

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, 2017

TOWNSHIP OF HILLSIDE

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TOWNSHIP OF HILLSIDE

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
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YEARS ENDED DECEMBER 31, 2017 AND 2016



SUPLEE, CLOONEY & COMPANY

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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, 2017 and 2016, 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, 2017, 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.

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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, 2017 and 2016, 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, 2017.

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, 2017 and 2016, 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, 2017 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.

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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 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 as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 September 14, 2018 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. 415

October 17, 2018



SUPLEE, CLOONEY & COMPANY

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**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, 2017, 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 17, 2018. 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.

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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 2017-02 to be a material weakness. We also noted other internal control weaknesses that are discussed in Part II, General Comments and Recommendations section of this report.

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 2017-01. We also noted other instances of noncompliance which are discussed in Part II, 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 17, 2018

Township of Hillside
Schedule of Findings
For the Year Ended December 31, 2017

Financial Statement Audit – Reported Findings Under Government Auditing Standards

Compliance Findings

Finding #2017-001

Criteria

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

Condition

During 2017, 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 2017-002

As discussed in detail in #2017-001, the Township of Hillside has deficiencies in the design and operation of its internal control over financial reporting.

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CURRENT FUND

TOWNSHIP OF HILLSIDE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
Cash - Treasurer	A-4	\$ 13,490,957.29	\$ 12,713,385.10
Cash - Change Fund	A-6	690.00	690.00
Due From State of New Jersey: Senior Citizens and Veterans Deductions	A-8	84,888.85	68,053.05
		<u>\$ 13,576,536.14</u>	<u>\$ 12,782,128.15</u>
 Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 3,779,902.47	\$ 3,665,468.71
Tax Title Liens Receivable	A-10	708,689.75	686,491.15
Foreclosed Property	A-12	2,280,100.00	2,280,100.00
Revenue Accounts Receivable	A-13	103,861.54	82,064.18
Interfunds Receivable	A-28	1,459,314.08	1,164,810.23
Sewer Charges Receivable	A-11	222,664.30	405,420.37
Prepaid School Taxes	A-27	2.00	2.00
	A	<u>\$ 8,554,534.14</u>	<u>\$ 8,284,356.64</u>
 Deferred Charges:			
Overexpenditure of 2016 Appropriations	A-29	\$	\$ 10,020.58
Expenditure Without an Appropriation	A-29	167,209.95	624,813.90
Overexpenditure of 2016 Appropriation Reserves	A-29	30,245.00	
Special Emergency Appropriation 40A: 4-53	A-34	971,557.82	523,014.50
		<u>\$ 1,169,012.77</u>	<u>\$ 1,157,848.98</u>
		<u>\$ 23,300,083.05</u>	<u>\$ 22,224,333.77</u>
 Grant Fund:			
Grant Aid Receivable	A-14	\$ 2,168,969.73	\$ 1,957,644.43
Due Trust Other Fund	A-32	256,355.00	256,355.00
Due Swim Pool Capital Fund	A-33	22,952.50	22,952.50
		<u>\$ 2,448,277.23</u>	<u>\$ 2,236,951.93</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>	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Liabilities:			
Appropriation Reserves	A-3:A-20	\$ 1,537,825.92	\$ 910,406.98
Sewer Overpayments	A-16	8,929.47	12,006.37
Tax Overpayments	A-17	171,010.20	158,525.91
Prepaid Taxes	A-18	793,641.49	230,250.84
Encumbrances Payable	A-19	591,500.92	505,857.23
Accounts Payable	A-31	62,939.61	20,720.39
County Taxes Payable	A-26	33,920.27	15,843.49
Interfunds Payable	A-28	3,536,638.39	1,858,363.87
Emergency Note	A-35	240,000.00	790,455.00
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-15	53,001.99	52,249.76
Hurricane Sandy	A-7	72,136.30	8,426.16
Unallocated Receipts - Net		37,325.44	41,425.44
		<u>\$ 7,179,816.03</u>	<u>\$ 4,645,477.47</u>
Reserve for Receivables and Other Assets	A	8,554,534.14	8,284,356.64
Fund Balance	A-1	<u>7,565,732.88</u>	<u>9,294,499.66</u>
		<u>\$ 23,300,083.05</u>	<u>\$ 22,224,333.77</u>
Grant Fund:			
Due Current Fund	A-28	\$ 671,004.50	\$ 613,695.72
Encumbrances Payable	A-19	474.37	474.37
Due State of New Jersey	A-25	25.04	25.04
Reserve for:			
Grants - Appropriated	A-21	1,767,163.98	1,570,903.38
Grants - Unappropriated	A-22	9,609.34	51,853.42
		<u>\$ 2,448,277.23</u>	<u>\$ 2,236,951.93</u>

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

	REF.	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	A-1:A-2	\$ 3,858,553.00	\$ 2,648,000.00
Miscellaneous Revenues Anticipated	A-2	9,714,717.54	8,871,216.36
Receipts From Delinquent Taxes	A-2	2,789,535.49	2,718,398.30
Receipts From Current Taxes	A-2	64,725,020.62	64,191,743.94
Non-Budget Revenue	A-2	328,394.88	475,998.79
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	431,568.89	2,577,106.04
<u>TOTAL REVENUE AND OTHER INCOME REALIZED</u>		<u>\$ 81,847,790.42</u>	<u>\$ 81,482,463.43</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Municipal Purposes	A-3	\$ 41,003,531.25	\$ 39,099,501.50
County Taxes	A-26	9,188,237.99	8,937,288.34
Local District School Tax	A-27	29,927,936.00	29,352,399.00
Refund Prior Years Revenues	A-4	7,600.54	
Refund of Prior Year Overpayments	A-17	27,752.39	
Interfunds Advanced		294,503.85	285,476.31
Prepaid School Tax			1.00
<u>TOTAL EXPENDITURES</u>		<u>\$ 80,449,562.02</u>	<u>\$ 77,674,666.15</u>
Excess in Revenue		\$ 1,398,228.40	\$ 3,807,797.28
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	731,557.82	10,020.58
Statutory Excess to Fund Balance		\$ 2,129,786.22	\$ 3,817,817.86
Fund Balance, January 1	A	9,294,499.66	8,124,681.80
		<u>\$ 11,424,285.88</u>	<u>\$ 11,942,499.66</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	3,858,553.00	2,648,000.00
Fund Balance, December 31	A	<u>\$ 7,565,732.88</u>	<u>\$ 9,294,499.66</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, 2017

	REF.	ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 3,858,553.00	\$ _____	\$ 3,858,553.00	\$ _____
Miscellaneous Revenues:					
Licenses:					
Other	A-13	4,468.00		1,750.22	(2,717.78)
Fees and Permits:					
Construction Code	A-13	400,000.00		431,216.29	31,216.29
Other	A-2	4,683.10		270,831.25	266,148.15
Fines and Costs:					
Municipal Court	A-13	350,000.00		242,724.65	(107,275.35)
Interest and Costs on Taxes	A-13	675,000.00		736,188.86	61,188.86
Interest on Investments and Deposits	A-13	54,000.00		150,967.34	96,967.34
Joint Sewer User Charges	A-2	1,580,000.00		2,067,693.24	487,693.24
Cable T.V. Franchise Fee	A-13	138,402.50		245,160.78	106,758.28
Ambulance Service Fees	A-13	350,000.00		338,624.71	(11,375.29)
Alarm Fees	A-13	28,000.00		32,425.20	4,425.20
Payment in Lieu of Taxes - Gargiulo	A-13	40,775.75		78,599.62	37,823.87
Off-Duty Administrative Fees	A-13	200,000.00		194,715.98	(5,284.02)
Consolidated Municipal Property Tax Relief Aid	A-13	935,205.00		935,205.00	
Energy Receipts Tax	A-13	3,379,494.00		3,379,494.00	
Recycling Tonnage Grant	A-14		21,141.30	21,141.30	
Clean Communities Program	A-14	38,635.34		38,635.34	
Solid Waste Grant	A-14		32,823.14	32,823.14	
Municipal Alliance on Alcoholism and Drug Abuse	A-14	20,800.00		20,800.00	
Body Armor Grant	A-14	5,392.12	4,838.64	10,230.76	
Demolition Loan Fund Grant	A-14		105,000.00	105,000.00	
DWI Grant	A-14	1,148.20		1,148.20	
Nursing Services Grant	A-14	6,677.76		6,677.76	
Summer Food Program - 2017	A-14	56,116.58		56,116.58	
2015 Infrastructure and Municipal Aid Grant Program	A-14	5,776.37		5,776.37	
2016 Infrastructure and Municipal Aid Grant Program	A-14		50,000.00	50,000.00	
2017 Infrastructure and Municipal Aid Grant Program	A-14	55,000.00		55,000.00	
Greening Union County	A-14		4,000.00	4,000.00	
NJ Prevention Network for Senior Citizens' Get Active Walking	A-14		3,000.00	3,000.00	
Uniform Fire Safety Act	A-13	17,000.00		20,595.57	3,595.57
Sewer Trunk Surplus	A-13	178,175.38		178,175.38	
	A-1	\$ 8,524,750.10	\$ 220,803.08	\$ 9,714,717.54	\$ 969,164.36
Receipts From Delinquent Taxes	A-1:A-2	2,794,947.18		2,789,535.49	(5,411.69)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-9	27,726,355.67		28,408,325.88	681,970.21
Minimum Library Tax	A-9	557,165.87		557,165.87	
	A-2	28,283,521.54		28,965,491.75	681,970.21
<u>BUDGET TOTALS</u>		\$ 43,461,771.82	\$ 220,803.08	\$ 45,328,297.78	\$ 1,645,722.88
Non-Budget Revenue	A-1:A-2			328,394.88	328,394.88
		\$ 43,461,771.82	\$ 220,803.08	\$ 45,656,692.66	\$ 1,974,117.76
	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, 2017

<u>ANALYSIS OF REALIZED REVENUE</u>	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collected	A-1:A-9	\$ 64,725,020.62
Allocated to:		
School and County Taxes		<u>39,116,173.99</u>
Balance for Support of Municipal Budget Appropriations		\$ 25,608,846.63
Add: Reserve for Uncollected Taxes	A-3	<u>3,356,645.12</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 28,965,491.75</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	\$ 2,750,541.80
Tax Title Lien Collections	A-10	<u>38,993.69</u>
	A-2	<u>\$ 2,789,535.49</u>
Fees and Permits - Other:		
Township Clerk	A-13	\$ 18,969.71
Tax Assessor	A-13	260.00
Police Department	A-13	26,881.46
Public Works	A-13	<u>224,720.08</u>
	A-2	<u>\$ 270,831.25</u>
Joint Sewer Use Charges	A-11	\$ 2,064,616.34
Prepaid and Overpayments Applied	A-11	<u>3,076.90</u>
	A-2	<u>\$ 2,067,693.24</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, 2017

REF.

ANALYSIS OF REALIZED REVENUE

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:

ABC Licenses		\$	13,211.00	
Vehicle Reimbursement			1,705.68	
Procurement of Vehicles - County of Union			19,233.90	
Recreation			5,920.00	
Lamar Industries - Billboard			11,000.00	
St of NJ - Board of Health / Vital Statistics			320.00	
CDBG Reimbursement			221,508.82	
Miscellaneous			<u>45,588.13</u>	
Animal Control Statutory Excess	A-4			\$ 318,487.53
	A-28			<u>9,591.35</u>
				328,078.88
Tax Collector	A-5			<u>800.00</u>
				328,878.88
Less: Refunds	A-4			<u>484.00</u>
	A-2			<u>\$ 328,394.88</u>

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, 2017

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
\$	235,000.00	\$ 229,000.00	\$ 228,793.53	\$ 206.47	\$
GENERAL APPROPRIATIONS - OPERATIONS WITHIN "CAPS":					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salaries and Wages					
Other Expenses:					
Departmental Expenses	15,000.00	15,000.00	14,595.62	404.38	
Photocopy and Microfilm	12,000.00	12,000.00	11,967.95	32.05	
Townwide Repair and Maintenance Contracts	20,000.00	12,000.00	4,399.46	7,600.54	
Township Clerk:					
Salaries and Wages	215,500.00	195,500.00	188,373.80	7,126.20	
Other Expenses:					
Miscellaneous	12,500.00	18,500.00	15,635.43	2,864.57	
Advertising	15,000.00	15,000.00	11,120.45	3,879.55	
Township Council:					
Salaries and Wages	50,000.00	50,000.00	48,999.72	1,000.28	
Other Expenses	27,500.00	27,500.00	9,723.78	17,776.22	
Elections:					
Other Expenses	60,000.00	60,000.00	10,275.97	49,724.03	
Financial Administration:					
Salaries and Wages	147,000.00	129,000.00	117,599.69	11,400.31	
Other Expenses	350,000.00	335,000.00	293,718.68	41,281.12	
Annual Audit	60,950.00	60,950.00	60,950.00		
Computer Service Department:					
Other Expenses	65,000.00	55,000.00	53,600.26	1,399.74	
Collection of Taxes:					
Salaries and Wages	145,000.00	143,000.00	132,167.24	10,832.76	
Other Expenses	24,900.00	35,900.00	35,328.11	571.89	
Assessment of Taxes:					
Salaries and Wages	116,500.00	108,500.00	106,413.19	2,086.81	
Other Expenses:					
Miscellaneous	15,000.00	13,000.00	6,628.00	6,372.00	
Legal Services and Costs:					
Salaries and Wages	60,000.00	60,000.00	59,999.47	0.53	
Other Expenses	320,000.00	320,000.00	269,131.67	50,868.33	
Municipal Prosecutor:					
Salaries and Wages	31,000.00	21,000.00	12,968.84	8,031.16	
Other Expenses	15,000.00	12,869.71	9,250.00	3,619.71	
Engineering Services:					
Salaries and Wages	5,000.00				
Other Expenses - General	100,000.00	100,000.00	16,788.75	83,211.25	

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, 2017

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET			PAID OR CHARGED	RESERVED	
Office of Economic Development:						
Salaries and Wages	\$ 35,000.00	\$	26,000.00	\$ 25,577.04	\$ 422.96	\$
Other Expenses	5,000.00					
Buildings and Grounds:						
Salaries and Wages	422,414.37		292,414.37	287,552.53	4,861.84	
Other Expenses	115,000.00		112,500.00	112,306.47	193.53	
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	947.46	1,052.54	
Zoning Costs:						
Salaries and Wages	2,500.00		2,500.00	2,500.00		
Other Expenses	2,000.00		2,000.00	1,108.01	891.99	
Alcohol Beverage Control:						
Other Expenses	7,500.00		7,500.00	1,218.00	6,282.00	
Postage:						
Other Expenses	40,000.00		40,000.00	19,793.15	20,206.85	
Insurance:						
Unemployment Compensation Insurance	75,000.00		67,500.00	39,230.51	28,269.49	
Group Insurance Plan for Employees	6,035,000.00		6,110,000.00	6,058,511.98	51,488.02	
Workers Compensation Insurance Trust Fund	355,000.00		355,000.00	303,764.25	51,235.75	
Other Insurance Premiums	660,000.00		740,000.00	739,436.32	563.68	
PUBLIC SAFETY						
Fire:						
Salaries and Wages	5,463,208.78		5,833,208.78	5,784,431.90	48,776.88	
Other Expenses:						
Miscellaneous	195,000.00		159,000.00	158,608.21	391.79	
Ambulance Services	42,500.00		42,500.00	32,569.12	9,930.88	
Uniform Fire Safety Act:						
Fire Official:						
Salaries and Wages	175,000.00		175,000.00	175,000.00		
Other Expenses	3,000.00		3,000.00	2,114.08	885.92	
Police:						
Salaries and Wages	8,250,000.00		8,250,000.00	7,926,377.10	323,622.90	
Other Expenses:						
Departmental Expenses	165,000.00		208,500.00	176,905.74	31,594.26	
Traffic Lights:						
Other Expenses	75,000.00		75,000.00	34,593.41	40,406.59	
School Crossing Guards:						
Salaries and Wages	272,144.74		236,144.74	232,156.56	3,988.18	

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, 2017

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET			PAID OR CHARGED	RESERVED	
PUBLIC SAFETY						
Garage Service and Repair:						
Salaries and Wages	\$ 212,000.00	\$	152,000.00	130,169.17	21,830.83	\$
Other Expenses	145,000.00		137,000.00	111,182.02	25,817.98	
Office of Emergency Management:						
Salaries and Wages	9,000.00		9,000.00			
Other Expenses	5,000.00		2,000.00		2,000.00	
STREETS AND ROADS						
Road Repairs and Maintenance:						
Salaries and Wages	1,512,900.00		1,512,900.00	1,484,575.95	28,324.05	
Other Expenses	285,000.00		250,000.00	238,415.33	11,584.67	
SANITATION						
Garbage, Trash, and Recycling Collection:						
Other Expenses	1,700,000.00		1,700,000.00	1,678,014.24	21,985.76	
Sewer System:						
Other Expenses	55,000.00		55,000.00	50,224.38	4,775.62	
Sewer Pumping System:						
Other Expenses	45,000.00		45,000.00	40,977.03	4,022.97	
HEALTH AND WELFARE						
Board of Health:						
Salaries and Wages	230,000.00		205,000.00	160,066.80	44,933.20	
Other Expenses	44,000.00		39,000.00	28,451.70	10,548.30	
Dog License Registration:						
Other Expenses	70,000.00		70,000.00	55,824.80	14,175.20	
RECREATION AND EDUCATION						
Community Recreation Commission:						
Salaries and Wages	242,000.00		248,000.00	231,156.85	16,843.15	
Other Expenses	20,500.00		20,500.00	6,989.10	13,510.90	
Senior Citizens:						
Salaries and Wages	175,000.00		156,000.00	146,946.05	11,053.95	
Other Expenses	19,925.00		19,925.00	19,835.12	89.88	
Celebration of Public Events						
Mayor and Administration:						
Other Expenses	10,000.00		10,000.00	1,710.93	8,289.07	
Council:						
Other Expenses	10,000.00		10,000.00		10,000.00	
Municipal Court:						
Salaries and Wages	365,250.00		311,250.00	287,734.90	23,515.10	
Other Expenses	28,000.00		28,000.00	27,935.20	64.80	
Public Defender:						
Other Expenses	10,000.00		10,000.00	9,350.00	650.00	

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

TOWNSHIP OF HILLSIDE
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	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	\$ 390,000.00	\$ 355,000.00	\$ 339,217.90	\$ 15,782.10	\$
Other Expenses	22,000.00	20,000.00	12,201.61	7,798.39	
UNCLASSIFIED					
Utilities - All	625,000.00	640,000.00	608,696.67	31,303.33	
Street Lighting	280,000.00	280,000.00	215,785.79	64,214.21	
Fire Hydrant Service	275,000.00	275,000.00	248,762.86	26,237.14	
Temporary and Summer Employees:					
Salaries and Wages	17,500.00	17,500.00	12,387.44	5,112.56	
Group Insurance:					
Health Benefit Waiver	75,000.00	77,500.00	75,000.00	2,500.00	
Accumulated Leave Compensation					
Salaries and Wages	119,160.00	731,557.82	731,557.82	81,660.00	
Salary Adjustment Account					
TOTAL OPERATIONS WITHIN "CAPS":	\$ 31,514,852.89	\$ 32,241,780.42	\$ 30,797,801.31	\$ 1,443,979.11	\$
CONTINGENT	500.00	500.00		500.00	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS":	\$ 31,515,352.89	\$ 32,242,280.42	\$ 30,797,801.31	\$ 1,444,479.11	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":					
Deferred Charges:					
Expenditure without an Appropriations	\$ 494,358.91	\$ 494,358.91	\$ 494,358.91	\$	\$
Overexpenditure of CY 2016 Appropriations	10,020.58	10,020.58	10,020.58		
Anticipated Deficit in Swimming Pool Utility Operations	45,000.00	45,000.00	45,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	495,674.10	497,224.00	497,224.00		
Social Security (O.A.S.I.)	650,000.00	590,000.00	547,475.40	42,524.60	
Consolidated Police and Firemen's Pension Fund	18,500.00	18,500.00	18,500.00		
Police and Firemen's Retirement System of N.J.	3,102,191.00	3,102,271.39	3,102,271.39		
Defined Retirement Contribution Plan	12,500.00	12,500.00	7,011.73	5,488.27	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":	\$ 4,828,244.59	\$ 4,769,874.88	\$ 4,703,362.01	\$ 66,512.87	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS":	\$ 36,343,597.48	\$ 37,012,155.30	\$ 35,501,163.32	\$ 1,510,991.98	\$

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, 2017

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET		PAID OR CHARGED	RESERVED	
<u>GENERAL APPROPRIATIONS-OPERATIONS EXCLUDED FROM "CAPS"</u>						
Maintenance of Free Public Library	\$ 710,000.00	\$ 710,000.00	\$ 710,000.00	\$ 710,000.00	\$	\$
Joint Trunk Sewer	1,751,339.00	1,751,339.00	1,751,339.00	1,751,339.00		
Reserve for Tax Appeals	10,000.00	10,000.00	10,000.00		10,000.00	
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>						
Union County Fire and EMS Dispatch Services	44,325.00	44,325.00	44,325.00	27,491.06	16,833.94	
<u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>						
Municipal Alliance Grant						
County Aid	20,800.00	20,800.00	20,800.00	20,800.00		
Local Match	5,200.00	5,200.00	5,200.00	5,200.00		
Clean Communities Program	36,635.34	36,635.34	36,635.34	36,635.34		
Body Armor Fund (40A:4-85 + \$4,838.64)	5,392.12	5,392.12	5,392.12	10,230.76		
Recycling Tonnage Grant (40A:4-85 + \$21,141.30)			21,141.30	21,141.30		
Solid Waste Grant (40A:4-85 + \$32,823.14)			32,823.14	32,823.14		
DWI Grant	1,148.20	1,148.20	1,148.20	1,148.20		
Nursing Services Grant	6,677.76	6,677.76	6,677.76	6,677.76		
Greening Union County (40A:4-85 + \$4,000.00)			4,000.00	4,000.00		
Infrastructure and Municipal Aid Grant - 2015						
Infrastructure and Municipal Aid Grant - 2016 (40A:4-85 + \$50,000.00)						
Infrastructure and Municipal Aid Grant - 2017						
Demolition Loan Fund (40A:4-85 + \$105,000.00)						
Summer Food Service Program - 2017 and 2016						
NJ Prevention Network for Senior Citizen's Get Active Walking (40A:4-85 + \$3,000.00)						
<u>TOTAL OPERATIONS-EXCLUDED FROM "CAPS"</u>	\$ 2,710,410.37	\$ 2,931,213.45	\$ 2,931,213.45	\$ 2,904,379.51	\$ 26,833.94	\$
<u>CAPITAL IMPROVEMENT FUND - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>						
Payment of Bond Anticipation Notes	\$ 82,000.00	\$ 82,000.00	\$ 82,000.00	\$ 81,552.00	\$ 448.00	\$
Interest on Notes	58,283.68	58,283.68	58,283.68	58,228.86	54.82	\$
New Jersey Economic Development Authority Loan Principal	7,245.80	7,245.80	7,245.80	7,245.80		

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

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TRUST FUND

"B"

TOWNSHIP OF HILLSIDE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 113,178.28	\$ 106,923.18
		<u>\$ 113,178.28</u>	<u>\$ 106,923.18</u>
Other Trust Funds:			
Cash	B-1	\$ 4,439,474.66	\$ 5,607,331.08
Community Development Block Grants Receivable	B-4	119,180.00	135,470.00
Police Off-Duty Escrow (Receivable)	B-13	97,823.04	
Interfunds Receivable	B-19	3,525,514.55	1,886,955.16
		<u>\$ 8,181,992.25</u>	<u>\$ 7,629,756.24</u>
		<u>\$ 8,295,170.53</u>	<u>\$ 7,736,679.42</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 9,801.00	\$ 12,959.45
Due State of New Jersey	B-3	20.20	198.00
Interfunds Payable	B-20	103,357.08	93,765.73
		<u>\$ 113,178.28</u>	<u>\$ 106,923.18</u>
Other Trust Funds:			
Reserve for:			
Community Development Block Grants	B-5	\$ 116,259.23	\$ 134,275.90
Facade Loan Repayment	B-6	35,134.28	35,134.28
Tax Sale Redemption	B-7	611,450.07	427,125.32
Recreation Trust	B-8		25,070.26
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	639,726.13	634,483.35
UEZ Revolving Loan Escrow	B-12	7,257.44	7,245.46
Police Off-Duty Escrow	B-13		95,926.41
Local Law Enforcement Block Grant	B-14	628.02	628.02
Special Law Enforcement	B-15	51,042.89	50,674.50
Miscellaneous Trust Deposits	B-16	5,305,322.67	4,612,129.70
Federal Law Enforcement Trust	B-17	409,729.50	602,323.09
Building Department Escrow	B-18	485,508.48	489,308.34
Retiree Prescription Account	B-22	35,857.31	32,777.77
Encumbrances Payable	B-21	5,038.12	3,615.73
Interfunds Payable	B-19	357,111.80	357,111.80
Due County of Union		617.18	617.18
		<u>\$ 8,181,992.25</u>	<u>\$ 7,629,756.24</u>
		<u>\$ 8,295,170.53</u>	<u>\$ 7,736,679.42</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, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,275,317.11	\$ 110,991.38
Deferred Charges to Future Taxation:			
Funded	C-4	966,956.47	1,048,739.27
Unfunded	C-8	7,789,661.42	7,871,214.42
Grants Receivable	C-5	475,798.08	475,798.08
U.C.I.A. Lease Receivable	C-13	2,626,928.68	2,626,928.68
Interfunds Receivable	C-6	75,123.29	75,123.29
		<u>\$ 13,209,785.05</u>	<u>\$ 12,208,795.12</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Interfunds Payable	C-6	\$ 362,604.28	\$ 285,924.44
Economic Development Authority Loan Payable	C-7		7,245.80
Capital Improvement Fund	C-9	504,637.46	404,637.46
Contracts Payable	C-10	2,072,011.14	1,140,235.19
Bond Anticipation Notes	C-12	6,463,343.00	2,002,896.00
Infrastructure Loan Payable	C-14	966,956.47	1,041,493.47
Reserve for U.C.I.A.	C-15	30,731.39	141,074.89
Due U.C.I.A.	C-16	249,428.76	249,428.76
Reserve for Construction of Salt Shed	C-17	89,321.76	89,321.76
Improvement Authorizations:			
Funded	C-11	567,751.81	1,265,712.81
Unfunded	C-11	1,799,715.78	5,531,952.84
Fund Balance	C-1	103,283.20	48,871.70
		<u>\$ 13,209,785.05</u>	<u>\$ 12,208,795.12</u>

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

"C-1"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	48,871.70
Increased by:			
Premium on Bond Anticipation Note Issued	C-2		<u>54,411.50</u>
Balance, December 31, 2017	C	\$	<u><u>103,283.20</u></u>

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

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SWIM POOL UTILITY FUND

"D"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	D-4	\$ 13,501.99	\$ 49,834.52
Interfunds Receivable	D-6	39,791.63	76.50
Deferred Charge:			
Operating Deficit	D-15	<u>22,327.28</u>	
		<u>\$ 75,620.90</u>	<u>\$ 49,911.02</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	<u>326,310.76</u>	<u>326,310.76</u>
		<u>\$ 1,196,984.06</u>	<u>\$ 1,196,984.06</u>
		<u>\$ 1,272,604.96</u>	<u>\$ 1,246,895.08</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3:D-5	\$ 39,707.14	\$ 13,443.37
Encumbrances Payable	D-8	6,458.34	1,727.36
Interfunds Payable	D-6	10,584.06	15,868.93
Accrued Interest on Notes	D-18	<u>426.06</u>	<u>426.06</u>
		<u>\$ 57,175.60</u>	<u>\$ 31,465.72</u>
Fund Balance	D-1	<u>18,445.30</u>	<u>18,445.30</u>
		<u>\$ 75,620.90</u>	<u>\$ 49,911.02</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	723,449.24	720,863.24
Deferred Amortization	D-13	150,710.76	150,710.76
Bond Anticipation Note Payable	D-16	67,240.00	69,826.00
Interfunds Payable	D-17	<u>98,075.79</u>	<u>98,075.79</u>
		<u>\$ 1,196,984.06</u>	<u>\$ 1,196,984.06</u>
		<u>\$ 1,272,604.96</u>	<u>\$ 1,246,895.08</u>

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

"D-1"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

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

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>REVENUE AND OTHER INCOME</u>			
Membership Fees	D-2	\$ 7,870.00	\$ 11,920.00
Non-Resident Membership Fees	D-2	2,525.00	3,025.00
Miscellaneous Revenues	D-2	107,437.00	137,450.51
Food Concession	D-2	2,211.00	584.00
Deficit (General Budget)	D-2	45,000.00	102,429.68
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-5	<u>7,629.72</u>	<u>11,004.96</u>
<u>TOTAL INCOME</u>		<u>\$ 172,672.72</u>	<u>\$ 266,414.15</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 182,984.00	\$ 232,000.00
Debt Service	D-3	4,366.00	3,727.01
Deferred Charges and Statutory Expenditures	D-3	<u>7,650.00</u>	<u>30,687.14</u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 195,000.00</u>	<u>\$ 266,414.15</u>
Deficit in Revenue		\$ (22,327.28)	\$
Operating Deficit to be Raised in Budget of Succeeding Year	D-15	<u>\$ 22,327.28</u>	<u>\$</u>
Fund Balance, January 1	D	<u>18,445.30</u>	<u>18,445.30</u>
Decreased by:		\$ 18,445.30	\$ 18,445.30
Utilized by Operating Budget		<u>\$</u>	<u>\$</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.

"D-2"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	<u>BUDGET</u> <u>REVENUE</u>	<u>REALIZED</u>	<u>EXCESS</u> <u>OR</u> <u>(DEFICIT)</u>
Membership Fees	D-1:D-4	\$ 11,500.00	\$ 7,870.00	\$ (3,630.00)
Non-Resident Membership Fees	D-1:D-4	3,000.00	2,525.00	(475.00)
Miscellaneous	D-1:D-4	135,000.00	107,437.00	(27,563.00)
Food Concession	D-1:D-4	500.00	2,211.00	1,711.00
Deficit (General Budget)	D-1:D-4	<u>45,000.00</u>	<u>45,000.00</u>	<u> </u>
Budget Totals	D-3	<u>\$ 195,000.00</u>	<u>\$ 165,043.00</u>	<u>\$ (29,957.00)</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, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Operating:				
Salaries and Wages	\$ 105,000.00	\$ 118,000.00	\$ 117,659.36	\$ 340.64
Other Expenses	77,984.00	64,984.00	33,267.50	31,716.50
Debt Service:				
Payment of Bond Anticipation and Capital Notes	2,586.00	2,586.00	2,586.00	
Interest on Notes	1,780.00	1,780.00	1,780.00	
Statutory Expenditures:				
Social Security	7,650.00	7,650.00		7,650.00
	<u>\$ 195,000.00</u>	<u>\$ 195,000.00</u>	<u>\$ 155,292.86</u>	<u>\$ 39,707.14</u>
<u>REF.</u>	D-2		D-1	D:D-1
Cash Disbursements			\$ 149,166.94	
Accrued Interest on Notes			1,780.00	
Accounts Payable			4,345.92	
			<u>\$ 155,292.86</u>	

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

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PUBLIC ASSISTANCE TRUST FUND

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

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</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, 2017</u>	BALANCE DECEMBER <u>31, 2016</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, 2017 AND 2016

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 is 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.

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.

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.

The Township of Hillside had the following cash and cash equivalents at December 31, 2017:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$22,492,176.66	(\$3,159,747.33)		\$19,332,429.33
Change Funds			\$690.00	690.00
Total Cash and Cash Equivalents	\$22,492,176.66	(\$3,159,747.33)	\$690.00	\$19,333,119.33

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, 2017, 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 \$22,492,176.66, \$250,000.00 was covered by Federal Depository Insurance, \$22,242,176.66 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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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.
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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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.

As of December 31, 2017, 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.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$7,430,299.47	\$3,051,635.27	\$3,533,769.59
Swim Pool Utility:			
Notes	<u>67,240.00</u>	<u>69,826.00</u>	<u>72,412.00</u>
Total Issued	<u>\$7,497,539.47</u>	<u>\$3,121,461.27</u>	<u>\$3,606,181.59</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	1,326,318.42	5,868,317.42	1,326,317.42
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>1,426,918.42</u>	<u>5,968,917.42</u>	<u>1,426,917.42</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	<u><u>\$8,924,457.89</u></u>	<u><u>\$9,090,378.69</u></u>	<u><u>\$5,033,099.01</u></u>

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2017)

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 .498%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Swim Pool Debt	\$167,840.00	\$80,520.00	\$87,320.00
General Debt	<u>8,270,068.89</u>	<u>-0-</u>	<u>8,270,068.89</u>
	<u><u>\$8,437,908.89</u></u>	<u><u>\$80,520.00</u></u>	<u><u>\$8,357,388.89</u></u>

NET DEBT \$8,357,388.89 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,679,230,721.33 EQUALS .498%.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

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

Equalized Valuation Basis* - December 31, 2017	\$1,679,230,721.33
3-1/2 of Equalized Valuation Basis	58,773,075.25
Net Debt	<u>8,357,388.89</u>
Remaining Borrowing Power	<u><u>\$50,415,686.36</u></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.

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2017, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$ 1,326,318.42</u>
Swim Pool Capital Fund	<u>\$ 100,600.00</u>

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:

Year	Trust Loan 2002A		Fund Loan	Total
	Principal	Interest	Principal	
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>\$75,000.00</u>	<u>\$11,062.50</u>	<u>\$55,746.03</u>	<u>\$141,808.53</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>	
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>\$55,000.00</u>	<u>\$13,306.26</u>	<u>\$129,655.71</u>	<u>\$197,961.97</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>	
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>\$150,000.00</u>	<u>\$63,200.00</u>	<u>\$336,549.00</u>	<u>\$549,749.00</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>	
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>\$150,000.00</u>	<u>\$63,200.00</u>	<u>\$336,549.00</u>	<u>\$549,749.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

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, 2017</u>
09-019	08/12/09	08/04/17	08/03/18	2.500%	\$1,202,561.00
08-020	08/12/09	08/04/17	08/03/18	2.500%	718,782.00
16-005	07/26/17	07/26/17	07/25/18	2.500%	4,542,000.00
					<u>\$6,463,343.00</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, 2017</u>
12-011	08/10/12	08/04/17	08/03/18	2.500%	<u>\$67,240.00</u>

NOTE 4: FUND BALANCE APPROPRIATED

Fund balances, at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018 were as follows:

Current Fund \$3,738,800.00

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.

NOTE 5: PROPERTY TAXES (CONTINUED)

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

	BALANCE DECEMBER 31, <u>2017</u>	BALANCE DECEMBER 31, <u>2016</u>
Prepaid Taxes	<u>\$793,641.49</u>	<u>\$230,250.00</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/annrprts.shtml.

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.

NOTE 6: PENSION PLANS (CONTINUED)

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.

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%.

NOTE 6: PENSION PLANS (CONTINUED)

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 2017 PERS provides for employee contributions of 7.34% 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 2017, 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 \$3,599,495.39 for 2017, \$3,580,680.15 for 2016 and \$3,577,528.29 for 2015.

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.

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" which 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, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68 (Continued)

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, 2017.

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$11,321,291.00 for the Township of Hillside's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the Township's proportion was 0.0486343163 percent, which was a decrease of 0.0041233984 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$291,621.00 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, 2017 billing was \$468,692.00.

At June 30, 2017, 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	-	\$266,577.00
Changes of assumptions	\$2,272,488.00	2,280,850.00
Net difference between projected and actual earnings on pension plan investments		77,090.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>\$1,900,811.00</u>	<u>207,129.00</u>
	<u>\$4,173,299.00</u>	<u>\$2,831,646.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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:

Year Ended <u>June 30,</u>	<u>Amount</u>
2018	(\$269,524.00)
2019	(95,498.00)
2020	(152,115.00)
2021	(486,885.00)
2022	<u>(337,631.00)</u>
	<u>(\$1,341,653.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 percent

Preretirement 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. Postretirement 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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, 2016 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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 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, 2017 are summarized in the following table:

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 (Continued)

	<u>June 30, 2017</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts Venture Capital	8.25%	13.08%
	<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 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017 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, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Township's proportionate share of the pension liability	\$14,044,830.00	\$11,321,291.00	\$9,052,246.00

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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>.

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$53,610,752.00 for the Township of Hillside's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the Township's proportion was 0.3472633788 percent, which was a decrease of 0.0109212897 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$4,549,442.00. The pension expense recognized in the Township's financial statement based on the April 1, 2017 billing was \$2,920,425.00.

At June 30, 2017, 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	\$314,651.00	\$347,795.00
Changes of assumptions	8,779,874.00	6,610,803.00
Net difference between projected and actual earnings on pension plan investments		1,023,019.00
Changes in proportion and differences between the Township's contribution and proportionate share of contributions	<u>2,297,084.00</u>	<u>749,360.00</u>
	<u>\$11,391,609.00</u>	<u>\$8,730,977.00</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 <u>June 30</u>	<u>Amount</u>
2018	\$356,427.00
2019	1,542,846.00
2020	(425,089.00)
2021	(2,850,265.00)
2022	<u>(1,284,551.00)</u>
	<u>(\$2,660,632.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

	<u>2016</u>	<u>2017</u>
Inflation	3.08 Percent	2.25 Percent
Salary Increases (based on age) Through 2026	2.10-8.98 Percent Based on Age	2.10-8.98 Percent Based on Age
Thereafter	3.10-9.98 Percent Based on Age	3.10-9.98 Percent Based on Age
Investment Rate of Return	7.65 Percent	7.00 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2016 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 (7.00 percent at June 30, 2017 and 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate (Continued)

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 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2017 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, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Township's proportionate share of the PFRS pension liability	\$70,636,581.00	\$53,610,752.00	\$39,622,098.00

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 June 30, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$6,004,855.00 and \$5,745,787.00 respectively.

At June 30, 2017, 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	\$53,610,752.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>6,004,855.00</u>
	<u>\$59,615,607.00</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, 2017, the estimated cost of such unpaid compensation is not currently known. 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 \$53,001.99 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, 2017, 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, 2017, 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:

<u>Year</u>	<u>Contributions</u>		<u>Amount Reimbursed</u>	<u>Ending Balance</u>
	<u>Township</u>	<u>Employee</u>		
2017	-0-	-0-	-0-	\$120,084.13
2016	-0-	-0-	-0-	120,084.13
2015	-0-	-0-	-0-	120,084.13

In 2017, the Township did not transfer the Budget Appropriation to the Trust Fund. Instead unemployment expenditures, totaling \$39,230.51, were charged directly to the 2017 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, 2017, the following deferred charges are shown on the Balance Sheets of the Township:

	BALANCE DECEMBER 31 <u>2017</u>	2018 BUDGET <u>APPROPRIATION</u>	DEFERRED <u>AMOUNT</u>
Current Fund:			
Special Emergency Authorization 40A:4-53	\$971,557.82	\$240,000.00	\$731,557.82
Expenditure without an Appropriation	167,209.95	160,699.99	6,509.96
Overexpenditure of Appropriations	<u>30,245.00</u>	<u> </u>	<u>30,245.00</u>
	<u>\$1,169,012.77</u>	<u>\$400,699.99</u>	<u>\$768,312.78</u>
Swim Pool Utility Operating Fund:			
Operating Deficit	<u>\$22,327.28</u>	<u>\$22,327.28</u>	<u>\$-0-</u>

NOTE 13: DEFERRED COMPENSATION PLAN

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

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

The accompanying financial statements do not include the Township's Deferred Compensation Plans activities.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2017:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,459,314.08	\$ 3,536,638.39
Grant Fund	279,307.50	671,004.50
Animal Control Trust Fund		103,357.08
Trust Other Fund	3,525,514.55	357,111.80
General Capital Fund	75,123.29	362,604.28
Swim Pool Operating Fund	39,791.63	10,584.06
Swim Pool Capital Fund	10,584.06	98,075.79
Public Assistance Trust Fund II	17,137.82	
Net Payroll Account	145,393.70	181,383.80
Payroll Agency Account		231,406.93
	<u>\$ 5,552,166.63</u>	<u>\$ 5,552,166.63</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>
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>\$114,958.30</u>	<u>\$1,162,880.88</u>	<u>\$1,277,839.18</u>

NOTE 16: SUBSEQUENT EVENTS

The Township has evaluated material subsequent events occurring after the financial statement date through October 17, 2018 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, 2017; therefore, no amount is disclosed herein.

TOWNSHIP OF HILLSIDE
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	REF.	GRANT FUND	CURRENT FUND
Balance, December 31, 2016	A	\$ -0-	\$ 12,713,385.10
Increased by Receipts:			
Collector	A-5		72,516,919.77
Miscellaneous Revenue Not Anticipated	A-2		318,487.53
Senior Citizens and Veterans Deductions	A-8		107,319.37
Appropriation Refunds	A-3		1,018,862.94
Revenue Accounts Receivable	A-13		6,421,886.37
Grants Receivable	A-14	147,170.73	
Reserve for:			
Grants - Unappropriated	A-22	9,609.34	66,523.63
Retirement	A-7		2,257,310.41
Interfunds Returned	A-28	219,288.85	240,000.00
Emergency Note Payable	A-35		82,947,310.02
		\$ 376,068.92	\$ 95,660,695.12
Decreased by Disbursements:			
2017 Appropriations	A-3		37,958,566.09
Appropriation Reserves	A-20		970,465.12
Interfunds Advanced	A-28	156,780.07	2,512,948.39
Refund of Tax Overpayments	A-17		54,391.46
Reserve for:			
Grants Appropriated	A-21	219,288.85	730,805.59
Retirement	A-15		2,813.49
Hurricane Sandy	A-7		4,100.00
Unallocated Receipts	A-26		9,170,161.21
County Taxes	A-27		29,927,936.00
Local District School Tax	A-29		36,754.96
Expenditure Without an Appropriation	A-31		2,255.98
Accounts Payable	A-35		790,455.00
Emergency Note Payable			
Refund of:			
Miscellaneous Revenue Not Anticipated	A-2		484.00
Prior Year Revenue	A-1		7,600.54
		\$ 376,068.92	\$ 82,169,737.83
Balance, December 31, 2017	A	\$ -0-	\$ 13,490,957.29

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		
Increased by:			
Revenue Accounts Receivable	A-13	\$	814,788.48
Taxes Receivable	A-9		67,121,156.41
Tax Title Liens	A-10		38,993.69
Sewer Charges Receivable	A-11		2,064,616.34
Tax Overpayments	A-17		39,123.36
Prepaid Taxes	A-18		793,641.49
Due Trust Other Fund	A-28		1,643,800.00
Miscellaneous Revenue Not Anticipated	A-2		<u>800.00</u>
		\$	<u>72,516,919.77</u>
Decreased by:			
Payment to Treasurer	A-4	\$	<u><u>72,516,919.77</u></u>

"A-6"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance December 31, 2017 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, 2016	A	\$	8,426.16
Increased by:			
Cash Receipts	A-4		<u>66,523.63</u>
		\$	<u>74,949.79</u>
Decreased by:			
Cash Disbursements	A-4		<u>2,813.49</u>
Balance, December 31, 2017	A	\$	<u>72,136.30</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, 2016 (Due From)	A	\$	68,053.05
Increased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings	A-8	\$	116,750.00
Senior Citizens' and Veterans' Deductions Granted by Tax Collector:			
2017 Taxes	A-8		<u>7,405.17</u>
			\$ <u>124,155.17</u>
			\$ <u>192,208.22</u>
Decreased by:			
Cash Receipts	A-4	\$	<u>107,319.37</u>
			\$ <u>107,319.37</u>
Balance, December 31, 2017 (Due From)	A	\$	<u><u>84,888.85</u></u>

ANALYSIS OF REALIZED REVENUE

Senior Citizens' and Veterans' Deductions Per Tax Billings	A-8	\$	116,750.00
Senior Citizens' and Veterans' Deductions Granted by Tax Collector	A-8		<u>7,405.17</u>
	A-9	\$	<u><u>124,155.17</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2016	2017 LEVY	ADDED TAXES	CASH COLLECTIONS 2016	2017	TRANSFERRED TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2017
SFY 2011	\$ 7,754.17	\$	\$	\$	\$	\$	\$	\$ 7,754.17
TY 2012	5,798.11							5,798.11
2012	17,656.23				1,838.66			17,656.23
2013	29,613.95				22,322.72			27,775.29
2014	74,210.02				124,496.77			51,887.30
2015	511,027.40		13,768.50		2,601,883.65		2,928.45	386,530.63
2016	3,019,408.83		13,768.50		2,750,541.80		2,928.45	428,365.23
	\$ 3,665,468.71	\$ 67,672,395.36	\$ 13,768.50	\$ 230,250.84	\$ 64,494,769.78	\$ 61,192.29	\$ 32,046.94	\$ 925,766.96
2017								2,854,135.51
	\$ 3,665,468.71	\$ 67,672,395.36	\$ 13,768.50	\$ 230,250.84	\$ 67,245,311.58	\$ 61,192.29	\$ 34,975.39	\$ 3,779,902.47

REF. A A-2 A-10 A

Collections	A-5	\$ 67,121,156.41
State of New Jersey	A-8	124,155.17
		\$ 67,245,311.58

ANALYSIS OF 2017
PROPERTY TAX LEVY

TAX YIELD		
General Purpose Tax		\$ 67,373,495.27
Added Taxes (54:4-63.1 et seq.)		298,900.09
		\$ 67,672,395.36

TAX LEVY		
Local District School Tax	A-27	\$ 29,927,936.00
County Tax	A-26	\$ 9,154,317.72
County Added	A-26	33,920.27
		9,188,237.99

Local Tax for Municipal Purposes	A-2	\$ 27,726,355.67
Minimum Library Tax	A-2	557,165.87
Add. Additional Taxes Levied		272,699.83
		28,556,221.37
		\$ 67,672,395.36

"A-10"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 686,491.15
Increased by:			
Transferred from Property Taxes Receivable	A-9	\$ <u>61,192.29</u>	<u>61,192.29</u>
			\$ <u>747,683.44</u>
Decreased by:			
Collections	A-2:A-5	\$ <u>38,993.69</u>	<u>38,993.69</u>
Balance, December 31, 2017	A		\$ <u><u>708,689.75</u></u>

"A-11"

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

Balance, December 31, 2016	A		\$ 405,420.37
Increased by:			
Levy			<u>1,910,963.17</u>
			\$ <u>2,316,383.54</u>
Decreased by:			
Collections	A-2:A-5	\$ 2,064,616.34	
Overpayments Applied	A-2:A-16	3,076.90	
Cancelled		<u>26,026.00</u>	
			<u>2,093,719.24</u>
Balance, December 31, 2017	A		\$ <u><u>222,664.30</u></u>

TOWNSHIP OF HILLSIDE
CURRENT FUND
SCHEDULE OF FORECLOSED PROPERTY

<u>BLOCK</u>	<u>LOT</u>		<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2017</u>		<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2016</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 2016	ACCRUED	COLLECTED BY		BALANCE DECEMBER 31, 2017
			TREASURER	COLLECTOR	
Clerk:					
Licenses:					
Other					
Fees and Permits	\$	1,750.22	\$	1,750.22	\$
Tax Assessor:		18,969.71		18,969.71	
Fees and Permits		260.00		260.00	
Board of Health:					
Licenses					
Fees and Permits		16,263.00			16,263.00
Fire Department:		5,775.00			5,775.00
Fees and Permits					
Public Works Department:		25,102.00			
Fees and Permits	11,581.30				36,683.30
Police Department		224,720.08		224,720.08	
Fees and Permits		26,881.46		26,881.46	
Municipal Court:					
Fines and Costs					
Interest and Costs on Taxes	24,634.74	234,236.85		242,724.65	16,146.94
Interest on Investments and Deposits		736,188.86			
Cable T.V. Franchise Fees		150,967.34		150,967.34	
Ambulance Service Fees		245,160.78		245,160.78	
Alarm Fees		338,624.71		338,624.71	
Off Duty Administrative Fees		32,425.20		32,425.20	
Payment in Lieu of Taxes - Gargiulo		194,715.98		194,715.98	
Consolidated Municipal Property Tax Relief Aid		78,599.62			
Energy Receipts Tax		935,205.00		935,205.00	
Construction Code Official:		3,379,494.00		3,379,494.00	
Fees and Permits					
Uniform Fire Safety Act	45,848.14	414,361.45		431,216.29	28,993.30
Sewer Trunk Surplus		20,595.57		20,595.57	
		178,175.38		178,175.38	
	\$	7,258,472.21	\$	6,421,886.37	\$
	82,064.18			814,788.48	103,861.54
REF.	A		A-4	A-5	A

TOWNSHIP OF HILLSIDE

GRANTS FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	1,957,644.43
Increased by:			
Anticipated as Miscellaneous Revenue in 2017 Budget	A-2		410,349.45
		\$	<u>2,367,993.88</u>
Decreased by:			
Cash Receipts			
Treasurer	A-4	\$	147,170.73
Unappropriated Applied	A-22		<u>51,853.42</u>
			<u>199,024.15</u>
Balance, December 31, 2017	A	\$	<u><u>2,168,969.73</u></u>

ANALYSIS OF BALANCE

Mayor's Advisory Council on Drug and Alcohol Abuse	\$	353.84
FY2015		575.03
FY2016		20,800.00
FY2017		27,319.33
Summer Food Service Program - 2013		31,544.64
Summer Food Service Program - 2016		40,973.90
Summer Food Service Program - 2017		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		38,959.00
Kids Recreation Trust Fund 2014		15,000.00
Greening Union County		11,000.00
Greening Union County		37,604.40
Edward Byrne Memorial Justice Assistance Grant		14,067.90
Edward Byrne Memorial Justice Assistance Grant		100,000.00
Neighborhood Stabilization Program (ARRA)		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		57,000.00
UEZ - Streets and Roads Summer Work Program		198,580.00
FEMA - OEM Hazard Mitigation		64,096.19
DOT - Safe Corridor - 2016		105,000.00
Demolition Loan Fund		5,776.37
Infrastructure & Municipal Aid Grant - 2015		55,000.00
Infrastructure & Municipal Aid Grant - 2017		<u>55,000.00</u>
	\$	<u><u>2,168,969.73</u></u>

"A-15"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF RESERVE FOR RETIREMENT

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	52,249.76
Increased by:			
Transferred from 2017 Appropriations	A-3		<u>731,557.82</u>
		\$	<u>783,807.58</u>
Decreased by:			
Cash Disbursements	A-4		<u>730,805.59</u>
Balance, December 31, 2017	A	\$	<u><u>53,001.99</u></u>

"A-16"

SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2016	A	\$	12,006.37
Decreased by:			
Applied	A-11		<u>3,076.90</u>
Balance, December 31, 2017	A	\$	<u><u>8,929.47</u></u>

"A-17"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 158,525.91
Increased by:			
Overpayments	A-5	\$ 39,123.36	
Prior Year Overpayments	A-1	<u>27,752.39</u>	
			\$ <u>66,875.75</u>
			\$ <u>225,401.66</u>
Decreased by:			
Refunded	A-4		<u>54,391.46</u>
Balance, December 31, 2017	A		\$ <u><u>171,010.20</u></u>

"A-18"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2016	A		\$ 230,250.84
Increased by:			
Collection of 2018 Taxes	A-5		<u>793,641.49</u>
			\$ <u>1,023,892.33</u>
Decreased by:			
Applied to 2017 Taxes	A-9		<u>230,250.84</u>
Balance, December 31, 2017	A		\$ <u><u>793,641.49</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016:			
Current Fund	A	\$ 505,857.23	
Grant Fund	A	<u>474.37</u>	
			\$ 506,331.60
Increased by:			
2017 Appropriations	A-3		<u>591,500.92</u>
			\$ 1,097,832.52
Decreased by:			
Transferred to Appropriation Reserves	A-20		<u>505,857.23</u>
Balance, December 31, 2017			\$ <u><u>591,975.29</u></u>
Current Fund	A		\$ 591,500.92
Grant Fund	A		<u>474.37</u>
			\$ <u><u>591,975.29</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED	OVER- EXPENDITURE
SALARIES AND WAGES:	\$	\$	\$	\$	\$
Administrative and Executive	77.78	77.78		77.78	
Township Clerk	410.41	410.41		410.41	
Township Council	1,000.28	1,000.28		1,000.28	
Board of Health	15,456.80	15,456.80		15,456.80	
Financial Administration	28,622.23	28,797.23	2,828.72	25,968.51	
Municipal Court	16,579.06	16,579.06	14,829.42	1,749.64	
Assessment of Taxes	5.71	5.71		5.71	
Collection of Taxes	2,042.57	2,042.57	2,042.57		
Economic Development	866.14	866.14		866.14	
Municipal Prosecutor	1,000.00	1,000.00		1,000.00	
Legal/Professional Services and Costs	2,230.60	2,230.60		2,230.60	
Buildings and Grounds	4.36	4.36		4.36	
Planning Board	2,500.00	2,500.00		2,500.00	
Zoning Costs	2,500.00	2,500.00		2,500.00	
Police	11,205.04	11,205.04		11,205.04	
Crossing Guards	527.91	527.91		527.91	
Community Recreation Commission	5,026.60	5,026.60	5,026.60		
Senior Citizens	631.54	631.54		631.54	
Garage Service and Repairs	5.97	5.97		5.97	
Emergency Management	19.34	19.34		19.34	

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED	OVER- EXPENDITURE
<u>SALARIES AND WAGES (CONTINUED):</u>					
Building Inspector	\$ 7,621.90	\$ 7,621.90	\$	\$ 7,621.90	\$
Temporary and Summer Employees	1,104.40	1,104.40		1,104.40	
Salary Adjustment Account	1,747.99	1,747.99		1,747.99	
Sub-Total Salaries and Wages	\$ 101,186.63	\$ 101,361.63	\$ 24,727.31	\$ 76,634.32	\$
<u>OTHER EXPENSES:</u>					
Administrative and Executive:					
Departmental Expenses	\$ 1,458.84	\$ 7,196.51	\$ 7,196.51	\$	\$
Photocopy and Film	4,335.20	2,591.94	2,296.77	295.17	
Townwide Repair and Maintenance Contracts		4,335.20	1,913.58	2,421.62	
Township Clerk					
Miscellaneous	495.36	4,059.97	3,995.39	64.58	
Advertising	2,014.02	4,143.40	3,037.13	1,106.27	
Township Council	7,092.03	9,395.03	9,395.03		
Elections	2,972.11	2,972.11	2,931.98	40.13	
Financial Administration	7,613.92	12,009.84	7,528.01	4,481.83	
Annual Audit	9,225.00	9,225.00	9,225.00		
Assessment of Taxes	3,037.39	7,775.94	4,738.55	3,037.39	
Computer Service Department (Data Processing)	5,121.90	5,221.90	2,238.00	2,983.90	
Collection of Taxes	2,461.94	12,339.90	12,163.78	176.12	

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED	OVER- EXPENDITURE
<u>OTHER EXPENSES (CONTINUED):</u>					
Legal/Professional Services and Costs	\$ 44,966.47	\$ 64,215.04	\$ 63,976.48	\$ 238.56	\$
Prosecutor	3,250.00	5,250.00	2,000.00	3,250.00	
Engineering Services - General	10,262.79	13,412.79	12,860.00	552.79	
Economic Development	1,812.00	1,812.00		1,812.00	
Public Buildings and Grounds	347.41	29,454.87	24,388.15	5,066.72	
Planning Board		730.76	730.76		
Zoning Costs	1,572.40	1,572.40		1,572.40	
Alcohol Beverage Control	4,764.00	4,764.00		4,764.00	
Postage	2,420.69	5,420.69	3,000.00	2,420.69	
Group Insurance Plan for Employees	151,307.64	151,307.64	60,198.54	91,109.10	
Unemployment Compensation Insurance	13,780.92	14,174.87	2,631.69	11,543.18	
Workers Compensation Insurance Trust Fund	939.66	939.66		939.66	
Other Insurance Premiums	23,985.58	31,648.58	9,494.00	22,154.58	
Fire:					
Miscellaneous	242.13	60,304.18	59,964.95	339.23	
Ambulance Services	6,679.45	11,387.11	10,286.79	1,100.32	
Fire Official	1,000.00	1,000.00		1,000.00	
Police Department:					
Departmental Expenses	4,918.63	30,010.42	29,112.33	898.09	
Traffic Lights	10,372.11	15,036.67	13,713.71	1,322.96	
Garage Service and Repairs	2,000.00	47,196.97	34,473.98	12,722.99	
Roads Repair and Maintenance	31,504.12	44,347.11	43,851.31	495.80	
Garbage, Trash and Recycling Collection	154,583.17	257,690.63	287,935.63		30,245.00
Sewer System	7,251.84	7,251.84		7,251.84	

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED	OVER- EXPENDITURE
<u>OTHER EXPENSES (CONTINUED):</u>					
Sewer Pumping System	\$ 368.36	\$ 17,918.40	\$ 17,416.32	\$ 502.08	
Board of Health	2,220.47	4,052.19	2,483.82	1,568.37	
Dog License Regulation	6,020.48	22,767.92	22,329.92	438.00	
Community Recreation Commission	5,506.16	16,864.84	16,864.29	0.55	
Building Inspector (Code Enforcement)	6,963.93	8,793.89	2,346.91	6,446.98	
Celebration of Public Events:					
Mayor and Administration	4,548.00	5,000.00	675.90	4,324.10	
Council	5,000.00	5,000.00		5,000.00	
Municipal Court	2,246.42	5,209.04	2,991.48	2,217.56	
Public Defender	3,448.50	4,273.50	4,125.00	148.50	
Senior Citizens	218.26	1,697.26	1,564.00	133.26	
Utilities - All	6,468.10	85,262.62	76,166.74	9,095.88	
Street Lighting	65,788.33	65,788.33	57,443.54	8,344.79	
Fire Hydrant Service	73,663.59	74,535.83	46,547.04	27,988.79	
Health Benefit Waiver	11,000.00	11,000.00		11,000.00	
Contingent	500.00	500.00		500.00	
Social Security (O.A.S.I.)	5,943.41	5,943.41		5,943.41	
Consolidated Police and Firemen's Pension Fund	18,663.65	18,663.65		18,663.65	
Union County Fire and EMS Dispatch Services	6,088.00	6,088.00		6,088.00	
Police and Firemen's Retirement System of NJ	163.74	163.74		163.74	
Defined Retirement Contribution Plan	5,000.00	5,000.00		5,000.00	

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	UNEXPENDED BALANCE LAPSED	OVER- EXPENDITURE
<u>OTHER EXPENSES (CONTINUED):</u>					
Snow Removal Cost - State of Emergency Reserve for Tax Appeals	\$ 45,612.23	\$ 60,184.99	\$ 13,980.00	\$ 46,204.99	\$
	<u>10,000.00</u>	<u>10,000.00</u>		<u>10,000.00</u>	
Sub-Total Other Expenses	<u>809,220.35</u>	<u>1,314,902.58</u>	<u>990,213.01</u>	<u>354,934.57</u>	<u>30,245.00</u>
	<u>\$ 910,406.98</u>	<u>\$ 1,416,264.21</u>	<u>\$ 1,014,940.32</u>	<u>\$ 431,568.89</u>	<u>\$ 30,245.00</u>
				A-1	A-29
<u>REF.</u>	A				
Appropriation Reserves	\$ 910,406.98				
Transferred from Accounts Payable	<u>505,857.23</u>				
	<u>\$ 1,416,264.21</u>				
Cash Disbursements			\$ 970,465.12		
Transferred to Accounts Payable			<u>44,475.20</u>		
			<u>\$ 1,014,940.32</u>		

TOWNSHIP OF HILLSIDE

GRANTS FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 1,570,903.38
Increased by:		
Budget Appropriations	A-3	415,549.45
Decreased by:		\$ 1,986,452.83
Cash Disbursements	A-4	219,288.85
Balance, December 31, 2017	A	<u>\$ 1,767,163.98</u>
<u>ANALYSIS OF BALANCE, DECEMBER 31, 2017</u>		
Alcohol Education and Rehabilitation Program		\$ 3,885.81
Clean Communities Program		74,591.43
DWI Grant		1,148.20
Recycling Tonnage Grant		23,906.99
Body Armor Grant		4,513.55
Solid Waste Grant		32,823.14
Mayor's Advisory Council on Drug and Alcohol Abuse		
FY2017 Grant:		
County Share		5,738.82
Local Match		413.59
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		32,396.47
DOT - Long Avenue Section Four		16,271.60
Nursing Services Grant		6,677.76
NJ Prevention Network for Senior Citizen's Get Active Walking		1,296.63
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		9,550.00
Homeland Security FEMA Grant - Match		4,316.44
Union County Kids Recreation Trust Grant - FY2007		1,378.26
Union County Kids Recreation Trust Grant - FY2010		6,888.20
Kids Recreation Grant - FY2008		521.00
Kids Recreation Trust Fund FY2011		81,646.50
Kids Recreation Trust Fund 2014		68,688.00
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		4,842.02
Summer Food Service Program 2017		31,360.43
UEZ Green the Streets		200,000.00
UEZ Liberty Avenue		12,159.53
UEZ Relocation Grant - Crane Group International		200,000.00
Urban Enterprise Zone - Summer Work Program 2016		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
Hillside Outdoor Music Event (H.O.M.E.)		3,850.00
2016 Infrastructure and Municipal Aid Grant Program		50,000.00
Demolition Loan Fund		105,000.00
Infrastructure and Municipal Aid Grant - 2015		5,776.37
Infrastructure and Municipal Aid Grant - 2016		50,000.00
Infrastructure and Municipal Aid Grant - 2017		43,418.50
		<u>\$ 1,767,163.98</u>

TOWNSHIP OF HILLSIDE

GRANTS FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2016	CASH RECEIPTS	APPLIED	BALANCE DECEMBER 31, 2017
Body Armor Fund	\$ 5,392.12	\$	5,392.12	\$
Clean Communities	38,635.34		38,635.34	
Nursing Services Grant	6,677.76		6,677.76	
Driving While Intoxicated	1,148.20		1,148.20	
Recycling Tonnage Grant		9,609.34		9,609.34
	<u>\$ 51,853.42</u>	<u>\$ 9,609.34</u>	<u>\$ 51,853.42</u>	<u>\$ 9,609.34</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, 2017
and December 31, 2016

A

\$ 30,256.65

"A-24"

SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

Balance, December 31, 2017
and December 31, 2016

A

\$ 189.38

"A-25"

GRANT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY - SUMMER FOOD

Balance, December 31, 2017
and December 31, 2016

A

\$ 25.04

"A-26"

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance December 31, 2016	A		\$ 15,843.49
Increased by:			
Tax Levy	A-9	\$ 9,154,317.72	
Added Taxes			
2017	A-9	31,442.25	
2016	A-9	2,478.02	
	A-1		<u>9,188,237.99</u>
			\$ <u>9,204,081.48</u>
Decreased by:			
Payments	A-4		<u>9,170,161.21</u>
Balance December 31, 2017	A		\$ <u><u>33,920.27</u></u>

"A-27"

SCHEDULE OF SCHOOL TAXES PAYABLE

Balance December 31, 2016 (Prepaid)	A		\$ (2.00)
Increased by:			
Levy	A-1:A-9		<u>29,927,936.00</u>
			\$ <u>29,927,934.00</u>
Decreased by:			
Disbursements	A-4		<u>29,927,936.00</u>
Balance December 31, 2017 (Prepaid)	A		\$ <u><u>(2.00)</u></u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2016	ADDED IN 2017	RAISED IN 2017 BUDGET	BALANCE DECEMBER 31, 2017
Overexpenditure of 2017 Appropriations	\$ 10,020.58		\$ 10,020.58	\$
Expenditure without an Appropriation	624,813.90	36,754.96	494,358.91	167,209.95
Overexpenditure of 2016 Appropriation Reserves		30,245.00		30,245.00
	<u>\$ 634,834.48</u>	<u>\$ 66,999.96</u>	<u>\$ 504,379.49</u>	<u>\$ 197,454.95</u>

REF.

A

A-3

A

2016 Appropriations Reserves
Cash Disbursements

	\$	30,245.00
		<u>36,754.96</u>
	\$	<u>66,999.96</u>

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

REF.

Balance, December 31, 2017
and December 31, 2016

A

\$ 10,500.00

TOWNSHIP OF HILLSIDE

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	20,720.39
Increased by:			
Transferred from Appropriation Reserves	A-20	\$	<u>44,475.20</u>
		\$	65,195.59
Decreased by:			
Cash Disbursements	A-4		<u>2,255.98</u>
Balance, December 31, 2017	A	\$	<u><u>62,939.61</u></u>

"A-32"

TOWNSHIP OF HILLSIDE

GRANT FUND

SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2017 and December 31, 2016	A	\$ <u><u>256,355.00</u></u>

"A-33"

SCHEDULE OF DUE SWIM POOL CAPITAL FUND

Balance, December 31, 2017 and December 31, 2016	A	\$ <u><u>22,952.50</u></u>
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TOWNSHIP OF HILLSIDE

CURRENT FUND

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

<u>DATE AUTHORIZED</u>	<u>PURPOSE</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>1/5 OF NET AMOUNT AUTHORIZED</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>ADDED IN 2017</u>	<u>RAISED IN 2017 BUDGET</u>	<u>BALANCE DECEMBER 31, 2017</u>
8/7/2012	Contractually Required Severance Liabilities	\$ 192,790.00	\$ 38,558.00	\$ 38,558.00		\$ 38,558.00	\$
9/4/2012	Contractually Required Severance Liabilities	622,282.50	124,456.50	124,456.50		124,456.50	240,000.00
11/10/2014	Contractually Required Severance Liabilities	600,000.00	120,000.00	360,000.00		120,000.00	731,557.82
12/19/2017	Contractually Required Severance Liabilities	731,557.82	146,311.56		731,557.82		
				<u>\$ 523,014.50</u>	<u>\$ 731,557.82</u>	<u>\$ 283,014.50</u>	<u>\$ 971,557.82</u>

REF.

A

A-3

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, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Contractually Required Severance Liabilities	2/1/2013	1/30/2014	1/27/2017	1.230% \$	124,458.00 \$		124,458.00 \$	
Contractually Required Severance Liabilities	2/1/2013	1/29/2016	1/27/2017	1.230%	305,997.00		305,997.00	
Contractually Required Severance Liabilities	12/23/2014	8/5/2016 8/4/2017	8/4/2017 8/3/2018	2.250% 2.500%	360,000.00	240,000.00	360,000.00	240,000.00
					<u>790,455.00 \$</u>	<u>240,000.00 \$</u>	<u>790,455.00 \$</u>	<u>240,000.00</u>
				<u>REF.</u>	A	A-4	A-4	A

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF CASH - TREASURER

<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
B	\$ 106,923.18	\$ 5,607,331.08
B-2	6,432.90	
B-3	1,446.60	
B-4		90,470.00
B-7		2,874,682.40
B-8		6,018.98
B-11		5,242.78
B-12		11.98
B-13		432,100.02
B-15		368.39
B-16		1,734,130.16
B-17		180,633.02
B-18		177,276.81
B-22		3,079.54
B-19		54,203.29
	<u>7,879.50</u>	<u>5,558,217.37</u>
	\$ <u>114,802.68</u>	\$ <u>11,165,548.45</u>
B-3	1,624.40	
B-5		90,774.28
B-7		2,690,357.65
B-8		31,089.24
B-13		625,849.47
B-16		1,040,937.19
B-17		373,226.61
B-18		181,076.67
B-19		1,692,762.68
	<u>1,624.40</u>	<u>6,726,073.79</u>
B	\$ <u>113,178.28</u>	\$ <u>4,439,474.66</u>
<p>Balance, December 31, 2016</p> <p>Increased by Receipts:</p> <p>Animal Control Fees</p> <p>Dog Registration Fees - Due State of New Jersey</p> <p>Community Development Block Grant Receivable</p> <p>Reserve for:</p> <p>Tax Sale Redemption</p> <p>Recreation Trust</p> <p>UJEZ 2nd Generation Fund</p> <p>UJEZ Revolving Loan Escrow</p> <p>Police Off Duty Escrow</p> <p>Special Law Enforcement Trust</p> <p>Miscellaneous Trust Deposits</p> <p>Federal Law Enforcement Trust</p> <p>Building Department Escrow</p> <p>Retiree Prescription Account</p> <p>Interfunds Receivable</p> <p>Decreased by Disbursements:</p> <p>New Jersey State Board of Health</p> <p>Community Development Block Grant</p> <p>Reserve for:</p> <p>Tax Sale Redemption</p> <p>Recreation Trust</p> <p>Police Off Duty Escrow</p> <p>Miscellaneous Trust Deposits</p> <p>Federal Law Enforcement Trust</p> <p>Building Department Escrow</p> <p>Due Current Fund</p> <p>Balance, December 31, 2017</p>		

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2016	B		\$ 12,959.45
Increased by:			
Dog License Fees	B-1	\$ 5,562.00	
Miscellaneous	B-1	<u>870.90</u>	
			\$ <u>6,432.90</u>
			\$ 19,392.35
Decreased by:			
Statutory Excess Due Current Fund	B-20	\$ <u>9,591.35</u>	
			<u>9,591.35</u>
Balance, December 31, 2017	B		\$ <u><u>9,801.00</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2015	5,085.00
2016	<u>4,716.00</u>
	\$ <u><u>9,801.00</u></u>

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

Balance, December 31, 2016	B		\$ 198.00
Increased by:			
Cash Receipts	B-1		<u>1,446.60</u>
			\$ 1,644.60
Decreased by:			
Cash Disbursements	B-1		<u>1,624.40</u>
Balance, December 31, 2017	B		\$ <u><u>20.20</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

<u>PROGRAM DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>GRANTS APPROVED BY COUNTY OF UNION</u>	<u>CASH RECEIPTS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2017</u>
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	25,000.00
Freeholder Initiative - Senior Center Facility Improvements		25,000.00			
Program Year 43:					
Senior Citizens Health Care Program		12,500.00			12,500.00
Senior Citizens Program		9,680.00			9,680.00
Buie Center Youth Recreation		13,000.00			13,000.00
Maternal Child Health Care		19,000.00			19,000.00
Code Enforcement		40,000.00			40,000.00
	<u>\$ 135,470.00</u>	<u>\$ 119,180.00</u>	<u>\$ 90,470.00</u>	<u>\$ 45,000.00</u>	<u>\$ 119,180.00</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, 2016	MODIFIED	GRANTS APPROVED BY COUNTY OF UNION	EXPENDED	ADJUSTMENTS/ CANCELLED	BALANCE DECEMBER 31, 2017
Program Year 31:						
Bathroom Renovations	\$ 13,360.67	\$ 13,360.67	\$	\$	\$	\$ 13,360.67
Program Year 35:	(156.30)			156.30		(156.30)
Code Enforcement						
Program Year 40:		179.99		359.98		(179.99)
Buie Center Youth Recreation		1,472.35		1,472.35		
Maternal Child Health Care						
Program Year 41:	(192.50)	(192.50)				
Street Reconstruction and Resurfacing		500.00		500.00		
Senior Citizens Health Care Program		574.62		574.62		
Buie Center Youth Recreation		200.00		1,478.74		
Maternal Child Health Care						
Program Year 42:						
Restroom Rehabilitation	35,000.00	35,000.00		35,000.00		
Senior Citizens Health Care Program	5,666.23	5,666.23		5,666.23		
Senior Citizens Program	4,496.00	4,496.00		4,496.00		
Buie Center Youth Recreation	9,016.67	9,549.14		9,549.14		
Maternal Child Health Care	20,000.00	20,000.00		20,000.00		
Code Enforcement	45,000.00	45,000.00				
Freeholder Initiative - Senior Center Facility Improvements			25,000.00		45,000.00	
Program Year 43:						
Senior Citizens Health Care Program			12,500.00	197.20		
Senior Citizens Program			9,680.00	4,338.00		
Buie Center Youth Recreation			13,000.00	4,287.19		
Maternal Child Health Care			19,000.00	7,736.65		
Code Enforcement			40,000.00			
Program Income - Sidewalk Reimbursements	\$ 132,190.77	\$ 135,806.50	\$ 119,180.00	\$ 95,812.40	\$ 45,000.00	\$ 114,174.10
	2,085.13	2,085.13				2,085.13
	\$ 134,275.90	\$ 137,891.63	\$ 119,180.00	\$ 95,812.40	\$ 45,000.00	\$ 116,259.23
	B	B-4	B-4	B-4	B	B
Reserve	\$	\$ 134,275.90				
Transferred from Encumbrances Payable		3,615.73				
	\$	\$ 137,891.63				
Cash Disbursements				\$ 90,774.28		
Transferred to Encumbrances Payable				5,038.12		
				\$ 95,812.40		

"B-6"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR FACADE LOAN REPAYMENTS

REF.

Balance, December 31, 2017 and December 31, 2016	B	\$ <u>35,134.28</u>
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"B-7"

SCHEDULE OF RESERVE FOR TAX SALE REDEMPTION

Balance, December 31, 2016	B	\$ 427,125.32
Increased by:		
Cash Receipts	B-1	<u>2,874,682.40</u>
		\$ <u>3,301,807.72</u>
Decreased by:		
Cash Disbursements	B-1	<u>2,690,357.65</u>
Balance, December 31, 2017	B	\$ <u>611,450.07</u>

"B-8"

SCHEDULE OF RESERVE FOR RECREATION TRUST

Balance, December 31, 2016	B	\$ 25,070.26
Increased by:		
Cash Receipts	B-1	<u>6,018.98</u>
		\$ <u>31,089.24</u>
Decreased by:		
Cash Disbursements	B-1	<u>31,089.24</u>

"B-9"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

REF.

Balance, December 31, 2017 and
December 31, 2016

B

\$ 120,084.13

"B-10"

SCHEDULE OF RESERVE FOR FLEXIBLE SPENDING ACCOUNT

Balance, December 31, 2017 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, 2016	B	\$	634,483.35
Increased by:			
Cash Receipts	B-1		<u>5,242.78</u>
Balance, December 31, 2017	B	\$	<u><u>639,726.13</u></u>

"B-12"

SCHEDULE OF RESERVE FOR UEZ REVOLVING LOAN ESCROW

Balance, December 31, 2016	B	\$	7,245.46
Increased by:			
Cash Receipts	B-1		<u>11.98</u>
Balance, December 31, 2017	B	\$	<u><u>7,257.44</u></u>

"B-13"

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF POLICE OFF-DUTY ESCROW

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	95,926.41
Increased by:			
Cash Receipts	B-1		<u>432,100.02</u>
		\$	<u>528,026.43</u>
Decreased by:			
Cash Disbursements	B-1		<u>625,849.47</u>
Balance, December 31, 2017 (Due from vendors)	B	\$	<u><u>(97,823.04)</u></u>

"B-14"

SCHEDULE OF RESERVE FOR LOCAL LAW ENFORCEMENT BLOCK GRANT

Balance, December 31, 2017 and December 31, 2016	B	\$	<u><u>628.02</u></u>
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"B-15"

SCHEDULE OF RESERVE FOR SPECIAL LAW ENFORCEMENT TRUST

Balance, December 31, 2016	B	\$	50,674.50
Increased by:			
Cash Receipts	B-1		<u>368.39</u>
Balance, December 31, 2017	B	\$	<u><u>51,042.89</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

<u>DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>RECEIPTS</u>	<u>EXPENDED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Reserve for:				
Miscellaneous:				
Tax Sale Premium	\$ 2,670,550.17	\$ 1,643,800.00	\$ 985,300.00	\$ 3,329,050.17
Zoning and Planning Escrow	4,480.00			4,480.00
D.C.A. Fees Due State of New Jersey	9,886.00	13,091.00	18,790.00	4,187.00
Electrical Inspection Fees	2,030.00			2,030.00
Elevator Inspection Fees	4,858.00	7,771.00		12,629.00
Recreation Trust		41,711.66	11,345.59	30,366.07
Police Department Donations	1,554.84		163.60	1,391.24
Fire Fines and Penalties (JFC Fees)	30,219.56			30,219.56
Fire Department Donations	8,060.46			8,060.46
UFC Training	14,285.00			14,285.00
National Night Out	670.72			670.72
Hillside Street Fair	3,566.34			3,566.34
Marriage License Fees Due State of New Jersey	263.82			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	1,837.75	10,015.00	10,488.00	1,364.75
Parking Offence Adjudication Act	34,088.86	3,378.00		37,466.86
Public Defender		9,264.00		1,014.00
UEZ Donation	1,702,958.13		8,250.00	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		2,000.00	3,575.00
Hardware Escrow - Deposit on Sale of Property	100,000.00			100,000.00
Home Festival		5,099.50		499.50
Miscellaneous Deposits	90.00			90.00
Sub-total Miscellaneous	\$ 4,612,129.70	\$ 1,734,130.16	\$ 1,040,937.19	\$ 5,305,322.67

REF. B 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, 2016	B	\$	602,323.09
Increased by:			
Cash Receipts	B-1		<u>180,633.02</u>
		\$	782,956.11
Decreased by:			
Cash Disbursements	B-1		<u>373,226.61</u>
Balance, December 31, 2017	B	\$	<u><u>409,729.50</u></u>

"B-18"

SCHEDULE OF RESERVE FOR BUILDING DEPARTMENT ESCROW

Balance, December 31, 2016	B	\$	489,308.34
Increased by:			
Cash Receipts	B-1		<u>177,276.81</u>
		\$	666,585.15
Decreased by:			
Cash Disbursements	B-1		<u>181,076.67</u>
Balance, December 31, 2017	B	\$	<u><u>485,508.48</u></u>

TOWNSHIP OF HILLSIDE

TRUST OTHER FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT</u>	<u>ANIMAL</u>	<u>GENERAL</u>	<u>GRANT</u>	<u>PAYROLL</u>	<u>PAYROLL</u>
		<u>FUND</u>	<u>TRUST FUND</u>	<u>CAPITAL</u>	<u>FUND</u>	<u>FUND</u>	<u>ACCOUNT</u>	<u>ACCOUNT</u>
Balance, December 31, 2016								
Due From	B	\$ 1,886,955.16	\$ 1,841,226.05	\$ 2,000.00	\$ 32,679.40	\$ 256,355.00	\$ 11,049.71	\$ 100,756.80
Due To	B	357,111.80						
Receipts	B-1	54,203.29	54,203.29					
Disbursements	B-1	1,692,762.68	1,692,762.68					
Balance, December 31, 2017								
Due From	B	\$ 3,525,514.55	\$ 3,479,785.44	\$ 2,000.00	\$ 32,679.40	\$ 256,355.00	\$ 11,049.71	\$ 100,756.80
Due To	B	357,111.80						

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, 2016				
Due To	B	\$ <u>93,765.73</u>	\$ <u>91,765.73</u>	\$ <u>2,000.00</u>
Statutory Excess	B-2	<u>9,591.35</u>	<u>9,591.35</u>	<u> </u>
Balance, December 31, 2017				
Due To	B	\$ <u><u>103,357.08</u></u>	\$ <u><u>101,357.08</u></u>	\$ <u><u>2,000.00</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	3,615.73
Increased by:			
Transfer from Reserve for Community Development Block Grant	B-5		<u>5,038.12</u>
		\$	8,653.85
Decreased by:			
Transferred to Reserve for: Community Development Block Grant	B-5		<u>3,615.73</u>
Balance, December 31, 2017	B	\$	<u><u>5,038.12</u></u>

TOWNSHIP OF HILLSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR RETIREE PRESCRIPTION ACCOUNT

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	32,777.77
Increased by:			
Cash Receipts	B-1		<u>3,079.54</u>
Balance, December 31, 2017	B	\$	<u><u>35,857.31</u></u>

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2016	C		\$ 110,991.38
Increased by:			
Capital Improvement Fund	C-9	\$ 100,000.00	
Interfunds Returned	C-6	2,150,487.50	
Bond Anticipation Note	C-12	6,463,343.00	
Premium on Bond Anticipation Note Issued	C-1	<u>54,411.50</u>	
			<u>8,768,242.00</u>
			\$ 8,879,233.38
Decreased by:			
Contracts Payable	C-10	\$ 3,608,765.61	
Interfunds Advanced	C-6	2,073,807.66	
Bond Anticipation Note	C-12	<u>1,921,343.00</u>	
			<u>7,603,916.27</u>
Balance, December 31, 2017	C		\$ <u><u>1,275,317.11</u></u>

"C-3"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
Capital Improvement Fund	\$ 504,637.46
Reserve for U.C.I.A.	30,731.39
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")	567,751.81
Improvement Authorizations Expended (Set Forth on Exhibit "C-8")	(629,624.70)
Unexpended Proceeds of Bond Anticipation Notes	1,103,022.06
Interfunds Receivable	(75,123.29)
Interfunds Payable	362,604.28
Fund Balance	<u>103,283.20</u>
	<u>\$ 1,275,317.11</u>

REF.

C

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2016	C		\$ 1,048,739.27
Decreased by:			
Budget Appropriation to Pay Loans Payable:			
Underground Storage Tank Loan	C-7	\$ 7,245.80	
Infrastructure Loans	C-15	<u>74,537.00</u>	
			<u>81,782.80</u>
Balance, December 31, 2017	C		<u>\$ 966,956.47</u>

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance December 31, 2017 and December 31, 2016	C	\$ <u>475,798.08</u>
<u>Analysis of Balance</u>		
Department of Transportation:		
West King Street		\$ 6,882.08
Irvington Avenue		189,196.00
Hollywood Avenue		187,720.00
Community Development Block Grant		<u>92,000.00</u>
		\$ <u><u>475,798.08</u></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, 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>
Receipts	C-2	<u>2,150,487.50</u>	<u>2,083,247.50</u>	<u></u>	<u>67,240.00</u>
Disbursements	C-2	<u>2,073,807.66</u>	<u>2,006,567.66</u>	<u></u>	<u>67,240.00</u>
Balance, December 31, 2017					
Due from	C	\$ 75,123.29	\$	\$	\$ 75,123.29
Due to	C	<u>362,604.28</u>	<u>329,924.88</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, 2016</u>	<u>DECREASED</u>
			<u>DATE</u>	<u>AMOUNT</u>			
Underground Storage Tank Loan	5/30/2007	\$ 72,458.00			\$ 7,245.80	\$ 7,245.80	
					\$ 7,245.80	\$ 7,245.80	
				<u>REF.</u>	C	C-4	

"C-9"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 404,637.46
Increased by:		
Budget Appropriation	C-2	<u>100,000.00</u>
Balance, December 31, 2017	C	<u>\$ 504,637.46</u>

"C-10"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2016	C	\$ 1,140,235.19
Increased by:		
Contracts Payable:		
Improvement Authorizations	C-11	\$ 4,430,198.06
Reserve for U.C.I.A.	C-15	<u>110,343.50</u>
		<u>4,540,541.56</u>
		\$ 5,680,776.75
Decreased by:		
Cash Disbursements	C-2	<u>\$ 3,608,765.61</u>
		\$ 3,608,765.61
Balance, December 31, 2017	C	<u>\$ 2,072,011.14</u>
Improvement Authorizations		\$ 1,009,796.64
Reserve for U.C.I.A. (Memo Only)		<u>1,062,214.50</u>
		<u>\$ 2,072,011.14</u>

TOWNSHIP OF HILLSIDE
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE	AMOUNT	BALANCE DECEMBER 31, 2016		CONTRACTS PAYABLE	BALANCE DECEMBER 31, 2017	
					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	\$	800.02	\$	53,426.99	800.02
476	Tax Appeal Refunds	01/25/97		2,510,000.00				0.23	
99-023	Township Portion of Joint Meeting Capital Improvement Plan	09/28/99		395,000.00				109.54	
00-006	Acquisition of New and Replacement Equipment	02/29/00		76,000.00		50.00		1,976.27	50.00
00-018	Various Public Improvements	06/05/00		940,000.00				1,431.27	
99-009	Purchase of Services and Equipment to Prepare for Y2K Compliance	07/27/99		150,000.00		34,182.40			34,182.40
02-023	Demolition of Unsafe Buildings and Structures at Various Locations	06/11/02		105,000.00		14,232.43			14,232.43
02-024	Township's Portion of Joint Meeting Capital Improvement Plan	06/25/02		425,000.00				118.42	
02-036	Purchase of Leaf Collector - Public Works	09/24/02		28,000.00				14,906.86	
03-020	Various Public Improvements, Demolition of Unsafe Buildings and	06/10/03		330,000.00					
06-016	Townships 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		22,542.00		3,601.86	22,542.00
09-017	Township's Portion of Joint Meeting Capital Improvement Plan	09/23/09		520,000.00		26,221.00			26,221.00
09-019	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
08-020	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	08/19/08		1,020,000.00		95,818.02			95,818.02
09-025	Hillside Ave Stormwater Management System	10/27/09		850,000.00		356,221.00		491,834.00	356,221.00
11-018	Various Public Improvements	12/27/11		93,000.00				346.37	
14-13	Townships Portion of Joint Meeting	10/21/14		780,000.00		230,659.00			230,659.00
14-16	Acquisition of a Sewer Jet Vacuum	10/21/14		180,000.00		5,151.00			5,151.00
16-09	2016 Road Program	07/19/16		5,238,013.00		4,542,000.00		4,428,253.06	809,762.94
			\$	1,265,712.81	\$	5,531,952.84	\$	567,751.81	1,799,715.78
	REF.			C		C		C-C-3	C-C-8

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, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
09-019	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	8/12/2009	8/5/2016	8/4/2017	2.250% \$	1,242,374.00 \$	1,202,561.00	1,242,374.00 \$	1,202,561.00
08-020	Various Public Improvements and Acquisition of New, Additional or Replacement Equipment and Machinery	8/12/2009	8/4/2017	8/3/2018	2.500%	760,522.00	718,782.00	760,522.00	718,782.00
16-005	2016 Road Improvement Program	7/26/2017	7/26/2017	7/25/2018	2.500%	4,542,000.00	4,542,000.00	2,002,896.00 \$	4,542,000.00
					\$	<u>2,002,896.00 \$</u>	<u>6,463,343.00 \$</u>	<u>2,002,896.00 \$</u>	<u>6,463,343.00</u>
					<u>REF.</u>	C	C-2	C	C
	Cash Disbursements Paid by Budget							1,921,343.00 81,553.00	
								<u>2,002,896.00 \$</u>	

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

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

	<u>REF.</u>	
Balance December 31, 2017 and December 31, 2016	C	\$ <u>2,626,928.68</u>
<u>Analysis of Balance:</u>		
Reserve for UCIA (Memo Only)	C-15	\$ 30,731.39
Contracts Payable (Memo Only)	C-10	<u>1,062,214.50</u>
		1,092,945.89
Unreimbursed Expenditures - Net		<u>1,533,982.79</u>
		\$ <u>2,626,928.68</u>

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>		
Balance December 31, 2016	C		\$ 1,041,493.47
Decreased by:			
Loan Paid by Budget	C-4	\$ <u>74,537.00</u>	<u>74,537.00</u>
Balance December 31, 2017	C		\$ <u><u>966,956.47</u></u>

"C-15"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

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

	<u>REF.</u>	
Balance December 31, 2016	C	\$ 141,074.89
Decreased by:		
Contracts Payable	C-10	<u>110,343.50</u>
Balance December 31, 2017	C	<u>\$ 30,731.39</u>

"C-16"

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

Balance December 31, 2017 and December 31, 2016	C	<u>\$ 249,428.76</u>
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"C-17"

TOWNSHIP OF HILLSIDE

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CONSTRUCTION OF SALT SHED

REF.

Balance December 31, 2017
and December 31, 2016

C

\$ 89,321.76

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, 2017</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 Avenue 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	Various Public Improvement and Acquisition of New, Additional or Replacement Equipment and Machinery	525.00
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	<u>113,325.00</u>
		<u>\$ 1,326,318.42</u>

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		<u>OPERATING</u>
Balance, December 31, 2016	D		\$ 49,834.52
Increased by:			
Miscellaneous Revenues	D-2	\$ 107,437.00	
Membership Fees	D-2	7,870.00	
Non-Resident Fees	D-2	2,525.00	
Food Concession	D-2	2,211.00	
Deficit (General Budget)	D-2	45,000.00	
			<u>165,043.00</u>
			\$ 214,877.52
Decreased by Disbursements:			
2017 Budget Appropriations	D-3	\$ 149,166.94	
Appropriation Reserves	D-5	5,428.59	
Accrued Interest on Notes	D-18	1,780.00	
Interfunds Payable	D-6	45,000.00	
			<u>201,375.53</u>
Balance, December 31, 2017	D		\$ <u>13,501.99</u>

"D-5"

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BUDGET AFTER MODIFICATION	NET PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 5,731.22	\$ 5,731.22	\$	\$ 5,731.22
Other Expenses	6,140.95	7,158.81	6,831.51	327.30
Statutory Expenditures:				
Public Employees Retirement System	<u>1,571.20</u>	<u>1,571.20</u>		<u>1,571.20</u>
	<u>\$ 13,443.37</u>	<u>\$ 14,461.23</u>	<u>\$ 6,831.51</u>	<u>\$ 7,629.72</u>
REF.	D			D-1
Appropriation Reserves	\$ 13,443.37			
Reestablish Accounts Payable	<u>1,017.86</u>			
	<u>\$ 14,461.23</u>			
Cash Disbursements			\$ 5,428.59	
Accounts Payable			<u>1,402.92</u>	
			<u>\$ 6,831.51</u>	

"D-6"

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, 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>
Disbursements	D-4	<u>45,000.00</u>	<u>45,000.00</u>		
Balance, December 31, 2017					
Due From	D	\$ 39,791.63	\$ 39,715.13	\$ 76.50	\$
Due to	D	<u>10,584.06</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, 2017 and December 31, 2016	D		\$ <u>149,400.00</u>

"D-8"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2016	D		\$ 1,727.36
Increased by:			
2017 Encumbrances Payable	D-3	\$ 4,345.92	
Appropriations Reserves	D-5	<u>1,402.92</u>	
			5,748.84
			\$ <u>7,476.20</u>
Decreased by:			
Transferred to Appropriations Reserves	D-5		<u>1,017.86</u>
Balance December 31, 2017	D		\$ <u>6,458.34</u>
Accounts Payable			\$ 2,112.42
Encumbrances Payable			<u>4,345.92</u>
			\$ <u>6,458.34</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, 2017</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

IMPROVEMENT DESCRIPTION	DATE	ORDINANCE	AMOUNT	BALANCE DECEMBER 31, 2016		BALANCE DECEMBER 31, 2017	
				FUNDED	UNFUNDED	FUNDED	UNFUNDED
General Improvement:							
Rebuild Swimming Pool Complex	06/04/84	\$ 3,000.00	\$ 3,000.00	\$ 160.94	\$ 160.94	\$ 160.94	\$ 160.94
Rehabilitation of Municipal Pool	11/09/88	285,000.00	285,000.00	1,149.82	1,149.82	1,149.82	1,149.82
Various Improvements of Municipal Pool	06/12/12	150,000.00	150,000.00		963.14		963.14
Various Improvements of Municipal Pool	10/03/12	175,000.00	175,000.00	44,384.37	100,600.00	44,384.37	100,600.00
				\$ 45,695.13	\$ 101,563.14	\$ 45,695.13	\$ 101,563.14

REF.

D

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"D-11"

TOWNSHIP OF HILLSIDE
SWIM POOL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2017 and December 31, 2016	D	\$ <u>10,250.00</u>

"D-12"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2016	D	\$ 720,863.24
Increased by: Notes paid by budget	D-16	<u>2,586.00</u>
Balance, December 31, 2017	D	\$ <u>723,449.24</u>

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>	BALANCE DECEMBER 31, <u>2017</u>	BALANCE DECEMBER 31, <u>2016</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 NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</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

	<u>ADDED IN</u> <u>2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
Deficit in Operations	\$ <u>22,327.28</u>	\$ <u>22,327.28</u>
	\$ <u>22,327.28</u>	\$ <u>22,327.28</u>
<u>REF</u>	D-1	D

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
12-011	Various Improvements of Municipal Pool	8/10/2012	8/5/2016	8/4/2017	2.250% \$	69,826.00 \$	67,240.00	69,826.00 \$	67,240.00
		8/10/2012	8/4/2017	8/3/2018	2.500%		67,240.00		67,240.00
						\$ 69,826.00 \$	67,240.00 \$	69,826.00 \$	67,240.00
					<u>REF.</u>	D	D-17		D
	Note Paid by Current Fund				D-17	\$		67,240.00	
	Paid by Budget				D-12			2,586.00	
						\$		69,826.00	

TOWNSHIP OF HILLSIDE

SWIM POOL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GENERAL CAPITAL FUND</u>	<u>SWIM POOL UTILITY OPERATING FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2016					
Due from	D	\$ 10,584.06	\$	10,584.06	\$
Due to	D	<u>98,075.79</u>	<u>75,123.29</u>		<u>22,952.50</u>
Notes paid by Current Fund	D-16	<u>67,240.00</u>	<u>67,240.00</u>		
Notes received in Current Fund	D-16	<u>67,240.00</u>	<u>67,240.00</u>		
Balance, December 31, 2017					
Due from	D	\$ 10,584.06	\$	10,584.06	\$
Due to	D	<u>98,075.79</u>	<u>75,123.29</u>		<u>22,952.50</u>

TOWNSHIP OF HILLSIDE

SWIM POOL UTILITY FUND

SCHEDULE OF ACCRUED INTEREST ON NOTES

	<u>REF.</u>	
Balance, December 31, 2016	D	\$ 426.06
Increased by:		
Budget Appropriations for:		
Interest on Notes	D-3	<u>1,780.00</u>
		\$ <u>2,206.06</u>
Decreased by:		
Disbursements	D-4	<u>1,780.00</u>
Balance, December 31, 2017	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, 2017</u>
12-018	Various Improvements of Municipal Pool	\$ <u>100,600.00</u>
		\$ <u><u>100,600.00</u></u>

PART II

TOWNSHIP OF HILLSIDE

STATISTICAL DATA

LIST OF OFFICIALS

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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

	<u>DECEMBER 31, 2017</u>		<u>DECEMBER 31, 2016</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance	\$ 3,858,553.00	4.71%	\$ 2,648,000.00	3.25%
Miscellaneous - From Other Than Local Property				
Tax Levies	10,474,681.31	12.80%	11,924,321.19	14.63%
Collection of Delinquent Taxes and				
Tax Title Liens	2,789,535.49	3.41%	2,718,398.30	3.34%
Collection of Current Tax Levy	<u>64,725,020.62</u>	<u>79.08%</u>	<u>64,191,743.94</u>	<u>78.78%</u>
<u>TOTAL INCOME</u>	<u>\$ 81,847,790.42</u>	<u>100.00%</u>	<u>\$ 81,482,463.43</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 41,003,531.25	50.97%	\$ 39,099,501.50	50.34%
County Taxes	9,188,237.99	11.42%	8,937,288.34	11.51%
Local School Taxes	29,927,936.00	37.20%	29,352,399.00	37.79%
Other Expenditures	<u>329,856.78</u>	<u>0.41%</u>	<u>285,477.31</u>	<u>0.37%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 80,449,562.02</u>	<u>100.00%</u>	<u>\$ 77,674,666.15</u>	<u>100.00%</u>
<u>Excess in Revenue</u>	\$ 1,398,228.40		\$ 3,807,797.28	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budgets of Succeeding Years	<u>731,557.82</u>		<u>10,020.58</u>	
Statutory Excess to Fund Balance	\$ 2,129,786.22		\$ 3,817,817.86	
Fund Balance, January 1	<u>9,294,499.66</u>		<u>8,124,681.80</u>	
	\$ 11,424,285.88		\$ 11,942,499.66	
Less: Utilization as Anticipated Revenue	<u>3,858,553.00</u>		<u>2,648,000.00</u>	
Fund Balance, December 31	<u>\$ 7,565,732.88</u>		<u>\$ 9,294,499.66</u>	

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

	DECEMBER 31, 2017		DECEMBER 31, 2016	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Membership Fees	\$ 7,870.00	4.56%	\$ 11,920.00	4.47%
Non-Resident Membership Fees	2,525.00	1.46%	3,025.00	1.14%
Miscellaneous Revenues	117,277.72	67.92%	149,039.47	55.94%
Deficit (General Budget)	45,000.00	26.06%	102,429.68	38.45%
<u>TOTAL INCOME</u>	<u>\$ 172,672.72</u>	<u>100.00%</u>	<u>\$ 266,414.15</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Operating	\$ 182,984.00	93.84%	\$ 232,000.00	87.08%
Debt Service	4,366.00	2.24%	3,727.01	1.40%
Deferred Charges and Statutory Expenditures	7,650.00	3.92%	30,687.14	11.52%
<u>TOTAL EXPENDITURES</u>	<u>\$ 195,000.00</u>	<u>100.00%</u>	<u>\$ 266,414.15</u>	<u>100.00%</u>
Deficit in Revenue	\$ (22,327.28)		\$	
Operating Deficit to be Raised in Budget of Succeeding Year	<u>22,327.28</u>			
Fund Balance, January 1	\$ 18,445.30		\$ 18,445.30	
Less:				
Fund Balance Utilized				
Fund Balance, December 31	<u>\$ 18,445.30</u>		<u>\$ 18,445.30</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>7.566</u>	<u>7.557</u>	<u>7.490</u>
Apportionment of Tax Rate:			
Local Municipal	3.114	3.191	3.246
Municipal Library	0.063	0.062	0.061
County	1.000	0.975	0.955
County Open Space	0.028	0.027	0.027
Local School	3.361	3.302	3.201

ASSESSED VALUATION:

2017	<u>\$890,477,072.00</u>		
2016		<u>\$899,166,596.00</u>	
2015			<u>\$890,104,510.00</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>CURRENTLY</u>	
		<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2017	\$67,672,395.36	\$64,725,020.62	95.64%
2016	\$67,313,911.59	\$64,191,743.94	95.36%
2015	\$66,852,317.87	\$63,406,277.53	94.85%

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>
2017	\$708,689.75	\$3,779,902.47	\$4,488,592.22	6.63%
2016	\$686,491.15	\$3,665,468.71	\$4,351,959.86	6.47%
2015	\$674,022.68	\$3,273,499.21	\$3,947,521.89	5.90%

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>
2017	\$2,280,100.00
2016	\$2,280,100.00
2015	\$2,280,100.00

COMPARISON OF SWIM POOL UTILITY MEMBERSHIP FEES

<u>YEAR ENDED</u>	<u>BUDGET ANTICIPATION</u>	<u>REALIZED</u>
December 31, 2017	\$11,500.00	\$7,870.00
December 31, 2016	\$38,000.00	\$11,290.00
December 31, 2015	\$20,500.00	\$12,330.00

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, 2017	\$7,596,697.00	\$3,738,800.00
	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

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN</u> <u>BUDGET OF</u> <u>SUCCEEDING YEAR</u>
Swim Pool Utility Operating Fund	December 31, 2017	\$18,445.30	-0-
	December 31, 2016	\$18,445.30	-0-
	December 31, 2015	\$18,445.30	-0-
	December 31, 2014	\$41,885.90	\$23,440.60
	December 31, 2013	\$51,822.45	\$36,530.00

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$1,733,526,958.00
2016	\$1,670,580,124.00
2015	\$1,633,585,082.00

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 Ra'Oof	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 (retired 6/30/17)	Deputy Court Administrator	**	
Farrah Irving	Township Attorney	*	
Arthur Figueiredo	Construction Code Official	*	
VACANT	Health Administrator	*	
Louis Panarese	Chief of Police	*	
Dominick Naples	Fire Chief	*	
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.

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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:

Senior Center Bathroom Renovation Project

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 8, 2017 and was not complete.

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>
2017	30
2016	34
2015	35

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 2017 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 financial records in the Finance Office were not accurately maintained during 2017. 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 Appropriation Reserves	\$30,245.00
Expenditure Without an Appropriation	36,754.96

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 \$1,284,494.42 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.

We noted several Grant Receivable and Reserve accounts that were inactive during 2017. These grant balances should be examined for validity.

We noted several deficit balances for vendors in the Police Off Duty Escrow Fund.

OTHER COMMENTS (CONTINUED)

Payroll

Our audit of the Net Payroll and Payroll Agency Accounts disclosed that a detailed analysis of the account balances were not maintained during 2017.

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 2017.

We noted that several of 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.

We noted in performing various payroll tests, that adequate documentation in support of retro pays, payments for compensated absences or other stipends were not on file and available for audit.

Tax Collector

The detailed analysis of Outside Liens and Tax Sale Premiums at December 31, 2017 were not reconciled to the cash on deposit.

We noted that there are properties that have not paid real estate taxes for the past several years because of filings with the federal bankruptcy court. However, these bankruptcies have not been reviewed by the tax collector nor referred to the Township attorney to determine the current status of the filings.

Purchasing

We noted during Professional Service Award documentation has not been maintained and kept on file.

OTHER COMMENTS (CONTINUED)

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. The Tax Collector is required to bill quarterly and timely.

During 2017, we noted that bills were not being sent to the Redevelopers on a timely basis.

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 of 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 2017. In particular, the Fire Department has not remitted any fees collected to the Finance Office since 2015.

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 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.
- The documentation in support of retro pays, compensated absences and other stipends be on file and available for audit.
- *That the detailed analysis of Outside Liens and Tax Sale Premiums be reconciled to the Cash on Deposit on a monthly basis.
 - *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.
- That Professional Service Award documentation be maintained and kept on file in the Clerk's office.
- That collections be made from vendors prior to assigning Police Officers for Off Duty Services as required by LFNCFO 2000-14.

RECOMMENDATIONS (CONTINUED)

*That the Tax Collector bill Redeveloper's for the Township's Payment in Lieu of Tax Agreements on a timely basis.

That a complete annual tax sale be held.

That the current status of all bankruptcies for non-payment of real estate taxes be determined.

*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 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 2016 Audit Recommendations

