Reimbursed	Ending Balance
	Township	Employee		
2016	-0-	-0-	-0-	\$120,084.13
2015	-0-	-0-	-0-	120,084.13
2014	-0-	39,664.49	-0-	120,084.13

In 2016, the Township did not transfer the Budget Appropriation to the Trust Fund. Instead unemployment expenditures, totaling \$61,219.08, were charged directly to the 2016 Appropriations

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, 2016, the following deferred charges are shown on the Balance Sheets of the Township:

	BALANCE DECEMBER 31 <u>2016</u>	2017 BUDGET APPROPRIATION	DEFERRED AMOUNT
Current Fund:			
Special Emergency Authorization 40A:4-53	\$523,014.50	\$283,014.5	\$240,000.00
Expenditure Without an Appropriation	624,813.90	624,813.90	-0-
Overexpenditure of Appropriations	10,020.58	10,020.58	-0-
	<u>\$1,157,848.98</u>	<u>\$966,217.17</u>	<u>\$240,000.00</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.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,164,810.23	\$ 1,858,363.87
Grant Fund	279,307.50	613,695.72
Animal Control Trust Fund		93,765.73
Trust Other Fund	1,886,955.16	357,111.80
General Capital Fund	75,123.29	285,924.44
Swim Pool Operating Fund	76.50	15,868.93
Swim Pool Capital Fund	10,584.06	98,075.79
Public Assistance Trust Fund II	17,137.82	
Net Payroll Account		21,613.25
Payroll Agency Account		190,331.83
	<u>\$ 3,534,751.36</u>	<u>\$ 3,534,751.36</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 15: LEASE PURCHASE AGREEMENT

The Township has entered into the following agreements with the Union County Improvement Authority to lease purchase various capital items as follows:

<u>DATE</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
2004	Capital Equipment	\$1,542,811.61
2006	Capital Equipment	\$7,951,779.52

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>
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>\$176,143.30</u>	<u>\$1,480,030.20</u>	<u>\$1,656,173.50</u>

NOTE 16: SUBSEQUENT EVENTS

The Township has evaluated material subsequent events occurring after the financial statement date through October 19, 2017 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.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Township provides Post-Retirement Benefits to certain employees who have retired after twenty-five years of service, in accordance with the terms of their various labor agreements or in accordance with municipal ordinance. These benefits, which include health insurance, prescription, dental and vision coverage, are provided for life.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired.

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 determined its OPEB obligations as of December 31, 2016; therefore, no amount is disclosed herein.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWNSHIP OF HILLSIDE
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF CASH - TREASURER

REF.	GRANT FUND	CURRENT FUND
A	\$ -0-	\$ 14,173,963.24
A-5		69,362,523.86
A-2		386,398.83
A-8		110,029.45
A-3		649,557.21
A-13		6,416,151.76
A-14	80,123.19	
A-22	51,853.42	
A-25	96,523.59	3,732,707.85
A-28: A-32	164,461.19	790,455.00
A-35		4,283.21
	\$ 392,961.39	\$ 81,452,107.17
	\$ 392,961.39	\$ 95,626,070.41
A-3		37,605,949.48
A-20		1,819,195.31
A-28: A-32	234,276.57	3,234,238.43
A-17		95,923.26
A-21	158,684.82	8,937,561.06
A-26		29,352,400.00
A-27		624,813.90
A-29		1,240,913.00
A-35		
A-2		702.00
A-2		988.87
	\$ 392,961.39	\$ 82,912,685.31
A	\$ -0-	\$ 12,713,385.10

Balance, December 31, 2015

Increased by Receipts:

- Collector
- Miscellaneous Revenue Not Anticipated
- Senior Citizens and Veterans Deductions
- Appropriation Refunds
- Revenue Accounts Receivable
- Grants Receivable
- Reserve for Grants - Unappropriated
- Budget Appropriations:
- Expenditure without an Appropriation
- Interfunds Returned
- Emergency Note Payable
- Unidentified Receipts - Net

Decreased by Disbursements:

- 2016 Appropriations
- Appropriation Reserves
- Interfunds Advanced
- Refund of Tax Overpayments
- Reserve for Grants Appropriated
- County Taxes
- Local District School Tax
- Expenditure Without an Appropriation
- Emergency Note Payable
- Refund of:
- Uniform Construction Code Fees
- Miscellaneous Revenue Not Anticipated

Balance, December 31, 2016

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		
Increased by:			
Revenue Accounts Receivable	A-13	\$ 731,663.52	
Taxes Receivable	A-9	66,425,192.95	
Tax Title Liens	A-10	62,839.63	
Sewer Charges Receivable	A-11	1,581,258.90	
Sewer Overpayments	A-16	12,006.37	
Tax Overpayments	A-17	228,722.82	
Prepaid Taxes	A-18	230,250.84	
Miscellaneous Revenue Not Anticipated	A-2	<u>90,588.83</u>	
			\$ <u>69,362,523.86</u>
Decreased by:			
Payment to Treasurer	A-4		\$ <u><u>69,362,523.86</u></u>

"A-6"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance December 31, 2015 and December 31, 2016	A	\$	<u>690.00</u>
Tax Collector		\$	400.00
Municipal Court			40.00
Board of Health			50.00
Police			<u>200.00</u>
		\$	<u>690.00</u>

"A-7"

SCHEDULE OF RESERVE FOR HURRICANE SANDY

Balance, December 31, 2015 and December 31, 2016	A	\$	<u>8,426.16</u>
---	---	----	-----------------

TOWNSHIP OF HILLSIDE

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2015 (Due From)	A	\$	50,535.57
Increased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings	A-8	\$	122,000.00
Senior Citizens' and Veterans' Deductions Granted by Tax Collector:			
2016 Taxes	A-8		<u>5,796.93</u>
			\$ <u>127,796.93</u>
			\$ <u>178,332.50</u>
Decreased by:			
Cash Receipts	A-4	\$	110,029.45
Senior Citizens' Deductions Disallowed by Tax Collector:			
2015 Taxes	A-8		<u>250.00</u>
			\$ <u>110,279.45</u>
Balance, December 31, 2016 (Due From)	A	\$	<u><u>68,053.05</u></u>

ANALYSIS OF REALIZED REVENUE

Senior Citizens' and Veterans' Deductions Per Tax Billings	A-8	\$	122,000.00
Senior Citizens' and Veterans' Deductions Granted by Tax Collector	A-8		<u>5,796.93</u>
			\$ <u>127,796.93</u>
Less: Senior Citizens' Deductions Disallowed by Tax Collector	A-8		<u>250.00</u>
	A-9	\$	<u><u>127,546.93</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2015	2016 LEVY	ADDED TAXES	CASH COLLECTIONS 2015	2016	TRANSFERRED TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2016
SFY2011	\$ 2,657.04	\$	\$ 5,087.13	\$	\$	\$	\$ 5,075.39	\$ 7,754.17
TY 2012	10,873.50		702.65					5,798.11
2012	16,953.58		10,070.88		5,455.64			17,656.23
2013	24,998.71		31,832.18		4,778.32			29,613.95
2014	47,156.16		5,116.50		2,645,324.71	1,720.71	17,903.90	74,210.02
2015	3,170,860.22	\$	\$ 52,819.34	\$ 206,852.61	\$ 2,655,588.67	1,720.71	\$ 22,979.29	511,027.40
2016	3,273,499.21	\$ 67,313,911.59	\$ 52,819.34	\$ 206,852.61	\$ 63,984,891.33	73,323.29	29,435.53	646,059.88
	\$ 3,273,499.21	\$ 67,313,911.59	\$ 52,819.34	\$ 206,852.61	\$ 66,640,450.00	\$ 75,044.00	\$ 52,414.82	3,665,468.71

REF. A

A-2

A-10

A

Collections A-5
 State of New Jersey A-8
 Tax Overpayments Applied A-17

\$ 66,425,192.95
 127,546.93
87,170.12
 \$ 66,640,450.00

ANALYSIS OF 2016
PROPERTY TAX LEVY
 TAX YIELD
 General Purpose Tax
 Added Taxes (54-4-63.1 et. seq.)

\$ 67,194,319.66
119,591.93
 \$ 67,313,911.59

TAX LEVY
 Local District School Tax A-27
 County Tax A-26
 County Added A-26

\$ 29,352,399.00
 \$ 8,921,444.85
15,843.49
 8,937,288.34

Local Tax for Municipal Purposes A-2
 Minimum Library Tax A-2
 Add: Additional Taxes Levied

\$ 28,371,723.92
544,842.53
107,657.80
 29,024,224.25
\$ 67,313,911.59

"A-10"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2015	A		\$ 674,022.68
Increased by:			
Transferred from Property Taxes Receivable	A-9	\$ 75,044.00	
Transfer from Sewer Use Charges Receivable	A-11	143.00	
Other Charges		<u>731.39</u>	
			\$ <u>75,918.39</u>
			\$ <u>749,941.07</u>
Decreased by:			
Collections	A-2:A-5	\$ 62,839.63	
Cancelled		<u>610.29</u>	
			<u>63,449.92</u>
Balance, December 31, 2016	A		\$ <u><u>686,491.15</u></u>

"A-11"

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

Balance, December 31, 2015	A		\$ 180,719.53
Increased by:			
Levy			<u>1,816,444.12</u>
			\$ <u>1,997,163.65</u>
Decreased by:			
Collections	A-2:A-5	\$ 1,581,258.90	
Prepaid Applied	A-2:A-15	100.00	
Overpayments Applied	A-2:A-16	10,241.38	
Transferred to Liens	A-10	<u>143.00</u>	
			<u>1,591,743.28</u>
Balance, December 31, 2016	A		\$ <u><u>405,420.37</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF FORECLOSED PROPERTY

<u>BLOCK</u>	<u>LOT</u>		BALANCE DECEMBER 31, <u>2016</u>		BALANCE DECEMBER 31, <u>2015</u>
406	11	\$	41,800.00	\$	41,800.00
424	18		283,300.00		283,300.00
424	19		48,000.00		48,000.00
1209	7		648,400.00		648,400.00
1209	8		481,500.00		481,500.00
203	15		345,000.00		345,000.00
606	15		40,000.00		40,000.00
305	19		1,000.00		1,000.00
401	68		76,100.00		76,100.00
602	10		91,700.00		91,700.00
1209	22		19,000.00		19,000.00
1417	37		126,100.00		126,100.00
1713	43		78,200.00		78,200.00
			<u>2,280,100.00</u>		<u>2,280,100.00</u>
		\$		\$	
			<u>2,280,100.00</u>		<u>2,280,100.00</u>
		<u>REF.</u>	A		A

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 2015	ACCRUED	COLLECTED BY		BALANCE DECEMBER 31, 2016
			TREASURER	COLLECTOR	
Clerk:					
Licenses:					
Other					
Fees and Permits		\$ 4,468.00	\$ 4,468.00	\$	
Tax Assessor:		3,518.16	3,518.16		
Fees and Permits		405.00	405.00		
Board of Health:					
Licenses					
Fees and Permits		760.00	760.00		
Fire Department:					
Fees and Permits					
Municipal Court:					
Fines and Costs	11,581.30				11,581.30
Interest and Costs on Taxes	21,064.19				21,064.19
Interest on Investments and Deposits		379,371.79	375,801.24		
Cable T.V. Franchise Fees		731,663.52		731,663.52	
Ambulance Service Fees		54,975.96	54,975.96		
Alarm Fees		138,402.50	138,402.50		
Off Duty Administrative Fees		359,393.93	359,393.93		
Payment in Lieu of Taxes - Gargiulo		30,324.50	30,324.50		
Consolidated Municipal Property Tax Relief Aid		360,545.65	360,545.65		
Energy Receipts Tax		40,775.75	40,775.75		
Construction Code Official:		949,514.94	949,514.94		
Fees and Permits		3,322,725.24	3,322,725.24		
Uniform Fire Safety Act					
Sewer Trunk Surplus					
	191,767.82	436,405.44	582,325.12		45,848.14
		17,867.04	17,867.04		
		174,348.73	174,348.73		
	\$ 224,413.31	\$ 7,005,466.15	\$ 6,416,151.76	\$ 731,663.52	\$ 82,064.18
REF.	A		A-4	A-5	A

TOWNSHIP OF HILLSIDE

GRANTS FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	1,977,393.81
Increased by:			
Anticipated as Miscellaneous Revenue in 2016 Budget	A-2		132,502.80
		\$	<u>2,109,896.61</u>
Decreased by:			
Cash Receipts			
Treasurer	A-4	\$	80,123.19
Cancelled	A-21		1,294.02
Unappropriated Applied	A-22		<u>70,834.97</u>
			<u>152,252.18</u>
Balance, December 31, 2016	A	\$	<u><u>1,957,644.43</u></u>

ANALYSIS OF BALANCE

Mayor's Advisory Council on Drug and Alcohol Abuse		\$	353.84
FY2015			20,800.00
FY2016			27,319.33
Summer Food Service Program - 2013			31,544.64
Summer Food Service Program - 2016			50,000.00
County of Union - Field of Dreams Grant			125,000.00
County of Union - Green the Streets			30,000.00
Union County Kids Recreation Trust Grant			2,500.00
Kids Recreation Grant			24,916.15
Kids Recreation Grant - 2008			131,170.00
Kids Recreation Grant - 2010			100,000.00
Kids Recreation Trust Fund FY2011			7,000.00
Greening Union County			37,604.40
Edward Byrne Memorial Justice Assistance Grant			100,000.00
Neighborhood Stabilization Program (ARRA)			14,067.90
Edward Byrne Memorial Justice Assistance Grant			50,269.75
DOT - Liberty Ave			97,627.00
DOT - Burnett Street			390,000.00
DOT - Burnett Street - 2014			83,174.02
DOT - Hollywood Ave Section II			10,662.21
DOT - Westminster Ave			250,000.00
Evans Terminal Storm Water Replacement			15,000.00
Greening Union County			57,000.00
UEZ - Streets and Roads Summer Work Program			198,580.00
FEMA - OEM Hazard Mitigation			38,959.00
Kids Recreation Trust Fund 2014			64,096.19
DOT - Safe Corridor - 2015			
		\$	<u><u>1,957,644.43</u></u>

"A-15"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF PREPAID SEWER CHARGES

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	100.00
Decreased by:			
Applied	A-11	\$	<u>100.00</u>

"A-16"

SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2015	A	\$	10,241.38
Increased by:			
Cash Receipts	A-5		<u>12,006.37</u>
		\$	22,247.75
Decreased by:			
Applied	A-11		<u>10,241.38</u>
Balance, December 31, 2016	A	\$	<u>12,006.37</u>

"A-17"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	113,436.47
Increased by:			
Overpayments	A-5		<u>228,722.82</u>
		\$	<u>342,159.29</u>
Decreased by:			
Refunded	A-4	\$	95,923.26
Applied	A-9		<u>87,710.12</u>
			<u>183,633.38</u>
Balance, December 31, 2016	A	\$	<u><u>158,525.91</u></u>

"A-18"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2015	A	\$	206,852.61
Increased by:			
Collection of 2017 Taxes	A-5		<u>230,250.84</u>
		\$	<u>437,103.45</u>
Decreased by:			
Applied to 2016 Taxes	A-9		<u>206,852.61</u>
Balance, December 31, 2016	A	\$	<u><u>230,250.84</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015:			
Current Fund	A	\$ 797,379.59	
Grant Fund	A	<u>8,811.14</u>	
			\$ 806,190.73
Increased by:			
2016 Appropriations	A-3	\$ 505,857.23	
Reserve for Grants Appropriated	A-21	<u>474.37</u>	
			<u>506,331.60</u>
			\$ 1,312,522.33
Decreased by:			
Transferred to Appropriation Reserves	A-20	\$ 797,379.59	
Transferred to Grants Appropriated	A-21	8,811.14	
Canceled	A-1	<u> </u>	
			<u>806,190.73</u>
Balance, December 31, 2016			\$ <u><u>506,331.60</u></u>
Current Fund	A	\$ 505,857.23	
Grant Fund	A	<u>474.37</u>	
			\$ <u><u>506,331.60</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
	\$	\$	\$	\$
Township Council	1,000.28	1,000.28		1,000.28
Board of Health	57,803.15	57,803.15		57,803.15
Financial Administration	32,642.07	32,642.07		32,642.07
Municipal Court	36,645.58	36,645.58	1,250.00	35,395.58
Assessment of Taxes	3,028.96	3,028.96		3,028.96
Collection of Taxes	2,419.16	2,419.16		2,419.16
Economic Development	68,653.85	68,653.85		68,653.85
Municipal Prosecutor	18,288.69	18,288.69		18,288.69
Buildings and Grounds	1,285.00	1,285.00		1,285.00
Planning Board	729.11	729.11		729.11
Zoning Costs	729.11	729.11	541.84	187.27
Police	246,364.90	246,364.90	246,364.90	
Fire	607,529.63	607,529.63		607,529.63
Fire Official	7,895.14	7,895.14		7,895.14
Crossing Guards	67,413.35	67,413.35		67,413.35
Community Recreation Commission	7,559.47	7,559.47		7,559.47
Senior Citizens	82,992.59	82,992.59		82,992.59
Garage Service and Repairs	124,044.43	124,044.43		124,044.43
Emergency Management	1,867.62	1,867.62		1,867.62
Road Repair & Maintenance	37,350.96	37,350.96		37,350.96

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

SALARIES AND WAGES (CONTINUED):

	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
Building Inspector	\$ 35,162.74	\$ 35,162.74	\$	\$ 35,162.74
Temporary & Summer Employees	14,262.50	14,262.50		14,262.50
Salary Adjustment Account	250,000.00	250,000.00	223,678.44	26,321.56
Sub-Total Salaries and wages	\$ 1,705,668.29	\$ 1,705,668.29	\$ 471,835.18	\$ 1,233,833.11

OTHER EXPENSES:

Administrative and Executive:				
Departmental Expenses	\$ 10,234.07	\$ 10,234.07	\$ 6,205.64	\$ 4,028.43
Photocopy and Film	3,373.52	3,373.52	3,234.76	138.76
Townwide Repair and Maintenance Contracts	806.66	806.66		806.66
Township Clerk				
Misc.	2,673.05	2,673.05	31.68	2,641.37
Advertising	495.20	495.20	8.62	486.58
Township Council	10,429.76	10,429.76	4,634.05	5,795.71
Elections	28,986.24	28,986.24	15,304.62	13,681.62
Financial Administration	116,294.13	116,294.13	98,829.08	17,465.05
Annual Audit	225.00	225.00		225.00
Assessment of Taxes	10,837.33	10,837.33	440.59	10,396.74
Computer Service Department: (Data Processing)	2,000.00	2,000.00		2,000.00
Collection of Taxes	5,999.49	5,999.49	3,469.21	2,530.28

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>				
Legal/Professional Services and Costs	\$ 91,157.92	\$ 91,157.92	\$ 66,080.03	\$ 25,077.89
Engineering Services - General	77,832.65	77,832.65	77,287.65	545.00
Economic Development	5,000.00	5,000.00	2,138.00	2,862.00
Public Buildings and Grounds	23,579.91	23,579.91	4,998.30	18,581.61
Planning Board	442.71	442.71		442.71
Zoning Costs	649.38	649.38	649.38	
Alcohol Beverage Control	7,172.00	7,172.00	1,591.00	5,581.00
Postage	16,748.72	16,748.72	6,123.84	10,624.88
Group Insurance Plan for Employees	794,050.42	794,050.42	500,388.49	293,661.93
Unemployment Compensation Insurance	42,429.76	42,429.76	227.15	42,202.61
Workers Compensation Insurance Trust Fund	73,833.27	73,833.27	75.76	73,757.51
Other Insurance Premiums	4,384.18	4,384.18		4,384.18
Fire:				
Miscellaneous	80,420.97	80,420.97	15,998.87	64,422.10
Ambulance Services	6,702.66	6,702.66	1,536.43	5,166.23
Fire Official	2,150.05	2,150.05		2,150.05
Police Department				
Departmental Expenses	40,989.11	40,989.11	18,742.10	22,247.01
Garage Service and Repairs	49,345.25	49,345.25		49,345.25
Roads Repair & Maintenance	67,791.11	67,791.11	65,688.11	2,103.00
Garbage, Trash and Recycling Collection	400,598.07	400,598.07	236,141.73	164,456.34
Sewer System	52,000.00	52,000.00	33,394.57	18,605.43

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	\$	BALANCE AFTER TRANSFERS	\$	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>						
Sewer Pumping System	20,782.82	\$	20,782.82	\$	7,415.59	13,367.23
Board of Health	25,377.45		25,377.45		14,163.53	11,213.92
Dog License Regulation	14,175.20		14,175.20		8,592.72	5,582.48
Community Recreation Commission	10,058.57		10,058.57		2,680.89	7,377.68
Building Inspector (Code Enforcement)	391.78		391.78		200.00	191.78
Celebration of Public Events						
Mayor and Administration	5,000.00		5,000.00		557.90	4,442.10
Council	4,840.85		4,840.85		398.75	4,442.10
Municipal Court	3,996.96		3,996.96		1,081.00	2,915.96
Public Defender	5,050.00		5,050.00		3,425.00	1,625.00
Senior Citizens	4,313.56		4,313.56		272.19	4,041.37
Utilities- All	202,239.13		202,239.13		163,504.13	38,735.00
Street Lighting	1,931.42		1,931.42			1,931.42
Fire Hydrant Service	23,060.97		23,060.97			23,060.97
Health Benefit Waiver	37,083.34		37,083.34			37,083.34
Contingent	500.00		500.00			500.00
Social Security (O.A.S.I.)	114,238.34		114,238.34			111,838.92
Consolidated Police and Firemen's Pension Fund	0.71		0.71		2,399.42	0.71
Defined Retirement Contribution Plan	4,275.00		4,275.00			4,275.00

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>				
Maintenance of Free Public Library	\$ 8,300.00	\$ 8,300.00	\$	\$ 8,300.00
Snow Removal Cost- State of Emergency	51,650.11	51,650.11		51,650.11
Reserve for Tax Appeals	120,000.00	120,000.00		120,000.00
Group Insurance Plans for Employees	19,282.00	19,282.00		19,282.00
Union County Imp Authority - Interest	5,002.91	5,002.91		5,002.91
	<u>2,711,183.71</u>	<u>2,711,183.71</u>	<u>1,367,910.78</u>	<u>1,343,272.93</u>
Sub-Total Other Expenses	\$ <u>4,416,852.00</u>	\$ <u>4,416,852.00</u>	\$ <u>1,839,745.96</u>	\$ <u>2,577,106.04</u>
				A-1
Appropriation Reserves		\$ 3,619,472.41		
Transferred from Accounts Payable		<u>797,379.59</u>		
		\$ <u>4,416,852.00</u>		
Cash Disbursements		\$ 1,819,195.31		
Transferred to Accounts Payable		<u>20,550.65</u>		
		\$ <u>1,839,745.96</u>		

REF. A

A A-19

A-4 A-31

TOWNSHIP OF HILLSIDE

GRANTS FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2015	A		\$ 1,590,042.65
Increased by:			
Budget Appropriations	A-3	\$ 132,502.80	
Encumbrances Payable	A-19	<u>8,811.14</u>	
			141,313.94
Decreased by:			\$ 1,731,356.59
Cash Disbursements	A-4	\$ 158,684.82	
Cancelled	A-14	1,294.02	
Encumbrances Payable	A-19	<u>474.37</u>	
			<u>160,453.21</u>
Balance, December 31, 2016	A		<u>\$ 1,570,903.38</u>
<u>ANALYSIS OF BALANCE, DECEMBER 31, 2016</u>			
Alcohol Education & Rehabilitation Program			\$ 3,885.81
Clean Communities Program			36,582.64
Recycling Tonnage Grant			3,280.69
Body Armor Grant			9,548.43
Mayor's Advisory Council on Drug and Alcohol Abuse			
FY2016 Grant:			
County Share			353.84
Local Match			1,258.75
Impaired Driving Grant			3,900.00
Comcast Government and Community Affairs Grant			33,823.28
County of Union - Green the Streets			226,789.15
County of Union - Green the Streets - Match			21,647.92
DOT - Hollywood Ave Section II			5,116.93
DOT - Burnett Street			93,259.32
DOT - Burnett Street - 2014			59,805.15
DOT - Long Avenue Section Four			16,271.60
Economic Development/UEZ			26,062.88
Edward Byrne Memorial Justice Assistance Grant			5,456.05
Green Communities Program - Match			1,500.00
Greening Union County			5,550.00
Homeland Security FEMA Grant - Match			4,316.44
Kids Recreation Grant - FY2008			521.00
Kids Recreation Trust Fund FY2011			81,646.50
Neighborhood Stabilization Program (ARRA)			100,000.00
Nonpublic Nursing Aid Grant			15,150.00
Summer Food Service Program 2013			27,848.53
Summer Food Service Program 2016			27,554.48
UEZ Green the Streets			200,000.00
UEZ Liberty Avenue			12,159.53
UEZ Relocation Grant - Crane Group International			200,000.00
Union County Kids Recreation Trust Grant - FY2007			1,378.26
Union County Kids Recreation Trust Grant - FY2010			6,888.20
Urban Enterprise Zone - Summer Work Program 2015			19,000.00
Urban Enterprise Zone - Summer Work Program 2014			4,415.00
Urban Enterprise Zone - Summer Work Program 2013			1,080.00
FEMA - OEM Hazard Mitigation			192,315.00
Kids Recreation Trust Fund 2014			68,688.00
Hillside Outdoor Music Event (H.O.M.E.)			3,850.00
2015 Infrastructure and Municipal Aid Grant Program			<u>50,000.00</u>
			<u>\$ 1,570,903.38</u>

TOWNSHIP OF HILLSIDE

GRANTS FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2015	CASH RECEIPTS	APPLIED	BALANCE DECEMBER 31, 2016
Recycling Tonnage Grant	\$ 5,888.43	5,392.12	5,888.43	5,392.12
Body Armor Fund	1,473.33		1,473.33	
Alcohol Education and Rehabilitation	33,797.04	38,635.34	33,797.04	38,635.34
Clean Communities	25,776.17		25,776.17	
Summer Food Service Program	3,900.00		3,900.00	
Impaired Driving Grant		6,677.76		6,677.76
Nursing Services Grant		1,148.20		1,148.20
Driving While Intoxicated				
	<u>\$ 70,834.97</u>	<u>\$ 51,853.42</u>	<u>\$ 70,834.97</u>	<u>\$ 51,853.42</u>

REF.

A

A-4

A-14

A

"A-23"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF RESERVE FOR FIRE PENALTIES AND ASSESSMENTS

REF.

Balance, December 31, 2015
and December 31, 2016

A

\$ 30,256.65

"A-24"

SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

Balance, December 31, 2015
and December 31, 2016

A

\$ 189.38

"A-25"

GRANT FUND

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2015:
Expenditure without an Appropriation

A

\$ 96,523.59

Decreased by:

Cash Receipts
Budget Appropriations

A-3;A-4

\$ 96,523.59

"A-26"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance December 31, 2015	A	\$	16,116.21
Increased by:			
Tax Levy	A-9	\$	8,921,444.85
Added Taxes			
2016	A-9		14,651.60
2015	A-9		1,191.89
	A-1		<u>8,937,288.34</u>
		\$	<u>8,953,404.55</u>
Decreased by:			
Payments	A-4		<u>8,937,561.06</u>
Balance December 31, 2016	A	\$	<u><u>15,843.49</u></u>

"A-27"

SCHEDULE OF SCHOOL TAXES PAYABLE

Balance December 31, 2015 (Prepaid)	A	\$	(1.00)
Increased by:			
Levy	A-1:A-9		<u>29,352,399.00</u>
		\$	<u>29,352,398.00</u>
Decreased by:			
Disbursements	A-4		<u>29,352,400.00</u>
Balance December 31, 2016 (Prepaid)	A	\$	<u><u>(2.00)</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	ANIMAL CONTROL TRUST FUND	TRUST OTHER FUND	GENERAL CAPITAL FUND	SWIM POOL UTILITY OPERATING FUND	SWIM POOL UTILITY CAPITAL FUND	GRANT FUND	PUBLIC ASSISTANCE TRUST FUND II	PAYROLL AGENCY ACCOUNT	PAYROLL ACCOUNT
A	\$ 879,333.92	\$ 91,765.73		\$	\$ 25,076.02	\$	\$ 683,511.10	\$	\$	\$
A	1,074,418.14		789,238.46	234,940.70				17,137.82	8,025.14	104,057.09
Balance, December 31, 2015										
Due From										
Due To										
Receipts										
A-4	3,732,707.85		1,262,569.67	2,128,050.35	37,987.26	69,824.00	234,276.57			
A-5										
Grant Match										
Disbursements										
A-4	3,234,238.43		210,582.08	2,616,236.09	66,348.15	69,824.00	164,461.19		18,512.18	86,274.74
A-2										
Statutory Excess										
Balance, December 31, 2016										
Due From										
Due To										
A	1,164,810.23	\$ 91,765.73		253,245.04	5,284.87	\$	613,695.72	\$	10,487.04	190,331.83
A	1,858,363.87		1,841,226.05					17,137.82		

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2015	ADDED IN 2016	RAISED IN 2016 BUDGET	BALANCE DECEMBER 31, 2016
Overexpenditure of 2016 Appropriations	\$	\$ 10,020.58	\$	\$ 10,020.58
Overexpenditure of 2015 Appropriations	58,388.77		58,388.77	
Overexpenditure of 2014 Appropriations	82,489.64		82,489.64	
Expenditure without an Appropriation	3,783.47	624,813.90	3,783.47	624,813.90
	<u>\$ 144,661.88</u>	<u>\$ 634,834.48</u>	<u>\$ 144,661.88</u>	<u>\$ 634,834.48</u>

REF.

A

A-3

A

2016 Appropriations
Cash Disbursements

\$ 1,020.58

624,813.90

\$ 625,834.48

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

REF.

Balance, December 31, 2015
and December 31, 2016

A

\$ 10,500.00

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	169.74
Increased by:			
Transferred from Appropriation Reserves	A-20		<u>20,550.65</u>
Balance, December 31, 2016	A	\$	<u><u>20,720.39</u></u>

"A-32"

TOWNSHIP OF HILLSIDE

GRANT FUND

SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2015 and Balance, December 31, 2016 (Do From)	A	\$ <u><u>256,355.00</u></u>

"A-33"

SCHEDULE OF DUE SWIM POOL CAPITAL FUND

Balance, December 31, 2015 and December 31, 2016	A	\$ <u><u>22,952.50</u></u>
---	---	----------------------------

TOWNSHIP OF HILLSIDE

CURRENT FUND

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

<u>DATE</u> <u>AUTHORIZED</u>	<u>PURPOSE</u>	<u>NET AMOUNT</u> <u>AUTHORIZED</u>	<u>1/5 OF NET AMOUNT</u> <u>AUTHORIZED</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2015</u>	<u>RAISED IN</u> <u>2016 BUDGET</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2016</u>
8/7/2012	Contractually Required Severance Liabilities	\$ 192,781.02	\$ 38,556.20	\$ 77,114.56	\$ 38,556.56	\$ 38,558.00
9/4/2012	Contractually Required Severance Liabilities	622,287.28	124,457.46	248,914.28	124,457.78	124,456.50
10/15/2013	Contractually Required Severance Liabilities	500,000.00	100,000.00	166,666.00	166,666.00	
11/10/2014	Contractually Required Severance Liabilities	600,000.00	120,000.00	480,000.00	120,000.00	360,000.00
				<u>\$ 972,694.84</u>	<u>\$ 449,680.34</u>	<u>\$ 523,014.50</u>

REF.

A

A-3

A

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE

PURPOSE	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
Contractually Required Severance Liabilities	11/22/2013	1/30/2014	1/30/2015	1.000% ;\$	166,666.00 ;\$		166,666.00 ;\$	
Contractually Required Severance Liabilities	2/1/2013	1/30/2014 1/30/2015	1/27/2017 1/29/2016	1.230% 1.279%	124,458.00	124,458.00	248,913.28	124,458.00
Contractually Required Severance Liabilities	2/1/2013	1/29/2016 1/30/2015	1/27/2017 1/29/2016	1.230% 1.279%	345,333.72	305,997.00	345,333.72	305,997.00
Contractually Required Severance Liabilities	12/23/2014	8/5/2016 8/7/2015	8/4/2017 8/5/2016	2.250% 1.500%	480,000.00	360,000.00	480,000.00	360,000.00
				\$	<u>1,240,913.00 \$</u>	<u>790,455.00 \$</u>	<u>1,240,913.00 \$</u>	<u>790,455.00</u>
				<u>REF.</u>	A	A-4	A-4	A

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF RESERVE FOR RETIREMENT

REF.

Balance, December 31, 2015 and
December 31, 2016

A

\$ 52,249.76

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF CASH - TREASURER

<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
B	\$ 103,795.33	\$ 6,374,205.28
B-2	5,582.60	
B-3	1,216.80	
B-4		161,994.59
B-7		845,949.40
B-8		20,650.00
B-11		3,369.64
B-12		50.23
B-13		938,081.10
B-15		5,768.92
B-16		1,162,533.89
B-17		155,629.61
B-18		241,399.48
B-22		44.89
B-19		98,904.28
	\$ 6,799.40	\$ 3,634,376.03
	\$ 110,594.73	\$ 10,008,581.31
B-2	2,469.15	
B-3	1,202.40	
B-5		105,945.01
B-7		713,431.18
B-8		18,433.58
B-13		1,068,907.48
B-16		1,011,144.25
B-17		268,479.47
B-22		2,955.00
B-19		1,150,891.87
	\$ 3,671.55	\$ 4,401,250.23
B	\$ 106,923.18	\$ 5,607,331.08

Balance, December 31, 2015

Increased by Receipts:

- Animal Control Fees
- Dog Registration Fees - Due State of New Jersey
- Community Development Block Grant Receivable Reserve for:
- Tax Sale Redemption
- Recreation Trust
- UEZ 2nd Generation Fund
- UEZ Revolving Loan Escrow
- Police Off Duty Escrow
- Special Law Enforcement Trust
- Miscellaneous Trust Deposits
- Federal Law Enforcement Trust
- Building Department Escrow
- Retiree Prescription Account
- Interfunds Receivable

Decreased by Disbursements:

- Animal Control Expenditures
- New Jersey State Board of Health
- Community Development Block Grant Reserve for:
- Tax Sale Redemption
- Recreation Trust
- Police Off Duty Escrow
- Miscellaneous Trust Deposits
- Federal Law Enforcement Trust
- Retiree Prescription Account
- Due Current Fund

Balance, December 31, 2016

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2015	B		\$ 9,846.00
Increased by:			
Dog License Fees	B-1	\$ 4,716.00	
Miscellaneous	B-1	<u>866.60</u>	
			\$ <u>5,582.60</u>
			\$ <u>15,428.60</u>
Decreased by:			
Cash Disbursements	B-1		<u>2,469.15</u>
Balance, December 31, 2016	B		\$ <u><u>12,959.45</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2014	6,936.00
2015	<u>6,085.00</u>
	\$ <u><u>13,021.00</u></u>

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

Balance, December 31, 2015	B	\$ 183.60
Increased by:		
Cash Receipts	B-1	<u>1,216.80</u>
		\$ <u>1,400.40</u>
Decreased by:		
Cash Disbursements	B-1	<u>1,202.40</u>
Balance, December 31, 2016	B	\$ <u><u>198.00</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

<u>PROGRAM DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>GRANTS APPROVED BY COUNTY OF UNION</u>	<u>CASH RECEIPTS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2016</u>
Program Year 40:					
Senior Citizens Health Care Program	\$ 13,690.00	\$	12,850.01	\$ 839.99	\$
Senior Citizens Program	7,351.00		7,351.00		
Buie Center Youth Recreation	9,780.12		9,600.13	179.99	
Maternal Child Health Care	5,776.37		5,776.37		
Program Year 41:					
Street Reconstruction and Resurfacing	125,000.00			125,000.00	
Senior Citizens Health Care Program	13,190.00		13,177.08	12.92	
Senior Citizens Program	10,180.00		10,180.00		
Buie Center Youth Recreation	13,060.00		13,060.00		
Maternal Child Health Care	25,000.00		25,000.00		
Code Enforcement	65,000.00		65,000.00		
Program Year 42:					
Restroom Rehabilitation		35,000.00			35,000.00
Senior Citizens Health Care Program		12,790.00			12,790.00
Senior Citizens Program		9,680.00			9,680.00
Buie Center Youth Recreation		13,000.00			13,000.00
Maternal Child Health Care		20,000.00			20,000.00
Code Enforcement		45,000.00			45,000.00
	<u>\$ 288,027.49</u>	<u>\$ 135,470.00</u>	<u>\$ 161,994.59</u>	<u>\$ 126,032.90</u>	<u>\$ 135,470.00</u>

REF.

B

B-5

B-1

B-5

B

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

PROGRAM DESCRIPTION	BALANCE DECEMBER 31, 2015	MODIFIED	GRANTS APPROVED BY COUNTY OF UNION	EXPENDED	ADJUSTMENTS/ CANCELLED	BALANCE DECEMBER 31, 2016
Program Year 31:						
Bathroom Renovations	\$ 13,360.67	\$ 13,360.67	\$		\$	\$ 13,360.67
Program Year 35:						
Code Enforcement				156.30		(156.30)
Program Year 40:						
Senior Citizens Health Care Program	839.99	1,670.68		830.69	839.99	
Buie Center Youth Recreation	179.99	632.19		452.20	179.99	
Maternal Child Health Care		1,621.90		1,621.90		
Program Year 41:						
Street Reconstruction and Resurfacing	125,000.00	125,000.00		192.50	125,000.00	(192.50)
Senior Citizens Health Care Program	5,268.56	5,268.56		5,255.64	12.92	
Senior Citizens Program	7,402.00	7,402.00		7,402.00		
Buie Center Youth Recreation	9,365.47	9,598.42		9,598.42		
Maternal Child Health Care	22,464.39	24,000.00		24,000.00		
Code Enforcement	43,759.99	43,759.99		43,759.99		
Program Year 42:						
Restroom Rehabilitation			35,000.00			35,000.00
Senior Citizens Health Care Program			12,790.00	7,123.77		5,666.23
Senior Citizens Program			9,680.00	5,184.00		4,496.00
Buie Center Youth Recreation			13,000.00	3,983.33		9,016.67
Maternal Child Health Care			20,000.00			20,000.00
Code Enforcement			45,000.00			45,000.00
Program Income - Sidewalk Reimbursements	\$ 227,641.06	\$ 232,314.41	\$ 135,470.00	\$ 109,560.74	\$ 126,032.90	\$ 132,190.77
	2,085.13	2,085.13				2,085.13
	\$ 229,726.19	\$ 234,399.54	\$ 135,470.00	\$ 109,560.74	\$ 126,032.90	\$ 134,275.90
REF.	B		B-4		B-4	B
Cash Disbursements			\$	105,945.01		
Transferred to Encumbrances Payable				3,615.73		
			\$	109,560.74		

"B-6"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR FACADE LOAN REPAYMENTS

	<u>REF.</u>	
Balance, December 31, 2015 and December 31, 2016	B	\$ <u>35,134.28</u>

"B-7"

SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION

Balance, December 31, 2015	B	\$ 294,607.10
Increased by:		
Cash Receipts	B-1	<u>845,949.40</u>
		\$ 1,140,556.50
Decreased by:		
Cash Disbursements	B-1	<u>713,431.18</u>
Balance, December 31, 2016	B	\$ <u>427,125.32</u>

"B-8"

SCHEDULE OF RESERVE FOR RECREATION TRUST

Balance, December 31, 2015	B	\$ 22,853.84
Increased by:		
Cash Receipts	B-1	<u>20,650.00</u>
		\$ 43,503.84
Decreased by:		
Cash Disbursements	B-1	<u>18,433.58</u>
Balance, December 31, 2016	B	\$ <u>25,070.26</u>

"B-9"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

REF.

Balance, December 31, 2015 and
December 31, 2016

B

\$ 120,084.13

"B-10"

SCHEDULE OF RESERVE FOR FLEXIBLE SPENDING ACCOUNT

Balance, December 31, 2015 and
December 31, 2016

B

\$ 1,225.00

"B-11"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR UEZ 2ND GENERATION FUND

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	631,113.71
Increased by:			
Cash Receipts	B-1		<u>3,369.64</u>
Balance, December 31, 2016	B	\$	<u><u>634,483.35</u></u>

"B-12"

SCHEDULE OF RESERVE FOR UEZ REVOLVING LOAN ESCROW

Balance, December 31, 2015	B	\$	7,195.23
Increased by:			
Cash Receipts	B-1		<u>50.23</u>
Balance, December 31, 2016	B	\$	<u><u>7,245.46</u></u>

"B-13"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF POLICE OFF-DUTY ESCROW

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	216,752.79
Increased by:			
Cash Receipts	B-1		<u>938,081.10</u>
		\$	1,154,833.89
Decreased by:			
Cash Disbursements	B-1		<u>1,058,907.48</u>
Balance, December 31, 2016	B	\$	<u><u>95,926.41</u></u>

"B-14"

SCHEDULE OF RESERVE FOR LOCAL LAW ENFORCEMENT BLOCK GRANT

Balance, December 31, 2015 and December 31, 2016	B	\$	<u><u>628.02</u></u>
---	---	----	----------------------

"B-15"

SCHEDULE OF RESERVE FOR SPECIAL LAW ENFORCEMENT TRUST

Balance, December 31, 2015	B	\$	44,905.58
Increased by:			
Cash Receipts	B-1		<u>5,768.92</u>
Balance, December 31, 2016	B	\$	<u><u>50,674.50</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>RECEIPTS</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
Reserve For:				
Miscellaneous:				
Tax Sale Premium	\$ 2,618,731.06	\$ 1,012,500.00	\$ 960,680.89	\$ 2,670,550.17
Zoning and Planning Escrow	4,480.00			4,480.00
D.C.A. Fees Due State of New Jersey	3,564.00	24,515.00	18,193.00	9,886.00
Electrical Inspection Fees	2,030.00			2,030.00
Elevator Inspection Fees	3,075.00	7,666.00	5,883.00	4,858.00
Police Department Donations	2,072.63		517.79	1,554.84
Fire Fines and Penalties (UFC Fees)	35,959.56		5,740.00	30,219.56
Fire Department Donations	8,060.46			8,060.46
UFC Training	14,285.00			14,285.00
National Night Out	545.72	125.00		670.72
Hillside Street Fair	3,566.34			3,566.34
Marriage License Fees Due State of New Jersey	375.00	413.82	525.00	263.82
Board of Health	3,625.46			3,625.46
Burial Permit Fees Due State of New Jersey	515.00			515.00
Medicare	3,158.56			3,158.56
Senior Citizens Funds	2,522.75	150.00	835.00	1,837.75
Parking Offence Adjudication Act	29,242.86	4,846.00		34,088.86
Public Defender	6,296.50			6,296.50
UEZ Donation	1,702,958.13	12,177.00	18,473.50	1,702,958.13
Environmental Health Commission	2,970.43			2,970.43
Street Opening Deposits	4,935.60			4,935.60
Entranceway Signage Project	1,950.00			1,950.00
Musicfest	5,575.00			5,575.00
Hardware Escrow - Deposit on Sale of Property		100,000.00		100,000.00
Miscellaneous Deposits	245.00	141.07	296.07	90.00
Sub-total Miscellaneous	\$ 4,460,740.06	\$ 1,162,533.89	\$ 1,011,144.25	\$ 4,612,129.70

REF.

B

B-1

B-1

B

"B-17"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR FEDERAL LAW ENFORCEMENT TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	715,172.95
Increased by:			
Cash Receipts	B-1		<u>155,629.61</u>
		\$	870,802.56
Decreased by:			
Cash Disbursements	B-1		<u>268,479.47</u>
Balance, December 31, 2016	B	\$	<u><u>602,323.09</u></u>

"B-18"

SCHEDULE OF RESERVE FOR BUILDING DEPARTMENT ESCROW

Balance, December 31, 2015	B	\$	318,971.25
Increased by:			
Cash Receipts	B-1		<u>241,399.48</u>
		\$	560,370.73
Decreased by:			
Cash Disbursements	B-1		<u>71,062.39</u>
Balance, December 31, 2016	B	\$	<u><u>489,308.34</u></u>

TOWNSHIP OF HILLSIDE

TRUST OTHER FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>GRANT FUND</u>	<u>PAYROLL ACCOUNT</u>	<u>PAYROLL AGENCY ACCOUNT</u>
Balance, December 31, 2015								
Due From	B	\$ 834,967.57	\$ 789,238.46	\$ 2,000.00	\$ 32,679.40	\$	\$ 11,049.71	\$
Due To	B	<u>357,111.80</u>				<u>256,355.00</u>		<u>100,756.80</u>
Receipts	B-1	<u>98,904.28</u>	<u>98,904.28</u>					
Disbursements	B-1	<u>1,150,891.87</u>	<u>1,150,891.87</u>					
Balance, December 31, 2016								
Due From	B	\$ 1,886,955.16	\$ 1,841,226.05	\$ 2,000.00	\$ 32,679.40	\$	\$ 11,049.71	\$
Due To	B	<u>357,111.80</u>				<u>256,355.00</u>		<u>100,756.80</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, 2015				
Due To	B	\$ <u>93,765.73</u>	\$ <u>91,765.73</u>	\$ <u>2,000.00</u>
Balance, December 31, 2016				
Due To	B	\$ <u><u>93,765.73</u></u>	\$ <u><u>91,765.73</u></u>	\$ <u><u>2,000.00</u></u>

"B-21"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	4,673.35
Increased by:			
Transfer from Reserve for Community Development Block Grant	B-5		<u>3,615.73</u>
		\$	<u>8,289.08</u>
Decreased by:			
Transferred to Reserve for: Community Development Block Grant	B-5		<u>4,673.35</u>
Balance, December 31, 2016	B	\$	<u><u>3,615.73</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR RETIREE PRESCRIPTION ACCOUNT

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	35,687.88
Increased by:			
Cash Receipts	B-1		<u>44.89</u>
		\$	<u>35,732.77</u>
Decreased by:			
Cash Disbursements	B-1		<u>2,955.00</u>
Balance, December 31, 2016	B	\$	<u><u>32,777.77</u></u>

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2015	C		\$ 289,657.78
Increased by:			
Capital Improvement Fund	C-9	\$ 100,000.00	
Interfunds Returned	C-6	2,616,236.09	
Bond Anticipation Note	C-12	2,002,896.00	
Premium on Bond Anticipation Note Issued	C-1	<u>25,154.35</u>	
			<u>4,744,286.44</u>
			\$ 5,033,944.22
Decreased by:			
Contracts Payable	C-10	\$ 792,005.49	
Interfunds Advanced	C-6	2,128,050.35	
Bond Anticipation Note	C-12	<u>2,002,897.00</u>	
			<u>4,922,952.84</u>
Balance, December 31, 2016	C		\$ <u><u>110,991.38</u></u>

"C-3"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

<u>DESCRIPTION</u>		<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
Capital Improvement Fund	\$	404,637.46
Reserve for U.C.I.A.		141,074.89
Due U.C.I.A.		249,428.76
Reserve for Construction of Salt Shed		89,321.76
Grants Receivable		(475,798.08)
U.C.I.A. Receivable		(2,626,928.68)
Improvement Authorizations Funded (Set Forth on Exhibit "C-11")		1,265,712.81
Improvement Authorizations Expended (Set Forth on Exhibit "C-8")		(629,624.70)
Unexpended Proceeds of Bond Anticipation Notes		293,259.12
Interfunds Receivable		(75,123.29)
Interfunds Payable		285,924.44
Fund Balance		<u>48,871.70</u>
	\$	<u><u>110,991.38</u></u>

REF.

C

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2015	C	\$	1,449,320.49
Decreased by:			
Budget Appropriation to Pay Serial Bonds	C-13	\$	318,000.00
Budget Appropriation to Pay Loans Payable:			
Underground Storage Tank Loan	C-7		7,245.80
Infrastructure Loans	C-15		<u>75,335.42</u>
			<u>400,581.22</u>
Balance, December 31, 2016	C	\$	<u><u>1,048,739.27</u></u>

"C-5"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance December 31, 2015	C	\$ 6,882.08
Increased by:		
Improvement Authorizations	C-11	<u>468,916.00</u>
Balance December 31, 2016	C	<u>\$ 475,798.08</u>
<u>Analysis of Balance</u>		
Department of Transportation:		
West King Street		\$ 6,882.08
Irvington Ave		189,196.00
Hollywood Ave		187,720.00
Community Development Block Grant		<u>92,000.00</u>
		<u>\$ 475,798.08</u>

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

SWIM POOL
UTILITY
CAPITAL
FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>TRUST OTHER FUND</u>	
Balance, December 31, 2015					
Due from	C	\$ 310,063.99	\$ 234,940.70		\$ 75,123.29
Due to	C	<u>32,679.40</u>	<u> </u>	\$ <u>32,679.40</u>	<u> </u>
Receipts	C-2	<u>2,616,236.09</u>	<u>2,616,236.09</u>	<u> </u>	<u> </u>
Disbursements	C-2	<u>2,128,050.35</u>	<u>2,128,050.35</u>	<u> </u>	<u> </u>
Balance, December 31, 2016					
Due from	C	75,123.29	\$		\$ 75,123.29
Due to	C	<u>\$ 285,924.44</u>	<u>253,245.04</u>	\$ <u>32,679.40</u>	<u> </u>

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

ECONOMIC DEVELOPMENT AUTHORITY

SCHEDULE OF LOAN PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF LOAN OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2016</u>
			<u>DATE</u>	<u>AMOUNT</u>			
Underground Storage Tank Loan	5/30/2007	\$ 72,458.00	6/1/2017	\$ 7,245.80	0.00%	\$ 14,491.60	\$ 7,245.80
						\$ 14,491.60	\$ 7,245.80
							\$ 7,245.80

REF.

C

C-4

C

TOWNSHIP OF HILLSIDE
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE, DECEMBER 31, 2016			
		BALANCE DECEMBER 31, 2016	BOND ANTICIPATION NOTES	EXPENDITURES	UNFUNDED IMPROVEMENT AUTHORIZATIONS
475	Various Capital Improvements	\$ 800.02	\$	\$	800.02
00-018	Various Public Improvements	50.00			50.00
02-023	Demolition of Unsafe Buildings and Structures at Various Locations	50,096.40		15,914.00	34,182.40
02-024	Township's Portion of Joint Meeting Capital Improvement Plan	16,303.00		2,070.57	14,232.43
06-016	Townships Portion of Joint Meeting Capital Improvement Plan	15,423.00		9,687.13	5,735.87
0-07-002	Environmental Remediation, Hollywood Ave Firehouse	22,542.00			22,542.00
09-017	Township's Portion of Joint Meeting Capital Improvement Plan	520,000.00		493,779.00	26,221.00
09-019	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	1,242,748.00	1,242,374.00		374.00
08-020	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	761,047.00	760,522.00		525.00
09-025	Hillside Ave Stormwater Management System	356,221.00			356,221.00
14-13	Townships Portion of Joint Meeting Capital Improv. Plan	230,659.00			230,659.00
14-16	Acquisition of a Sewer Jet Vacuum Machine	113,325.00		108,174.00	5,151.00
16-09	2016 Road Program	4,542,000.00			4,542,000.00
		<u>\$ 7,871,214.42</u>	<u>\$ 2,002,896.00</u>	<u>\$ 629,624.70</u>	<u>\$ 5,238,693.72</u>
		REF. C	C-12	C-3	
	Unexpended Improvement Authorizations-Unfunded				\$ 5,531,952.84
	Less: Unexpended Proceeds of Bond Anticipation Notes				<u>293,259.12</u>
					<u>\$ 5,238,693.72</u>

"C-9"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2015	C	\$	531,737.46
Increased by:			
Budget Appropriation	C-2		<u>100,000.00</u>
		\$	631,737.46
Decreased by:			
Improvement Authorizations	C-11		<u>227,100.00</u>
Balance, December 31, 2016	C	\$	<u><u>404,637.46</u></u>

"C-10"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2015	C	\$	240,241.10
Increased by:			
Contracts Payable:			
Reserve for U.C.I.A.	C-16	\$	<u>1,691,999.58</u>
			<u>1,691,999.58</u>
		\$	1,932,240.68
Decreased by:			
Cash Disbursements	C-2	\$	<u>792,005.49</u>
		\$	<u>792,005.49</u>
Balance, December 31, 2016	C	\$	<u><u>1,140,235.19</u></u>
Improvement Authorizations		\$	26,106.20
Reserve for U.C.I.A. (Memo Only)	C-14		<u>1,114,128.99</u>
		\$	<u><u>1,140,235.19</u></u>

TOWNSHIP OF HILLSIDE
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2015		2016 AUTHORIZATIONS	BALANCE DECEMBER 31, 2016	
				FUNDED	UNFUNDED		FUNDED	UNFUNDED
475	Various Improvements to Public Property and Buildings and the Acquisition of Equipment and Machinery	06/25/96	\$ 453,000.00	\$ 53,426.99	\$ 800.02	\$ 53,426.99	\$ 800.02	
476	Tax Appeal Refunds	01/25/97	2,510,000.00	0.23		0.23		
99-023	Township Portion of Joint Meeting Capital Improvement Plan	09/28/99	395,000.00	109.54		109.54		
00-006	Acquisition of New and Replacement Equipment	02/29/00	76,000.00	1,976.27		1,976.27		
00-018	Various Public Improvements	06/05/00	940,000.00	1,431.27		1,431.27		
99-009	Purchase of Services and Equipment to Prepare for Y2K Compliance	07/27/99	150,000.00		50.00		50.00	
02-023	Demolition of Unsafe Buildings and Structures at Various Locations	06/11/02	105,000.00		34,182.40		34,182.40	
02-024	Township's Portion of Joint Meeting Capital Improvement Plan	06/25/02	425,000.00		14,232.43		14,232.43	
02-036	Purchase of Leaf Collector - Public Works	09/24/02	28,000.00	118.42		118.42		
03-020	Various Public Improvements, Demolition of Unsafe Buildings and	06/10/03	330,000.00	14,906.86		14,906.86		
06-016	Township's Portion of Joint Meeting Capital Improvement Plan	06/27/06	420,820.00		5,735.87		5,735.87	
07-002	Environmental Remediation, Hollywood Ave Firehouse	04/15/07	100,000.00	3,601.86		3,601.86		
09-017	Township's Portion of Joint Meeting Capital Improvement Plan	06/23/09	520,000.00		22,542.00		22,542.00	
09-019	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery				26,221.00		26,221.00	
08-020	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	06/23/09	1,514,500.00		198,340.10		198,340.10	
09-025	Hillside Ave Stormwater Management System	08/19/08	1,020,000.00		95,818.02		95,818.02	
11-018	Various Public Improvements	10/27/09	850,000.00	483,779.00		483,779.00		
14-13	Townships Portion of Joint Meeting	12/27/11	93,000.00	346.37		346.37		
14-16	Acquisition of a Sewer Jet Vacuum	10/21/14	780,000.00		230,659.00		230,659.00	
16-09	2016 Road Program	10/21/14	180,000.00		5,151.00		5,151.00	
		07/19/16	5,238,013.00			5,238,016.00		
			\$	\$ 569,696.81	\$ 989,952.84	\$ 1,265,712.81	\$ 4,542,000.00	
			REF.	C	C	C-C-3	C-C-8	
	Deferred Charges - Unfunded							
	Grants Receivable							
	Capital Improvement Fund							
				\$ 4,542,000.00				
				468,916.00				
				227,100.00				
				\$	\$ 5,238,016.00			

TOWNSHIP OF HILLSIDE
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>DATE OF INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2016</u>
09-019	Various Public Improvements and Acquisition of New, Additional or or Replacement Equipment and Machinery	8/12/2009	8/5/2016	8/4/2017	2.250%	\$ 1,282,187.00	\$ 1,242,374.00	\$ 1,282,187.00	\$ 1,242,374.00
		8/12/2009	8/7/2015	8/5/2016	1.500%				
08-020	Various Public Improvements and Acquisition of New, Additional or or Replacement Equipment and Machinery	8/12/2009	8/5/2016	8/4/2017	2.250%	802,262.00	760,522.00	802,262.00	760,522.00
		8/12/2009	8/7/2015	8/5/2016	1.500%				
						<u>\$ 2,084,449.00</u>	<u>\$ 2,002,896.00</u>	<u>\$ 2,084,449.00</u>	<u>\$ 2,002,896.00</u>
					<u>REF.</u>	C	C-2	C	
	Cash Disbursements				C-2		\$ 2,002,897.00		
	Paid by Budget						<u>81,552.00</u>		
							\$ 2,084,449.00		

TOWNSHIP OF HILLSIDE
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>DECREASED</u>
General Improvement Bonds	10/15/03	\$ 3,598,000.00	\$ <u>318,000.00</u>	\$ <u>318,000.00</u>
			\$ <u>318,000.00</u>	\$ <u>318,000.00</u>
		<u>REF.</u>	C	C-4

"C-14"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

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

	<u>REF.</u>		
Balance December 31, 2015 and December 31, 2016	C	\$	<u>2,626,928.68</u>
<u>Analysis of Balance:</u>			
Reserve for UCIA (Memo Only)	C-17	\$	141,074.89
Contracts Payable (Memo Only)	C-10		<u>1,114,128.99</u>
			1,255,203.88
Unreimbursed Expenditures - Net			<u>1,371,724.80</u>
		\$	<u>2,626,928.68</u>

"C-15"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>		
Balance December 31, 2015	C		\$ 1,116,828.89
Decreased by:			
Loan Paid by Budget	C-4	\$ <u>75,335.42</u>	<u>75,335.42</u>
Balance December 31, 2016	C		\$ <u><u>1,041,493.47</u></u>

"C-16"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

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

	<u>REF.</u>	
Balance December 31, 2015	C	\$ 1,833,074.47
Decreased by:		
Contracts Payable	C-10	<u>1,691,999.58</u>
Balance December 31, 2016	C	<u>\$ 141,074.89</u>

"C-17"

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

Balance December 31, 2015 and December 31, 2016	C	<u>\$ 249,428.76</u>
--	---	----------------------

"C-18"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CONSTRUCTION OF SALT SHED

REF.

Balance December 31, 2015
and December 31, 2016

C

\$ 89,321.76

"C-19"

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, 2016</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
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	374.00
08-020	Var. Public Improv & Acq of New, Additional or Replacement Equip and Machinery	524.00
09-025	Hillside Ave Stormwater Management System	356,221.00
14-13	Townships Portion of Joint Meeting Capital Improv. Plan	230,659.00
14-16	Acquisition of a Sewer Jet Vacuum Machine	113,325.00
16-05	2016 Road Program	<u>4,542,000.00</u>
		<u>\$ 5,868,317.42</u>

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	
Balance, December 31, 2015 (deficit)	D	\$	(6,169.94)
Increased by:			
Miscellaneous Revenues	D-2	\$ 137,450.51	
Membership Fees	D-2	11,920.00	
Non-Resident Fees	D-2	3,025.00	
Food Concession	D-2	584.00	
Deficit (General Budget)	D-2	102,429.68	
Interfunds Receivable	D-6	68,348.15	
			<u>323,757.34</u>
			\$ <u>317,587.40</u>
Decreased by Disbursements:			
2016 Budget Appropriations	D-3	\$ 227,774.77	
Appropriation Reserves	D-5	910.70	
Accrued Interest on Notes	D-18	1,080.15	
Interfunds Payable	D-6	37,987.26	
			<u>267,752.88</u>
Balance, December 31, 2016	D	\$	<u><u>49,834.52</u></u>

"D-5"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BUDGET AFTER MODIFICATION	NET PAID OR CHARGED	BALANCE LAPSED
Operating:				
Other Expenses	\$ 4,315.48	\$ 10,107.74	\$ 910.70	\$ 9,197.04
Statutory Expenditures:				
Public Employees Retirement System	<u>1,807.92</u>	<u>1,807.92</u>		<u>1,807.92</u>
	<u>\$ 6,123.40</u>	<u>\$ 11,915.66</u>	<u>\$ 910.70</u>	<u>\$ 11,004.96</u>
<u>REF.</u>	D		D-4	D-1
Appropriation Reserves	\$ 6,123.40			
Reestablish Accounts Payable	<u>5,792.26</u>			
	<u>\$ 11,915.66</u>			

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>PAYROLL AGENCY</u>	<u>SWIM POOL UTILITY CAPITAL FUND</u>
Balance, December 31, 2015					
Due From	D	\$ 25,152.52	\$ 25,076.02	\$ 76.50	
Due to	D	<u>10,584.06</u>			<u>\$ 10,584.06</u>
Receipts	D-4	<u>68,348.15</u>	<u>68,348.15</u>		
Disbursements	D-4	<u>37,987.26</u>	<u>37,987.26</u>		
Balance, December 31, 2016					
Due From	D	\$ 76.50	\$	\$ 76.50	
Due to	D	<u>15,868.93</u>	<u>5,284.87</u>		<u>\$ 10,584.06</u>

"D-7"

TOWNSHIP OF HILLSIDE
SWIM POOL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance December 31, 2015 and December 31, 2016	D	\$ <u>149,400.00</u>

"D-8"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2015	D	\$ 6,501.76
Increased by:		
2016 Encumbrances Payable	D-3	\$ <u>1,017.86</u>
		<u>1,017.86</u>
		\$ <u>7,519.62</u>
Decreased by:		
Transferred to Appropriations Reserves	D-5	<u>5,792.26</u>
Balance December 31, 2016	D	\$ <u>1,727.36</u>

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF FIXED CAPITAL
AUTHORIZED AND UNCOMPLETED

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE</u>	<u>BALANCE</u>
	<u>DATE</u>	<u>AMOUNT</u>	<u>DECEMBER 31, 2016</u>	<u>DECEMBER 31, 2015</u>
Rebuild Swim 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	150,000.00	150,000.00
Various Improvements of Municipal Pool	10/03/12	175,000.00	<u>175,000.00</u>	<u>175,000.00</u>
			<u>\$ 326,310.76</u>	<u>\$ 326,310.76</u>
		<u>REF.</u>	D	D

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	<u>BALANCE DECEMBER 31, 2015</u>		<u>BALANCE DECEMBER 31, 2016</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	44,384.37	100,600.00	44,384.37	100,600.00
			<u>\$ 45,695.13</u>	<u>\$ 101,563.14</u>	<u>\$ 45,695.13</u>	<u>\$ 101,563.14</u>

REF.

D D D D D

"D-11"

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2015 and December 31, 2016	D	\$ <u>10,250.00</u>

"D-12"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2015	D	\$ 718,277.24
Increased by: Notes paid by budget	D-16	<u>2,586.00</u>
Balance, December 31, 2016	D	\$ <u>720,863.24</u>

"D-13"

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>	BALANCE DECEMBER 31, <u>2016</u>	BALANCE DECEMBER 31, <u>2015</u>
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	<u>149,400.00</u>	<u>149,400.00</u>
		<u>\$ 150,710.76</u>	<u>\$ 150,710.76</u>
	<u>REF.</u>	D	D

TOWNSHIP OF HILLSIDE
SWIM POOL UTILITY FUND
SCHEDULE OF FIXED CAPITAL

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2016</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2015</u>
332	Construction of Swimming Pool, Central Avenue Playground	\$ 318,000.00	\$ 318,000.00
423	Improvement of Pool Complex	20,000.00	20,000.00
425	Rebuild Swimming Pool Complex	2,839.06	2,839.06
432	Swimming Pool Facilities	86,000.00	86,000.00
441	Rehabilitation of Municipal Pool	283,850.18	283,850.18
		<u>\$ 710,689.24</u>	<u>\$ 710,689.24</u>
	<u>REF.</u>	D	D

"D-15"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER <u>31, 2015</u>	RAISED IN <u>2016 BUDGET</u>
Overexpenditure of 2014 Appropriations	\$ 0.30	\$ 0.30
Overexpenditure of 2015 Appropriations	9,069.25	9,069.25
Overexpenditure of 2014 Approp Reserves	<u>13,967.59</u>	<u>13,967.59</u>
	\$ <u>23,037.14</u>	\$ <u>23,037.14</u>

REF

D

D-3

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT</u> <u>FUND</u>	<u>GENERAL</u> <u>CAPITAL</u> <u>FUND</u>	<u>SWIM POOL</u> <u>UTILITY</u> <u>OPERATING</u> <u>FUND</u>	<u>GRANT</u> <u>FUND</u>
Balance, December 31, 2015						
Due from	D	\$ 10,584.06	\$	\$ 75,123.29	\$ 10,584.06	\$ 22,952.50
Due to	D	<u>98,075.79</u>				
Notes paid by Current Fund	D-16	<u>69,826.00</u>	<u>69,826.00</u>			
Notes received in Current Fund	D-16	<u>69,826.00</u>	<u>69,826.00</u>			
Balance, December 31, 2016						
Due from	D	\$ 10,584.06	\$	\$ 75,123.29	\$ 10,584.06	\$ 22,952.50
Due to	D	<u>98,075.79</u>				

"D-18"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF ACCRUED INTEREST ON NOTES

	<u>REF.</u>	
Balance, December 31, 2015	D	\$ 365.20
Increased by:		
Budget Appropriations for:		
Interest on Notes	D-3	<u>1,141.01</u>
		\$ <u>1,506.21</u>
Decreased by:		
Disbursements	D-4	<u>1,080.15</u>
Balance, December 31, 2016	D	\$ <u><u>426.06</u></u>

"D-19"

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2016</u>
12-018	Various Improvements of Municipal Pool	\$ <u>100,600.00</u>
		\$ <u><u>100,600.00</u></u>

TOWNSHIP OF HILLSIDE

PART II

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

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**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**

The Honorable Mayor and Members
of the Township Council
Township of Hillside
County of Union
Hillside, New Jersey 07205

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Hillside, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated October 19, 2017. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Hillside prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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 of Hillside'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 by 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified item 2016-01 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 2016-01. 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 of Hillside'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 of Hillside's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

October 19, 2017

TOWNSHIP OF HILLSIDE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

FEDERAL CFDA NUMBER	GRANTORS NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		RECEIVED 2016	EXPENDITURES 2016	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
			FROM	TO			
<u>U.S. Department of Housing and Urban Development</u>							
<u>Pass Through from County of Union:</u>							
	14.218	Various	\$ 466,039.06	9/1/05	8/31/06	\$ -0-	\$ 452,678.39
	14.218	Various	215,376.56	9/1/14	8/31/15	35,577.51	215,376.56
	14.218	Various	126,417.08	9/1/15	8/31/16	126,417.08	124,802.19
	14.218	Various	135,470.00	9/1/16	8/31/17	16,291.10	16,291.10
			\$	\$	\$	\$	\$
			161,994.59	104,692.56	809,148.24		
<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	\$ -0-	\$ 659,816.25
	97.036	PA-02-NJ-4086-PW-02858(1)	159,714.25	10/30/2012	4/30/13	-0-	159,714.25
	97.036	PA-02-NJ-4086-PW-02974(1)	21,447.76	10/30/2012	4/30/13	-0-	21,447.76
	97.036	PA-02-NJ-4086-PW-02979(0)	42,332.40	10/30/2012	4/30/13	-0-	42,332.40
	97.036	PA-02-NJ-4086-PW-03116(1)	66,523.63	10/30/2012	4/30/13	-0-	-0-
	97.036	FEMA-DR-4086-0240-R	75,000.00	4/20/2015	4/13/18	-0-	6,285.00
			\$	\$	\$	\$	\$
			0.00	0.00	0.00	0.00	889,575.66
<u>U.S. Department of Transportation:</u>							
<u>Pass Through from State of N.J. Division of Highway Safety</u>							
	20.205	N/A	192,160.00	Continuous	Continuous	\$	192,160.00
	20.205	10-480-078-6320-AKN-6010	178,000.00	Continuous	Continuous	-0-	161,728.40
	20.205	11-480-078-6320-AK3-6010	190,000.00	Continuous	Continuous	-0-	190,000.00
	20.205	11-480-078-6320-AK1-6010	11,079.00	Continuous	Continuous	-0-	11,079.00
	20.205	12-480-078-6320-ALC-6010	185,000.00	Continuous	Continuous	950.00	179,883.07
	20.205	12-480-078-6320-AK4-6010	127,500.00	Continuous	Continuous	-0-	34,240.68
	20.205	14-480-078-6320	390,000.00	Continuous	Continuous	-0-	330,194.85
	20.602	AL05-163	4,000.00	8/19/05	9/30/05	-0-	3,800.00
	20.602	PT05-63-01-10	12,805.00	2/1/05	10/31/05	-0-	11,000.00
	20.616	15-100-066-1160-157	3,900.00	8/21/15	9/7/15	-0-	-0-
			\$	\$	\$	\$	\$
			0.00	14,653.85	1,114,086.00	0.00	1,114,086.00

TOWNSHIP OF HILLSIDE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

FEDERAL CFDA NUMBER	GRANTORS NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		RECEIVED 2016	EXPENDITURES 2016	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
			FROM	TO			
97.044	EMW-2010-FH-00089	\$ 3,302,469.00	8/14/11	10/15/15	\$ 0.00	\$ 0.00	\$ 0.00
U.S. Department of Homeland Security: Assistance to Firefighters Grant Program							
N/A	N/A	2,633,338.86	7/1/09	12/31/13	\$	\$	\$ 1,918,165.91
U.S. Department of the Treasury: Treasury Forfeiture Fund							
U.S. Department of Justice: Pass Through from County of Union: Edward Byrne Memorial Justice Assistance Grant Program							
16.804	2010-DJ-BX-1177	14,067.90		N/A	\$ -0-	\$ -0-	\$ 8,611.85
Total:							
					\$ 161,994.59	\$ 119,346.41	\$ 4,739,587.66

TOWNSHIP OF HILLSIDE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED 2016	EXPENDITURES 2016	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
		FROM	TO				
Pass Through County of Union:							
Drug and Alcohol Abuse Program - 2016	16-ALL-113	7/1/2015	6/30/2016	20,800.00	-0-	10,138.97	20,216.66
				\$	\$	\$	\$
Department of Transportation							
New Jersey Trust Fund Authority:							
Highway Safety Grant - Safe Corridors	15-100-078-6100-100-51	1/1/2015	12/31/2015	64,096.19	-0-	-0-	64,096.19
				\$	\$	\$	\$
Department of Law & Public Safety							
Body Armor Replacement Fund - 2015	15-718-066-1020-001		Continuous	6,366.63	-0-	1,826.90	2,706.63
Body Armor Replacement Fund - 2016	16-718-066-1020-001		Continuous	5,888.43	-0-	-0-	-0-
Body Armor Replacement Fund - 2017	17-718-066-1020-001		Continuous	5,392.12	5,392.12	-0-	-0-
				\$	\$	\$	\$
Department of Environmental Protection:							
Recycling Tonnage Grant - 2012	12-100-042-4910-224		Continuous	11,300.96	-0-	6,835.43	11,300.96
Recycling Tonnage Grant - 2013	13-100-042-4910-224		Continuous	20,381.10	-0-	20,381.10	20,381.10
Recycling Tonnage Grant - 2014	14-100-042-4910-224		Continuous	7,879.00	-0-	7,879.00	7,879.00
Recycling Tonnage Grant - 2015	15-100-042-4910-224		Continuous	11,709.01	-0-	8,428.81	8,428.81
Clean Communities Program - 2014	14-765-042-4900-004	1/1/2014	12/31/2014	27,791.63	-0-	27,791.63	27,791.63
Clean Communities Program - 2015	15-765-042-4900-004	1/1/2015	12/31/2015	33,797.04	-0-	23,255.72	23,255.72
				\$	\$	\$	\$
						94,571.69	99,037.22

TOWNSHIP OF HILLSIDE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED 2016	EXPENDITURES 2016	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
		FROM	TO				
<u>The Judiciary</u>							
Alcohol, Education, Enforcement Fund	13-760-098-9735-001	Continuous		\$ 580.52	\$ -0-	\$ -0-	-0-
Alcohol, Education, Enforcement Fund	14-760-098-9735-001	Continuous		1,831.48	-0-	-0-	-0-
Alcohol, Education, Enforcement Fund	15-760-098-9735-001	Continuous		1,473.33	-0-	-0-	-0-
				\$	\$ -0-	\$ -0-	-0-
<u>Department of Education:</u>							
Summer Food Service - 2015	16-100-010-3550-033	7/1/2016	12/31/2016	61,667.83	30,123.19	34,113.55	34,113.55
				\$	30,123.19	34,113.55	34,113.55
	Grand Totals			\$	35,515.31	140,651.11	220,170.25

TOWNSHIP OF HILLSIDE

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

YEAR ENDED DECEMBER 31, 2016

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.

NOTE 4. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedules of expenditures.

Township of Hillside
Schedule of Findings
For the Year Ended December 31, 2016

Financial Statement Audit – Reported Findings Under Government Auditing Standards

Compliance Findings

Finding #2016-001

Criteria

Per N.J.A.C. 5:30-5.7, Municipalities are required to maintain general ledgers for all funds.

Condition

During 2016, the Township did not completely maintain General Ledgers for any funds.

Context

General Ledgers are the permanent fiscal records which provide a summary of all financial transactions as they have been recorded in the books of original entry utilizing a double entry accounting system. Through the use of general ledgers, the books of original entry and supporting subsidiary ledgers, the financial statements would be prepared.

Cause

This appears to have occurred, in part, due to turnover of personnel in the Finance Office.

Effect or Potential Effect

By not maintaining General Ledgers, errors and irregularities that could have a negative impact on the Township may not be detected in a timely manner which in turn could lead to a misstatement of the financial statements.

Recommendation

That the Township maintain general ledgers for all funds in compliance with N.J.A.C 5:30-5.7.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Internal Control Findings

Finding #FY 2016-002

As discussed in detail in #2016-001, the Township of Hillside has deficiencies in the design and operation of its internal control over financial reporting.

THIS PAGE INTENTIONALLY LEFT BLANK

PART III

TOWNSHIP OF HILLSIDE

STATISTICAL DATA

LIST OF OFFICIALS

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - CURRENT FUND

	<u>DECEMBER 31, 2016</u>		<u>DECEMBER 31, 2015</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance	\$ 2,648,000.00	3.25%	\$ 2,630,000.00	3.29%
Miscellaneous - From Other Than Local Property				
Tax Levies	11,924,321.19	14.63%	11,524,042.84	14.41%
Collection of Delinquent Taxes and				
Tax Title Liens	2,718,398.30	3.34%	2,413,773.25	3.02%
Collection of Current Tax Levy	<u>64,191,743.94</u>	<u>78.78%</u>	<u>63,406,277.53</u>	<u>79.28%</u>
<u>TOTAL INCOME</u>	<u>\$ 81,482,463.43</u>	<u>100.00%</u>	<u>\$ 79,974,093.62</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 39,099,501.50	50.34%	\$ 39,756,079.50	51.42%
County Taxes	8,937,288.34	11.51%	8,764,272.76	11.34%
Local School Taxes	29,352,399.00	37.79%	28,494,736.00	36.86%
Other Expenditures	<u>285,477.31</u>	<u>0.37%</u>	<u>298,062.65</u>	<u>0.39%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 77,674,666.15</u>	<u>100.00%</u>	<u>\$ 77,313,150.91</u>	<u>100.00%</u>
<u>Excess in Revenue</u>	\$ 3,807,797.28		\$ 2,660,942.71	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budgets of Succeeding Years	<u>10,020.58</u>		<u>58,388.77</u>	
Statutory Excess to Fund Balance	\$ 3,817,817.86		\$ 2,719,331.48	
Fund Balance, January 1	<u>8,124,681.80</u>		<u>8,035,350.32</u>	
	\$ 11,942,499.66		\$ 10,754,681.80	
Less: Utilization as Anticipated Revenue	<u>2,648,000.00</u>		<u>2,630,000.00</u>	
Fund Balance, December 31	<u>\$ 9,294,499.66</u>		<u>\$ 8,124,681.80</u>	

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

	<u>DECEMBER 31, 2016</u>		<u>DECEMBER 31, 2015</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance	\$		\$	
Membership Fees	11,920.00	4.47%	10,680.00	5.49%
Non-Resident Membership Fees	3,025.00	1.14%	1,650.00	0.85%
Miscellaneous Revenues	149,039.47	55.94%	157,821.00	81.17%
Deficit (General Budget)	<u>102,429.68</u>	<u>38.45%</u>	<u>837.32</u>	<u>0.43%</u>
<u>TOTAL INCOME</u>	<u>\$ 266,414.15</u>	<u>100.00%</u>	<u>\$ 194,428.92</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Operating	\$ 232,000.00	87.08%	\$ 174,069.25	85.54%
Debt Service	3,727.01	1.40%	3,333.92	1.64%
Deferred Charges and Statutory Expenditures	<u>30,687.14</u>	<u>11.52%</u>	<u>26,095.00</u>	<u>12.82%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 266,414.15</u>	<u>100.00%</u>	<u>\$ 203,498.17</u>	<u>100.00%</u>
Excess/(Deficit) in Revenue	\$		\$ (9,069.25)	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year			<u>9,069.25</u>	
Statutory Excess to Fund Balance				
Fund Balance, January 1	18,445.30		41,885.90	
	<u>\$ 18,445.30</u>		<u>\$ 41,885.90</u>	
Less:				
Fund Balance Utilized			<u>23,440.60</u>	
Fund Balance, December 31	<u>\$ 18,445.30</u>		<u>\$ 18,445.30</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>7.557</u>	<u>7.490</u>	<u>7.372</u>
Apportionment of Tax Rate:			
Local Municipal	3.191	3.246	3.245
Municipal Library	0.062	0.061	0.063
County	0.975	0.955	0.960
County Open Space	0.027	0.027	0.028
Local School	3.302	3.201	3.076

ASSESSED VALUATION:

2016	<u>\$899,166,596.00</u>		
2015		<u>\$890,104,510.00</u>	
2014			<u>\$890,387,292.00</u>

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</u> <u>COLLECTION</u>	<u>CURRENTLY</u> <u>PERCENTAGE OF</u> <u>COLLECTIONS</u>
CY2016	\$67,313,911.59	\$64,191,743.94	95.36%
CY2015	\$66,852,317.87	\$63,406,277.53	94.85%
CY2014	\$65,732,043.22	\$63,111,107.63	96.01%

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>
CY2016	\$686,491.15	\$3,665,486.71	\$4,151,977.86	6.47%
CY2015	\$674,022.68	\$3,273,499.21	\$3,947,521.89	5.90%
CY2014	\$592,022.88	\$2,488,383.66	\$3,080,406.54	4.69%

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>
CY2016	\$2,280,100.00
CY2015	\$2,280,100.00
CY2014	\$2,280,100.00

COMPARISON OF SWIM POOL UTILITY MEMBERSHIP FEES

<u>YEAR ENDED</u>	<u>BUDGET ANTICIPATION</u>	<u>REALIZED</u>
December 31, 2016	\$38,000.00	\$11,920.00
December 31, 2015	\$20,500.00	\$12,330.00
December 31, 2014	\$23,500.00	\$20,855.00

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN</u> <u>BUDGET OF</u> <u>SUCCEEDING YEAR</u>
Current Fund	December 31, 2016	\$9,294,499.66	\$3,858,553.00
	December 31, 2015	\$8,124,681.80	\$2,648,000.00
	December 31, 2014	\$8,035,350.32	\$2,630,000.00
	December 31, 2013	\$6,337,866.07	\$2,475,069.00
	December 31, 2012	\$5,855,392.98	\$2,245,121.50

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN</u> <u>BUDGET OF</u> <u>SUCCEEDING YEAR</u>
Swim Pool	December 31, 2016	\$18,445.30	-0-
	December 31, 2015	\$18,445.30	-0-
Utility Operating Fund	December 31, 2014	\$41,885.90	\$23,440.60
	December 31, 2013	\$51,822.45	\$36,530.00
	December 31, 2012	\$97,822.45	\$16,000.00

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2016	\$1,670,580,124.00
2015	\$1,633,585,082.00
2014	\$1,614,687,080.00

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>
Angela Garretson	Mayor	*	
Diane Murray-Clements	Councilwoman at Large	*	
Sip Whitaker	Councilman at Large	*	
George Tony Alston, Jr.	Councilman at Large	*	
Andrea Hyatt	Councilwoman Ward 1	*	
Christopher Mobley	Councilman Ward 2	*	
Donald DeAugustine	Councilman Ward 3	*	
Gerald Pateesh Freedman	Councilman Ward 4	*	
Lorraine Messiah	Acting Township Clerk	*	
Faheem RaO'of	Chief Financial Officer	**	
Sonya Wingate	Tax Collector/Tax Search Officer	**	
Lara D. Fabrizio	Municipal Judge	**	
Carl L. Marshall	Chief Municipal Judge	**	
Jessica Ciuia	Court Administrator	**	
Rosanne Amato	Deputy Court Administrator	**	
Farrah Irving	Township Attorney	*	
Matthew O'Keefe	Construction Code Official	*	
Elizabeth Geminder	Health Administrator as of 04/30/16	*	
Luis Panarese	Chief of Police	*	
Dominick Naples	Fire Chief	*	

OFFICIALS IN OFFICE (CONTINUED)

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>
David Klurman	Director of Recreation Commission	*	
Bernard Murdoch	Tax Assessor	*	
Moshood Muftan	Municipal Prosecutor	*	

*Public Officials Professional Liability policy of \$250,000.00 maintained for all employees not covered by specific bonds through Travelers Insurance Company.

** We were unable to verify the amounts and durations of the bonds for these employees that are statutorily required to be bonded as the bonds were unavailable for audit.

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENT REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, material or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.189 (C.40A:11-3), except by contract or agreements.

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Township of Hillside has not appointed a Qualified Purchasing Agent and therefore their bid threshold remains at \$17,500.00

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Deodorization of Municipal Building

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

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

Auditing and Accounting Services
Legal Services
Engineering Services
Computer Software Services
Insurance Consultant
Financial and Accounting Services

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 9, 2016.

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 three years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
CY2016	34
CY2015	35
CY2014	34

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 2016 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)

Treasurer

The records maintained in the Finance Office were not maintained in an accurate condition during 2016. General Ledgers, as required by N.J.A.C. 5:30-5.7, were not maintained for any funds. Books of original entry were not currently or completely maintained. Some Current Fund receipts could not be identified and are reserved on the balance sheet as such. Bank reconciliations were not performed on a timely basis. In addition the Appropriation, Appropriation Reserve and other subsidiary ledgers were not accurately maintained with many items not posted. Additionally these ledgers were not proven to the cash disbursement records on a monthly basis.

As a result of these records not being maintained currently or completely, the following overexpenditures occurred:

Current Fund 2016 Appropriations	\$10,020.58
Expenditure Without an Appropriation	624,813.90

The Township has not maintained a complete encumbrance accounting system in accordance with the N.J.A.C. 5:30-5.2. A significant number of purchase orders tested were determined to be confirming orders; that is, purchases were made for goods or services without providing a written purchase order to the Chief Financial Officer to encumber on a timely basis. In effect, the controls that minimize the possibility of overexpenditures and unauthorized purchases are not in operation.

The General Fixed Asset Ledger was not currently maintained as required by N.J.A.C. 5:30-5.6.

Submission of reimbursement vouchers for expenditures made for items leased through the Union County Improvement Authority have not been submitted on a timely basis. As of the date of this audit there are \$330,230.94 in expenditures that have not been reimbursed.

In addition, the Trustee Bank Accounts where the lease proceeds are held has not been reconciled to the balances on the accounting records. This is a critical internal control that insures that the projects authorized through the lease are properly funded.

The detailed analysis of trust deposits was not reconciled to the reconciled bank balance in the Trust Other Fund.

We noted several Grant Receivable and Reserve accounts that were inactive during 2016. These grant balances should be examined for validity.

OTHER COMMENTS (CONTINUED)

Payroll

Our audit of the Net Payroll and Payroll Agency Accounts disclosed that the accounts were not reconciled on a monthly basis and that a detailed analysis of the account balances were not maintained during 2016.

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.

In situations where the municipality permits the outside service provider to disburse payroll taxes the process must be monitored to insure that disbursements are made timely, in the correct amount and that the payments are credited to the Township at the taxing agency. We found no evidence that the outside service provider's disbursement of payroll taxes was monitored nor was any attempt made to confirm that the taxes were credited to the Township at the taxing agencies during 2016.

We noted that the calculations for the employees' share of medical benefits were incorrect. The calculation should be reviewed by the Chief Financial Officer prior to the deduction being made.

Tax Collector

The detailed analysis of Outside Liens and Tax Sale Premiums at December 31, 2016 were not reconciled to the cash on deposit.

Purchasing

Our examination of vendors paid in excess of the bid threshold revealed one instance where a vendor was paid in excess of the threshold without approval of by resolution of the governing body.

OTHER COMMENTS (CONTINUED)

Surety Bond

Per N.J.A.C. 5:30-8.2 Municipalities are encouraged to provide a fidelity bond with faithful performance coverage for the chief financial officer or other individual holding overall management responsibility for the local unit's finances separate from the local unit's blanket fidelity bond. In addition the law provides for recommended levels of coverage based upon the amount of the municipality's revenue. Surety bonds were not on file and available for audit.

Community Development Block Grant

Our examination of the financial records for the Community Development Block Grant Program revealed that the current year grant awards were not properly established on the system. This led to expenditures being recorded against the wrong grant year.

We also noted that expenditures that were charged to the Community Development Block Grants on the Township accounting records did not agree to amounts submitted for reimbursement.

Payment in Lieu of Taxes Agreements

The Township has entered into two Payment in Lieu of Tax Agreements. Under the terms of the agreements the Redevelopers are required to submit their audit report to the Township for the previous fiscal year within 90 days of that fiscal year's end.

During 2016, we noted that neither entity provided the Township with an audit report.

Urban Enterprise Zone Revolving Loans

The Township has made loan from funds received through the Urban Enterprise Zone program. Through the terms set forth in the loan agreements these funds are to be repaid to the Township with interest. Records tracking the status of these outstanding loans was unavailable for audit.

Other Departments

During the course of our audit, it was noted that departmental receipts are remitted to the Finance office prior to being deposited. In numerous cases, the receipts were not being deposited within 48 hours.

Our examination also revealed many departments are not remitting their receipts to the Treasurer on a monthly basis. In some cases no receipts were remitted at all during 2015.

The Fire Department's financial records were not presented for audit.

Post Retirement Benefits

The Township has not completed the calculation of its other post-employment benefits obligations and reported them in the Notes to the Financial Statements as required by Local Finance Notice 2007-15.

RECOMMENDATIONS

- *That General Ledgers for all funds be currently and completely maintained and proven to subsidiary records on a monthly basis.
- *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 the Township maintain a complete encumbrance accounting system in compliance with N.J.A.C 5:30-5.2.
- *That the Township maintain a General Fixed Asset Ledger in compliance with N.J.A.C 5:30-5.6.
- *That reimbursement vouchers be submitted to the Union County Improvement Authority for all eligible outstanding costs on a timely basis.
- *That the records maintained in the Finance Office be reconciled to the cash on account in the Trustee's Bank Statements for all U.C.I.A Capital Leases.
- *That the detailed analysis of Trust Other and Builders Escrow deposits be agreed to the reconciled balance in the bank account.
- *That all inactive Grant Receivable and Reserve accounts be examined for validity.
- *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 outside service organization's disbursement of payroll taxes be monitored by the Township and that payment of payroll taxes be confirmed with the taxing agencies.

That employees' contribution for medical benefits be properly calculated.
- *That the detailed analysis of Outside Liens and Tax Sale Premiums be reconciled to the Cash on Deposit on a monthly basis.
- *That all expenditures in excess of the bid threshold be awarded by resolution of the governing body.
- *That the Township consider increasing the level of coverage for the Chief Financial Officer's surety bond to the level recommended under N.J.A.C. 5:30-8.2.
- *That all surety bonds be on file and made available for audit.
- *That Community Development Block Grant awards and cancellation be properly recorded on the Township's financial records and that grant drawdown be reconciled to those accounting records.

RECOMMENDATIONS (CONTINUED)

*That the Redeveloper's for the Township's Payment in Lieu of Tax Agreements remit their annual audit within 90 days of the close of the fiscal year.

*That the records tracking the status Urban Enterprise Zone Revolving loans be made available for audit.

*That all departmental receipts be deposited within 48 hours per N.J.S.A. 40A:5-15.

That all departmental receipts be remitted to the Finance Department on a monthly basis.

That the financial records of the Fire Department be presented for audit.

*That the Township complete it's calculation of its other post-employment benefits obligations and reported them in the Notes to the Financial Statements as required by Local Finance Notice 2007-15.

*Unresolved 2015 Audit Recommendations

