

Report of Audit

on the

Financial Statements

of the

Township of Hillsborough

in the

County of Somerset
New Jersey

for the

Year Ended
December 31, 2014

TOWNSHIP OF HILLSBOROUGH

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TOWNSHIP OF HILLSBOROUGH

PART I

INDEPENDENT AUDITOR'S REPORT ON
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2014 AND 2013



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Hillsborough
County of Somerset
Hillsborough, New Jersey 08844

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 Hillsborough, as of December 31, 2014 and 2013, the related statement 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, 2014, 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 (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 Hillsborough'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 Hillsborough'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 Hillsborough 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 Hillsborough as of December 31, 2014 and 2013, 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, 2014.

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, 2014 and 2013, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2014 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.

Other Matters

Other Information

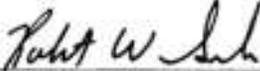
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Hillsborough's regulatory financial statements. The information included in the supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 listed and data in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 June 30, 2015 on our consideration of the Township of Hillsborough'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 Hillsborough's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 30, 2015

CURRENT FUND

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>Current Fund:</u>			
Cash	A-4	\$ 7,078,739.59	\$ 6,850,206.79
Change Funds	A-6	575.00	575.00
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8	2,302.06	
		<u>\$ 7,081,616.65</u>	<u>\$ 6,850,781.79</u>
<u>Receivables with Full Reserves:</u>			
Delinquent Property Taxes Receivable	A-9	\$ 752,717.19	\$ 814,384.48
Tax Title Liens Receivable	A-10	169,096.93	162,702.95
Prepaid School Taxes	A-23	10,772.94	10,773.58
Property Acquired for Taxes - Assessed Valuation	A-11	1,642,200.00	1,642,200.00
Revenue Accounts Receivable	A-12	39,749.54	39,519.26
Refunds Receivable	A-15	352,880.69	78,940.86
Interfund Receivable	A-13	10,335.88	388,784.67
	A	<u>\$ 2,977,753.17</u>	<u>\$ 3,137,305.80</u>
<u>Deferred Charges:</u>			
Special Emergency Authorization 40A:4-53	A-30	\$	\$ 170,000.00
		<u>\$</u>	<u>\$ 170,000.00</u>
		<u>\$ 10,059,369.82</u>	<u>\$ 10,158,087.59</u>
<u>Grant Fund:</u>			
Grants Receivable	A-7	\$ 836,205.74	\$ 657,120.74
Interfund Receivable	A-31	805,969.45	986,752.56
		<u>\$ 1,642,175.19</u>	<u>\$ 1,643,873.30</u>
		<u>\$ 11,701,545.01</u>	<u>\$ 11,801,960.89</u>

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
LIABILITIES, RESERVES AND FUND BALANCE			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3-A-18	\$ 410,203.01	\$ 637,608.15
Encumbrances Payable	A-19	780,632.93	473,398.70
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8		45,582.91
Tax Overpayments	A-16	250.00	
Interfunds Payable	A-13	2,511,927.39	2,670,478.69
Prepaid Taxes	A-21	574,358.50	388,764.21
Reserve for Miscellaneous Deposits	A-14	229,643.69	229,643.69
Reserve for Tax Appeals	A-17	79,786.86	88,036.52
Due State of New Jersey-Construction Code Official	A-25	15,436.00	13,064.00
Due State of New Jersey-Registrar Licenses	A-26	1,525.00	1,550.00
		<u>\$ 4,803,763.38</u>	<u>\$ 4,548,127.87</u>
 Reserve for Receivables	 A	 2,977,753.17	 3,137,305.80
Fund Balance	A-1	<u>2,477,853.27</u>	<u>2,472,653.92</u>
		 <u>\$ 10,059,369.82</u>	 <u>\$ 10,158,087.59</u>
 Grant Fund:			
Reserve for Grants-Appropriated	A-27	\$ 1,235,797.40	\$ 1,303,428.30
Reserve for Grants-Unappropriated	A-28	160,763.83	129,266.94
Interfunds Payable	A-31		91,174.74
Encumbrances Payable	A-20	<u>245,614.16</u>	<u>120,003.32</u>
		 <u>\$ 1,642,175.19</u>	 <u>\$ 1,643,873.30</u>
		 <u>\$ 11,701,545.01</u>	 <u>\$ 11,801,960.89</u>

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

REVENUE AND OTHER INCOME	REF.	YEAR ENDED	
		DECEMBER 31, 2014	DECEMBER 31, 2013
Fund Balance - Utilized	A-1, A-2	\$ 2,000,000.00	\$ 1,962,868.00
Miscellaneous Revenues Anticipated	A-2	7,522,473.81	7,698,840.63
Receipts from Delinquent Taxes	A-2	812,406.32	848,462.97
Receipts from Current Taxes	A-2	127,627,747.05	125,603,960.59
Non-Budget Revenues	A-2	383,683.60	284,780.74
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	A-18	366,331.40	481,006.42
Tax Overpayments Canceled			9,509.82
Interfunds Returned		378,448.79	36,237.30
Cancellation of Payable	A-8	47,628.80	
Prepaid School Taxes		0.54	0.56
Refunds Receivable Collected	A-15	346,743.26	
<u>Total Income</u>		\$ 139,485,483.67	\$ 136,923,667.03
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations: within "CAPS":			
Operations including Contingent	A-3	\$ 21,421,824.00	\$ 20,795,105.00
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	2,901,161.00	3,031,491.00
Excluded from "CAPS"			
Operations	A-3	659,124.74	684,692.57
Capital Improvement Fund	A-3	375,000.00	575,000.00
Municipal Debt Service	A-3	1,619,921.46	1,352,634.04
Deferred Charges and Judgments	A-3	180,000.00	230,000.00
County Tax	A-22	22,318,653.01	22,989,449.08
County Tax for Added and Omitted Taxes	A-22	190,066.06	159,726.47
Local District School Tax	A-23	83,883,390.00	81,899,484.00
Fire District Tax	A-28	1,764,526.00	1,706,673.00
Municipal Open Space Tax	A-24	1,541,897.95	1,573,779.21
Refund Receivable	A-15	620,683.09	6,922.31
Refund of Prior Years Revenues	A-4	4,016.99	13,772.80
<u>Total Expenditures</u>		\$ 137,480,264.32	\$ 135,018,709.48
Excess in Revenue		\$ 2,005,199.35	\$ 1,904,957.55
<u>Fund Balance</u>			
Balance, January 1	A	2,472,653.92	2,530,564.37
		\$ 4,477,853.27	\$ 4,435,521.92
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	2,000,000.00	1,962,868.00
Balance, December 31	A	\$ 2,477,853.27	\$ 2,472,653.92

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2014

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:6-67		
Fund Balance Anticipated	A-1	\$ 2,000,000.00	\$ 2,000,000.00	
Miscellaneous Revenues				
Alcoholic Beverage Licenses	A-12	\$ 40,500.00	\$ 35,814.00	\$ (4,686.00)
Other Licenses	A-2	30,000.00	35,025.00	5,225.00
Construction Code Official - Fees and Permits	A-2	1,380,000.00	1,228,460.40	(151,539.60)
Other Fees and Permits	A-2	201,000.00	162,577.51	(38,422.49)
Fines and Costs - Municipal Court	A-12	432,000.00	473,342.94	41,342.94
Interest and Costs on Taxes	A-12	194,000.00	173,823.84	(20,176.16)
Energy Receipts Tax	A-12	3,252,088.00	3,252,088.00	
Garden State Preservation Trust Fund	A-12	13,576.00	13,576.00	
Interest on Investments and Deposits	A-12	26,500.00	31,322.53	4,822.53
Cable TV Franchise Fees	A-12	45,500.00	40,828.85	(4,671.15)
Health Officer - Borough of Millstone	A-12	10,000.00	30,000.00	10,000.00
Shared Service - Municipal Court	A-12	151,570.00	151,570.00	0.00
Municipal Alliance Drug Program	A-7	27,322.00	27,322.00	0.00
Drunk Driving Enforcement Fund	A-7		19,257.18	19,257.18
Body Armor Replacement Fund	A-7		4,801.92	4,801.92
Clean Communities Program	A-7		78,705.90	78,705.90
Safe and Secure Communities	A-7	60,000.00	60,000.00	
Click it or Ticket	A-7		3,021.98	3,021.98
Youth Services	A-7	6,492.00	5,000.00	(1,492.00)
Cops in Shops	A-7		3,100.00	3,100.00
NJ Safe Corridors Grant	A-7		147,118.30	147,118.30
Drive Sober or Get Pulled Over	A-7		4,078.80	4,078.80
Youth Services Competitive Grant	A-7		2,000.00	2,000.00
Capital Surplus	A-12	30,000.00	30,000.00	
Cell Tower Lease	A-12	64,800.00	75,721.89	10,921.89
Operating Contribution - Hillsborough Promenade	A-12	42,358.00	42,358.12	0.12
Contribution from Somerville Business Park	A-12	445,000.00	472,408.05	27,408.05
Open Space Trust Fund	A-12	788,540.00	788,540.00	
	A-1	\$ 7,225,844.00	\$ 7,432,473.81	\$ (118,773.93)
Receipts From Delinquent Taxes	A-2	\$ 785,000.00	\$ 812,498.32	\$ 27,498.32
Amount to be Raised by Taxes for Support of Municipal Budget	A-9 A-2	\$ 17,858,554.00	\$ 18,254,214.01	\$ 1,195,660.01
Budget Totals		\$ 27,870,438.00	\$ 29,289,094.14	\$ 1,108,282.40
Non-Budget Revenues	A-2		383,583.60	383,583.60
		\$ 27,870,438.00	\$ 29,672,777.74	\$ 1,489,986.00
REF.	A-3		A-3	

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

<u>B/E</u>		
Allocations of Current Tax Collections:		
Revenues from Collections	A-9	\$ 127,827,747.05
Allocated to:		
School and County Taxes		\$ 100,392,106.09
Fire District Tax		1,794,529.00
Township Open Space Tax		<u>1,541,897.95</u>
		<u>103,698,533.04</u>
Balance for Support of Municipal Appropriations		\$ 17,809,214.01
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,125,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 19,054,214.01</u>

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	\$ 790,987.29
Tax Title Lien Collections	A-10	<u>18,419.03</u>
	A-1, A-2	<u>\$ 812,406.32</u>
Licenses - Other:		
Clerk	A-12	\$ 13,015.00
Registrar of Vital Statistics	A-12	<u>525.00</u>
	A-2	<u>\$ 35,825.00</u>
Other Fees and Permits:		
Engineering Department	A-12	\$ 68,673.47
Planning Board/Board of Adjustment	A-12	46,027.59
Police Department	A-12	4,424.10
Registrar of Vital Statistics	A-12	2,050.00
Township Clerk	A-12	7,496.83
Tax Assessor	A-12	57.69
Zoning Board	A-12	<u>9,397.88</u>
	A-2	<u>\$ 162,577.51</u>
Construction Code Fees	A-12	\$ 1,228,911.40
Less: Refunds	A-4	<u>2,451.00</u>
	A-2	<u>\$ 1,225,460.40</u>

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

TOWNSHIP OF HILLSBOROUGH
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

RE:

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Administrative Charges - Senior Citizens and Veterans	\$	4,120.92
Reimbursement of Costs		33,144.21
Special Police		31,647.00
State Inspections		6,547.50
Interest on Delinquent Assessments		77,291.90
FEMA		149,063.18
Tax Collector		24,192.57
Miscellaneous		<u>58,176.32</u>
	A-4	384,183.60
Less: Refunds	A-4	<u>500.00</u>
	A-1	<u>\$ 383,683.60</u>

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 179,060.00	\$ 179,060.00	\$ 179,060.00	\$	\$
Other Expenses:					
Miscellaneous	3,144.00	3,144.00	2,612.53	531.47	
Postage	38,547.00	38,547.00	38,512.07	34.93	
Mayor and Committee:					
Salaries and Wages	18,000.00	18,000.00	18,000.00		
Other Expenses	11,588.00	11,588.00	11,519.09	48.91	
Clerk:					
Salaries and Wages	180,362.00	180,362.00	168,746.63	11,615.07	
Other Expenses	36,650.00	30,650.00	25,024.03	6,625.97	
Public Meeting Recording	7,470.00	7,470.00	5,750.00	1,720.00	
Elections:					
Other Expenses	11,006.00	11,006.00	10,812.91	193.09	
Central Purchasing					
Other Expenses	5,500.00	5,500.00	4,498.50	1,001.50	
Financial Administration:					
Salaries and Wages	172,541.00	172,541.00	172,541.00		
Other Expenses	18,133.00	18,133.00	17,052.57	1,080.43	
Audit Services	82,225.00	82,225.00	81,725.00	500.00	
Assessment of Taxes:					
Salaries and Wages	323,566.00	324,566.00	318,741.52	5,824.48	
Other Expenses	41,657.00	36,657.00	34,207.23	2,449.77	
Revenue Administration (Collection of Taxes):					
Salaries and Wages	103,842.00	103,842.00	96,443.74	7,398.26	
Other Expenses	20,899.00	20,899.00	19,777.51	1,121.49	
Human Resources:					
Other Expenses	60,606.00	60,606.00	53,245.50	7,360.50	
Information Technology:					
Salaries and Wages	116,261.00	112,261.00	108,916.03	3,344.97	
Other Expenses	64,002.00	64,002.00	63,297.58	704.42	

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2024

OPERATIONS WITHIN 'CAPS'	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
Legal Services and Costs:					
Other Expenses					
Outside Services	\$ 85,911.00	\$ 85,911.00	\$ 83,794.01	\$ 116.99	\$
Miscellaneous	151,000.00	151,000.00	148,852.81	2,147.19	
Engineering Services and Costs:					
Salaries and Wages	338,728.00	338,728.00	337,783.23	944.77	
Other Expenses	73,080.00	73,080.00	70,789.64	13,290.36	
Economic Development Committee:					
Salaries and Wages	26,266.00	26,266.00	26,251.26	14.74	
Other Expenses	5,365.00	5,365.00	4,483.66	901.34	
Municipal Land Use Law (N.J.S. 40:95D-1):					
Planning Board:					
Salaries and Wages	232,769.00	232,769.00	232,769.00		
Other Expenses	26,579.00	26,579.00	25,155.31	1,423.69	
Zoning Commission:					
Other Expenses	15,384.00	20,304.00	17,751.88	2,552.12	
Insurance:					
Unemployment Compensation	39,423.00	39,423.00	34,828.52	4,594.48	
General Liability	618,423.00	618,423.00	618,423.00		
Employee Group Health	2,642,024.00	2,642,024.00	2,640,774.88	1,249.12	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	6,808,728.00	6,808,728.00	6,806,395.91	2,332.09	
Other Expenses	372,674.00	372,674.00	343,819.50	28,854.50	
Municipal Prosecutor:					
Salaries and Wages	93,000.00	93,000.00	93,000.00		
First Aid Organization and Maintenance Contract:					
Contributions	105,000.00	105,000.00	104,626.46	373.54	
Other Expenses	75,000.00	75,000.00	75,000.00		
Emergency Management:					
Other Expenses	12,880.00	12,880.00	12,020.82	859.18	
Contribution to Fire District	15,000.00	15,000.00	15,000.00		
Fire Hydrant Service:	885,000.00	885,000.00	887,326.18	7,673.82	

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

TOWNSHIP OF HILLBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

OPERATIONS WITHIN CAPE	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
PUBLIC WORKS					
Road Repairs and Maintenance					
Salaries and Wages	\$ 1,472,540.00	\$ 1,463,040.00	\$ 1,463,040.00	\$	\$
Other Expenses	516,662.00	516,662.00	516,719.62	1,942.38	
Snow Removal					
Salaries and Wages	165,000.00	165,000.00	165,000.00		
Other Expenses	440,000.00	511,500.00	451,688.06	16,811.91	
Public Buildings and Grounds					
Other Expenses	168,407.00	169,407.00	164,893.25	4,513.75	
Solid Waste Flow (Recycling)					
Other Expenses	344,000.00	344,000.00	343,675.96	3,324.04	
Solid Waste Collection (Annual Clean-Up)					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Other Expenses	111,000.00	81,000.00	75,907.15	5,092.85	
Sanitary Landfill					
Other Expenses	7,500.00	7,500.00	4,941.23	2,618.77	
Municipal Canteen Service Act	26,000.00	26,000.00	27,988.98	2,073.02	
Copy Meth Spraying					
Other Expenses	3,600.00	100.00		100.00	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	403,632.00	408,632.00	408,672.70	166.30	
Other Expenses	70,110.00	63,913.00	54,560.03	8,362.97	
Animal Control Regulation					
Other Expenses	64,525.00	64,525.00	63,077.50	1,447.50	
Blood Borne Pathogens	1,500.00				
Social Services					
Salaries and Wages	187,016.00	187,016.00	187,062.00	14.00	
Other Expenses	24,408.00	24,408.00	22,337.12	2,070.88	
Contribution to Senior Citizens' Organization	26,000.00	26,000.00	26,000.00		
Environmental Commission (R.S. 40:56A-1, et seq.)					
Other Expenses	2,139.00	2,139.00	400.00	1,739.00	
Wildlife Management					
Other Expenses	12,000.00	5,500.00	5,008.00	492.00	

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
RECREATION AND EDUCATION					
Parks and Playgrounds					
Salaries and Wages	\$ 498,578.00	\$ 498,578.00	\$ 498,574.34	\$ 3.66	\$
Other Expenses	114,050.00	114,550.00	113,956.42	593.58	
Board of Recreation Commissioners (R.S.40-12-1)					
Other Expenses	7,740.00	7,740.00	7,740.00		
Cultural and Arts Commission					
Other Expenses	9,000.00	4,000.00	2,982.40	1,017.60	
Celebration of Public Events	25,000.00	25,000.00	22,870.96	2,329.04	
MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	290,768.00	290,768.00	290,738.10	4,031.88	
Other Expenses	45,307.00	45,307.00	35,677.08	8,629.94	
Court Security	17,460.00	17,460.00	17,460.00		
UNIFORM CONSTRUCTION CODE					
Inspection of Buildings					
Salaries and Wages	1,911,962.00	1,911,962.00	914,755.62	97,206.37	
Other Expenses	49,984.00	49,984.00	43,583.17	6,400.83	
UNCLASSIFIED					
Utilities					
Gasoline	200,000.00	198,000.00	180,109.82	14,893.17	
Street Lighting	325,000.00	315,000.00	306,875.88	3,124.91	
Electricity	350,000.00	305,000.00	304,406.95	593.05	
Natural Gas	45,000.00	45,000.00	44,902.44	97.56	
Telephones	98,000.00	98,000.00	96,236.18	1,763.82	
Sewer	4,200.00	4,200.00	4,200.00		
Diesel Fuel	100,000.00	100,000.00	100,000.00		
Water	70,000.00	65,000.00	63,263.91	1,736.09	
Sick and Vacation Reserve	2,600.00				
TOTAL OPERATIONS WITHIN "CASE"	\$ 21,421,824.00	\$ 21,421,824.00	\$ 21,037,041.43	\$ 384,782.57	\$

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

TOWNSHIP OF HILLBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN 'CAPS'	\$ 21,421,824.00	\$ 21,421,824.00	\$ 21,037,041.43	\$ 384,782.57	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN 'CAPS'					
Statutory Expenditures:					
Contribution to:					
Police and Firemen's Retirement System of NJ	\$ 1,294,295.00	\$ 1,294,295.00	\$ 1,294,295.00	\$	\$
Public Employees' Retirement System	655,658.00	655,658.00	655,658.76	0.20	
Social Security System	951,207.00	951,207.00	945,966.48	5,240.54	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN 'CAPS'	\$ 2,901,160.00	\$ 2,901,161.00	\$ 2,895,920.18	\$ 5,240.94	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN 'CAPS'	\$ 24,322,985.00	\$ 24,322,985.00	\$ 23,932,961.58	\$ 390,023.41	\$
MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g EXCLUDED FROM 'CAPS'					
Public Works (Stormwater)					
Salaries and Wages	\$ 57,660.00	\$ 57,660.00	\$ 57,660.00	\$	\$
Other Expenses	25,200.00	25,200.00	24,534.07	665.93	
Stormwater Engineering					
Other Expenses	28,400.00	28,400.00	9,000.00	19,400.00	
Shared Services					
Other Expenses					
Health Officer - Borough of Millstone	18,000.00	18,000.00	18,000.00		
SFSP Fee District Payment	11,317.00	11,317.00	11,317.00		

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES					
Clean Communities Program (N.J.S.A. 40A:40A-4-87 +\$76,705.90)	\$	\$ 76,705.90	\$ 76,705.90	\$	\$
Municipal Alliance Fund:					
County (N.J.S.A. 40A:40A-4-87 +\$27,322.00)	27,322.00	54,644.00	54,644.00		
Local Match	8,330.00	8,330.00	8,330.00		
Drive Sober or Get Pulled Over (N.J.S.A. 40A-4-87 +\$4,076.90)		4,076.90	4,076.90		
CCPS in Shops (N.J.S.A. 40A:40A-4-87 +\$3,100.00)		3,100.00	3,100.00		
Drunk Driving Enforcement Fund (N.J.S.A. 40A-4-87 +\$19,257.16)		19,257.16	19,257.16		
2014 Youth Services (N.J.S.A. 40A-4-87 +\$5,000.00)		5,000.00	5,000.00		
Youth Services Program - Unappropriated	6,492.00	6,492.00	6,492.00		
2014 Youth Services Competitive Grant (N.J.S.A. 40A-4-87 +\$2,000.00)		2,000.00	2,000.00		
Click it or Ticket (N.J.S.A. 40A-4-87 + \$3,021.58)		3,021.58	3,021.58		
Safe and Secure Communities	60,000.00	60,000.00	60,000.00		
Somerset County Historic Preservation Grant- Match	6,666.00	6,666.00	6,666.00		
Energy Allocation Initiative (N.J.S.A. 40A-4-87 +\$120,000.00)		120,000.00	120,000.00		
Body Armor Fund (N.J.S.A. 40A-4-87 +\$4,801.92)		4,801.92	4,801.92		
Sale Condons Grant (N.J.S.A. 40A-4-87 +\$147,118.30)		147,118.30	147,118.30		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 246,721.00	\$ 689,124.74	\$ 638,056.81	\$ 20,065.93	\$
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$	\$
DPW Remediation	75,000.00	75,000.00	74,886.33	113.67	
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 375,000.00	\$ 375,000.00	\$ 374,886.33	\$ 113.67	\$

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 890,000.00	\$ 890,000.00	\$ 890,000.00	\$	
Payment of Bond Anticipation Notes and Capital Notes	512,396.00	512,399.00	512,396.00		
Interest on Bonds	202,000.00	202,009.00	201,243.99		756.01
Interest on Notes	27,700.00	27,788.00	27,744.14		44.86
NJ Environmental Infrastructure Loan	101,848.00	101,848.00	101,848.00		
Somerset County Improvement Authority Lease Payments	86,688.00	86,688.00	86,687.73	0.00	3.27
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	\$ 1,820,702.00	\$ 1,820,702.00	\$ 1,619,924.48	\$ 0.00	\$ 780.54
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years (N.J.S.A. 45A:4-55)	\$ 170,000.00	\$ 170,000.00	\$ 170,000.00	\$	
Deferred Charges Unfunded Ordinance 16-10	10,000.00	10,000.00	10,000.00		
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	\$ 180,000.00	\$ 180,000.00	\$ 180,000.00	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 2,422,433.00	\$ 2,634,826.74	\$ 2,613,866.60	\$ 20,179.60	\$ 780.54
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 28,745,468.00	\$ 27,157,811.74	\$ 26,746,620.19	\$ 410,203.01	\$ 780.54
RESERVE FOR UNCOLLECTED TAXES	1,125,000.00	1,125,000.00	1,125,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 27,620,468.00	\$ 28,282,811.74	\$ 27,871,620.19	\$ 410,203.01	\$ 780.54

SEE

A-2

A-1

A.A-1

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

		APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
		BUDGET	BUDGET AFTER MODIFICATION			
Appropriation by 40A 4-87	A-2		\$ 412,403.74			
Budget	A-2		<u>27,875,408.02</u>			
			\$ <u>28,287,811.74</u>			
Cash Disbursements	A-4			\$ 26,167,061.19		
Reserve for Encumbrances	A-19			121,124.28		
Reserve for Grants Appropriated	A-27			502,864.74		
Deferred Charges	A-30			170,000.00		
Reserve for Uncollected Taxes	A-2			<u>1,125,000.00</u>		
				\$ 28,745,990.21		
Less: Refunds Cash	A-4			<u>874,162.02</u>		
				\$ <u>27,871,828.19</u>		

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

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TRUST FUND

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-1:B-9	\$ 683,743.17	\$ 1,003,908.52
Assessments Receivable	B-2	3,886,146.56	4,276,050.58
Amount to be Raised by Taxation	B-3	6,349.75	6,349.75
		<u>\$ 4,576,239.48</u>	<u>\$ 5,286,308.85</u>
Animal Control Fund:			
Cash	B-1	\$ 32,323.16	\$ 23,702.97
Other Funds:			
Cash	B-1	\$ 29,045,035.00	\$ 26,807,171.17
Interfunds Receivable	B-14	252,909.69	306,799.72
		<u>\$ 29,297,944.69</u>	<u>\$ 27,113,970.89</u>
		<u>\$ 33,906,507.33</u>	<u>\$ 32,423,982.71</u>

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

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Interfunds Payable	B-7	\$ 172,571.93	\$ 550,650.95
Assessment Serial Bonds	B-4	421,500.00	490,200.00
Assessment Loans	B-5	3,634,157.25	3,854,561.92
Assessment Loans Interest	B-8	342,364.30	385,249.98
Reserve for Assessment Liens	B-6	<u>5,646.00</u>	<u>5,646.00</u>
		\$ 4,576,239.48	\$ 5,286,308.85
Animal Control Fund:			
Due Current Fund	B-10	\$ 9,935.96	\$ 9,934.32
Due State of New Jersey	B-11	7.80	12.00
Reserve for Animal Control Expenditures	B-12	<u>22,379.40</u>	<u>13,756.65</u>
		\$ 32,323.16	\$ 23,702.97
Other Funds:			
Encumbrances Payable	B-13	\$ 9,260,945.11	\$ 9,422,864.42
Interfunds Payable	B-14	1,198,024.92	1,198,024.92
Reserve For:			
Recreation Commission Expenditures	B-17	72,308.67	10,209.13
Various Trust Deposits	B-18	8,710,891.43	8,439,646.89
Sanitary Landfill	B-15	10,852.11	10,849.09
Township Open Space	B-16	<u>10,044,922.45</u>	<u>8,032,376.44</u>
		\$ 29,297,944.69	\$ 27,113,970.89
		\$ 33,906,507.33	\$ 32,423,982.71

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

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GENERAL CAPITAL FUND

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
<u>ASSETS</u>			
Cash	C-2-C-3	\$ 1,899,907.51	\$ 234,681.01
Deferred Charges to Future Taxation - Funded	C-4	6,274,789.45	7,050,047.88
Deferred Charges to Future Taxation - Unfunded	C-5	10,471,450.33	8,001,348.33
Interfunds Receivable	C-10	2,823,245.18	2,838,298.08
Due From Somerset County Improvement Authority	C-16		66,150.35
Accounts Receivable	C-11	339,321.88	339,321.88
N.J.E.I.T. Loan Receivable	C-17		2,284,950.00
		<u>\$ 21,808,714.35</u>	<u>\$ 20,814,797.53</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-13	\$ 4,869,000.00	\$ 5,559,000.00
Bond Anticipation Notes	C-14	2,494,149.00	3,006,547.00
N.J.E.I.T. Loan Payable	C-12	1,405,789.45	1,491,047.88
Improvement Authorizations:			
Funded	C-7	2,182,121.32	2,241,313.15
Unfunded	C-7	7,047,972.56	4,174,833.48
Reserve for:			
Contracts Payable	C-6	307,871.47	666,664.88
Various Reserves	C-15	88,667.41	68,905.00
Developers Contribution Deposits	C-9	2,833,899.75	2,449,949.75
Capital Improvement Fund	C-8	744,563.23	902,358.23
Fund Balance	C-1	<u>34,680.16</u>	<u>54,178.16</u>
		<u>\$ 21,808,714.35</u>	<u>\$ 20,814,797.53</u>

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

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2013	C	\$	54,178 16
Increased by:			
Cash Receipts	C-2		10,502 00
		\$	<u>64,680 16</u>
Decreased by:			
Appropriated as Current Fund Revenue	C-2		<u>30,000 00</u>
Balance, December 31, 2014	C	\$	<u><u>34,680 16</u></u>

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

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GENERAL FIXED ASSET ACCOUNT GROUP

TOWNSHIP OF HILLSBOROUGH
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2014</u>	BALANCE DECEMBER <u>31, 2013</u>
Fixed Assets:		
Land	\$ 62,450,200.00	\$ 62,450,200.00
Buildings	22,052,000.00	22,052,000.00
Machinery and Equipment	<u>11,789,607.00</u>	<u>11,727,570.00</u>
<u>Total Fixed Assets</u>	<u>\$ 96,291,807.00</u>	<u>\$ 96,229,770.00</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 96,291,807.00</u>	<u>\$ 96,229,770.00</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF HILLSBOROUGH

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Hillsborough is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee 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 Hillsborough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Hillsborough, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Hillsborough do not include the operations of the municipal library or the local school district, 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 the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Hillsborough 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 Hillsborough 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 disbursement 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

General Fixed Assets 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 statutory 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash 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 - 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 - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, 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 accounting 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.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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

Fixed assets acquired through grants in aid or contributed capital has 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 costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

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 institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. 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.

The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Township of Hillsborough had the following cash and cash equivalents at December 31, 2014:

Fund Type:	Bank Balance	N.J. Cash Management	Reconciling Items		Reconciled Balance
			Additions	Deletions	
Current Fund	\$ 36,858,054.18	\$ 198,391.68	\$ 112,343.72	\$ 597,475.00	\$ 37,079,314.59
Assessment Trust Fund	583,743.17				583,743.17
Animal Control Fund	32,341.16			18.00	32,323.16
Other Trust Fund	29,525,448.27		37,021.48	517,434.72	29,045,035.00
General Capital Fund	1,884,907.51	15,000.00			1,899,907.51
TOTAL DECEMBER 31, 2014	\$ 38,994,494.30	\$ 211,391.68	\$ 149,365.17	\$ 614,927.72	\$ 38,740,323.43

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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 Township 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, 2014, 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, \$1,507,270.68 was covered by Federal Depository Insurance and \$37,487,223.62 was covered under the provisions of NJGUDPA. The New Jersey Cash Management Fund is an investment pool and is not insured by either FDIC or GUDPA.

B. Investments

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

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2014, the Township has \$211,391.68 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.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A.2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2014</u>	<u>YEAR 2013</u>	<u>YEAR 2012</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$7,363,149.00	\$8,565,547.00	\$8,837,505.00
Loans	1,405,789.45	1,491,047.88	1,576,306.31
Assessment:			
Bonds	421,500.00	490,200.00	558,900.00
Loans	<u>3,634,157.25</u>	<u>3,854,561.92</u>	<u>4,074,966.59</u>
<u>Net Debt Issued</u>	<u>\$12,824,596.70</u>	<u>\$14,401,356.80</u>	<u>\$15,047,677.90</u>
<u>Authorized But Not Issued:</u>			
General:			
Bonds and Notes	<u>7,977,301.33</u>	<u>4,994,801.33</u>	<u>5,054,801.33</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$20,801,897.03</u>	<u>\$19,396,158.13</u>	<u>\$20,102,479.23</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .270%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School Debt	\$17,555,000.00	\$17,555,000.00	
General Debt	<u>20,801,897.03</u>	<u>4,934,171.24</u>	<u>\$15,867,725.79</u>
	<u>\$38,356,897.03</u>	<u>\$22,489,171.24</u>	<u>\$15,867,725.79</u>

NET DEBT \$15,867,725.79 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2 \$5,883,467,691 EQUALS .270%.

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

Equalized Valuation Basis - December 31, 2014	<u>\$5,883,467,691.00</u>
3-1/2% of Equalized Valuation Basis	\$205,921,369.19
Net Debt	<u>15,867,725.79</u>
Remaining Borrowing Power at December 31, 2014	<u>\$190,053,643.40</u>

Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township of Hillsborough for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 4% of the Average Equalized Assessed Valuation of real property for the Local School District.

NOTE 3: LONG-TERM DEBT (CONTINUED)

Assessment Trust Fund

Assessment Serial Bonds:

\$562,000.00 of 2009 Assessment Bonds due in annual installments of \$28,100.00 through June 2029 at an interest rate of 5.00%	\$ <u>421,500.00</u>
	\$ <u>421,500.00</u>

Assessment Loans:

\$1,103,238.01 of 2010 New Jersey Environmental Infrastructure Trust Loans due in installments of \$39,658.88 to \$82,923.12 through August 2029 at an interest rates of 3% to 5%	\$ 977,050.65
\$3,188,527.89 of 2010 New Jersey Environmental Infrastructure Fund Loans due in installments of \$177,140.43 through August 2029 at an interest rate 0%	<u>2,857,106.60</u>
	\$ <u>3,834,157.25</u>

General Capital Fund

General Serial Bonds:

\$5,683,000.00 of Refunding Open Space Bonds due in installments of \$605,000.00 to \$655,000.00 through August 2021 at interest rates of 3% to 4%	\$ 4,423,000.00
\$616,000.00 of Refunding General Improvement Bonds due in installments of \$85,000.00 to \$91,000.00 through August 2019 at an interest rate of 3%	<u>446,000.00</u>
	\$ <u>4,869,000.00</u>

New Jersey Environmental Infrastructure Trust Loans:

\$426,761.99 of 2010 New Jersey Environmental Infrastructure Trust Loans due in installments of \$15,341.12 to \$32,076.88 through August 2029 at an interest rates of 3% to 5%	\$ 377,949.35
\$1,233,408.11 of 2010 New Jersey Environmental Infrastructure Trust Loans due in installments of \$68,522.67 through August 2029 at an interest rate 0%	<u>1,027,840.10</u>
	\$ <u>1,405,789.45</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2014, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund \$7,977,301.33

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING

DECEMBER 31, 2014

CALENDER YEAR	GENERAL		ASSESSMENT		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2015	\$ 705,000.00	\$ 158,770.00	\$ 28,100.00	\$ 20,372.50	\$ 912,242.50
2016	710,000.00	137,620.00	28,100.00	18,967.50	894,687.50
2017	720,000.00	116,320.00	28,100.00	17,562.50	881,982.50
2018	730,000.00	94,720.00	28,100.00	16,157.50	868,977.50
2019	734,000.00	72,820.00	28,100.00	14,752.50	849,672.50
2020	650,000.00	50,800.00	28,100.00	13,347.50	742,247.50
2021	620,000.00	24,800.00	28,100.00	11,942.50	684,842.50
2022			28,100.00	10,537.50	38,637.50
2023			28,100.00	9,132.50	37,232.50
2024			28,100.00	7,727.50	35,827.50
2025			28,100.00	6,322.50	34,422.50
2026			28,100.00	4,917.50	33,017.50
2027			28,100.00	3,512.50	31,612.50
2028			28,100.00	2,107.50	30,207.50
2029			28,100.00	702.50	28,802.50
	<u>\$ 4,869,000.00</u>	<u>\$ 655,850.00</u>	<u>\$ 421,500.00</u>	<u>\$ 158,062.50</u>	<u>\$ 6,104,412.50</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

DECEMBER 31, 2014

CALENDAR YEAR	GENERAL		ASSESSMENT		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2015	\$ 86,653.08	\$ 15,752.54	\$ 224,010.02	\$ 40,722.46	\$ 367,138.10
2016	88,047.73	14,846.02	227,615.37	38,378.98	368,888.10
2017	88,047.73	13,869.76	227,615.37	35,855.24	365,388.10
2018	89,442.38	12,893.52	231,220.72	33,331.48	366,888.10
2019	90,837.02	11,847.52	234,828.08	30,627.48	368,138.10
2020	92,231.67	10,954.96	238,431.43	28,320.04	369,938.10
2021	92,231.67	9,769.50	238,431.43	25,255.50	365,888.10
2022	93,626.32	9,058.24	242,036.78	23,416.76	368,138.10
2023	95,020.96	8,054.08	245,642.14	20,820.92	369,538.10
2024	95,020.96	6,994.16	245,642.14	18,080.84	365,738.10
2025	96,415.61	5,934.22	249,247.49	15,340.78	366,938.10
2026	97,810.26	4,818.50	252,852.84	12,456.50	367,938.10
2027	99,204.91	3,793.44	256,458.19	9,806.58	369,263.10
2028	100,599.56	2,568.16	260,063.55	6,633.84	369,863.10
2029	100,599.60	1,283.08	260,063.70	3,316.92	365,263.30
	<u>\$ 1,405,789.45</u>	<u>\$ 132,435.70</u>	<u>\$ 3,634,157.25</u>	<u>\$ 342,364.30</u>	<u>\$ 5,514,746.70</u>

NOTE 4: SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

NOTE 4: SHORT-TERM DEBT (CONTINUED)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	Interest Rate	Amount	Date of Issue	Date of Maturity
2011-13	1.000%	\$ 1,813,272.00	12/12/14	12/11/15
2013-16	1.000%	<u>680,877.00</u>	12/12/14	12/11/15
		<u>\$ 2,494,149.00</u>		

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015 were as follows:

Current Fund	\$2,000,000.00
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NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 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 the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

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

	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
Prepaid Taxes	<u>\$574,358.50</u>	<u>\$388,764.21</u>

NOTE 7: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

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.

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.

NOTE 7: PENSION PLANS (Continued)

Vesting and Benefit Provisions (Continued)

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%.

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. Effect July 2014 PERS provides for employee contributions of 6.92% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

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

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. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$ 1,948,897 for 2014, \$2,096,245 for 2013, and \$2,053,050 for 2012.

NOTE 8: COMPENSATED ABSENCES

Under the existing personnel policies of the Township, and in accordance with union contracts, 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 a later date. The Township's management has estimated the liability to be \$797,862.53 at December 31, 2014. The Township has established a Trust Fund Reserve which has accumulated \$18,137.73 for this purpose.

NOTE 9: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities which would have a material financial impact on the Township.

NOTE 10: TAX APPEALS

There are a number of tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2014. Any reduction in assessed valuation will result in a refund of prior years' 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.A. 40A:2-51. The balance in reserve at December 31, 2014 is \$79,786.86.

NOTE 11: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 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 Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

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 Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Equitable Company or the Valic Company.

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

NOTE 12: 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 through the Central Jersey Joint Insurance Fund 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 coverage in any of the past three fiscal years.

NOTE 13: 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 agreement and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Single Audit Section, of the 2014 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2014 the Township does not believe that any material liabilities will result from such audits.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2014:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current	\$10,335.88	\$2,511,927.39
Grant	805,969.45	
Assessment Trust		172,571.93
Animal Control		9,935.96
Trust Other	252,909.69	1,198,024.92
General Capital	<u>2,823,245.18</u>	
TOTAL	<u>\$3,892,460.20</u>	<u>\$3,892,460.20</u>

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

NOTE 15: LEASE PURCHASES

During 2008, the Township entered into an agreement with the Somerset County Improvement Authority to lease purchase vehicles for \$575,700.00. In accordance with the lease agreement, the Township will be obligated to make the following rental payments:

<u>DATE</u>	<u>PAYMENT NUMBER</u>	<u>TOTAL PAYMENT</u>	<u>PRINCIPAL COMPONENT</u>	<u>INTEREST COMPONENT</u>
1/1/2015	11	\$ 35,029.14	\$ 29,531.57	\$ 5,497.57
7/1/2015	12	35,029.14	30,097.10	4,932.04
1/1/2016	13	35,029.14	30,673.46	4,355.68
7/1/2016	14	35,029.14	31,260.85	3,768.29
1/1/2017	15	35,029.14	31,859.50	3,169.64
7/1/2017	16	35,029.14	32,469.61	2,559.53
1/1/2018	17	35,029.14	33,091.40	1,937.74
7/1/2018	18	35,029.14	33,725.10	1,304.04
1/1/2019	19	<u>35,029.14</u>	<u>34,370.94</u>	<u>658.20</u>
<u>TOTAL</u>		<u>\$ 315,262.26</u>	<u>\$ 287,079.53</u>	<u>\$ 28,182.73</u>

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Township is required to implement the note disclosure provision of GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement which was adopted during 2004 by the Government Accounting Standard Board (GASB) requires the Township to disclose in the notes of the financial statements the future cost of the other post employment benefits (OPEB) on a present value basis instead of the present pay as you go method. OPEB obligations are non-pension benefits that the Township has contractually agreed to provide employees once they have retired. The Township does not provide post retirement benefits other than pension to its employees which is provided through the New Jersey pension system.

NOTE 17: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through June 30, 2015 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no subsequent events needed to be disclosed.

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TOWNSHIP OF HILLSBOROUGH
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF HILLSBOROUGH
 CURRENT FUND
 SCHEDULE OF CASH - TREASURER

	REF.	CURRENT FUND	GRANT FUND
Balance, December 31, 2013	A	\$ 6,893,208.79	\$
Increased by Receipts:			
Property Taxes Receivable	A-9	\$ 127,821,888.07	\$
Tax Overpayments	A-16	127,993.20	
Prepaid Taxes	A-21	574,358.60	
Tax Title Liens	A-10	16,619.03	
Revenue Accounts Receivable	A-12	7,016,707.07	
Miscellaneous Revenue Not Anticipated	A-2	364,183.60	
Reserve for Miscellaneous Deposits	A-14	211,070.08	
State of N.J. - Senior Citizens and Veterans Deductions	A-8	206,045.88	
Senior Citizens Disallowed	A-8	5,000.00	
Interfunds	A-13/A-31	4,830,288.73	620,795.88
Petty Cash Fund	A-5	650.00	
Grants Receivable	A-7		327,132.74
Reserve for Grants-Unappropriated	A-28		86,233.51
2014 Appropriation-Refunds	A-5	674,162.52	
Refund Receivable	A-15	346,743.36	
Due State of New Jersey-Construction Code Official	A-25	58,225.00	
Due State of New Jersey-Registrar Licenses	A-26	4,075.00	
		<u>142,462,789.45</u>	<u>1,034,161.61</u>
		\$ 148,332,998.24	\$ 1,034,161.61
Decreased by Disbursements:			
2014 Appropriations	A-3	\$ 26,187,001.19	\$
2013 Appropriation Reserves	A-18	688,906.32	
Local District School Tax	A-23	82,883,389.36	
County Taxes Payable	A-22	22,538,719.99	
Fire District Tax	A-29	1,764,526.00	
Refund of Tax Overpayments	A-16	127,743.20	
Reserve for Grants-Appropriated	A-27		474,884.80
Reserve for Grants-Unappropriated	A-28		54,736.32
Petty Cash Fund	A-5	550.00	
Interfunds	A-13/A-31	4,637,238.24	504,549.48
Municipal Open Space Tax	A-24	1,547,897.85	
Reserve for Miscellaneous Deposits	A-14	211,070.08	
Refund of Prior Year Revenue	A-1	4,078.99	
Refund of Miscellaneous Revenues	A-2	500.00	
Refund of Current Year Revenue	A-2	2,451.00	
Refund Receivable	A-15	620,683.00	
Reserve for Tax Appeals	A-17	6,248.00	
Reserve for Encumbrances Payable	A-19	6,261.46	
Due State of New Jersey-Construction Code Official	A-25	96,853.00	
Due State of New Jersey-Registrar Licenses	A-26	4,400.00	
		<u>142,254,256.63</u>	<u>1,034,161.61</u>
		\$ 7,078,739.59	
Balance, December 31, 2014	A	\$	

"A-5"

TOWNSHIP OF HILLSBOROUGH
CURRENT FUND
SCHEDULE OF PETTY CASH FUND

<u>DEPARTMENT</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>RECEIPTS</u>
Treasurer	\$ 300.00	\$ 300.00
Police	250.00	250.00
	<u>\$ 550.00</u>	<u>\$ 550.00</u>
<u>REF.</u>	<u>A-4</u>	<u>A-4</u>

"A-6"

SCHEDULE OF CHANGE FUNDS

<u>DEPARTMENT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2013 AND 2014</u>
Tax Collector	\$ 250.00
Municipal Court	300.00
Board of Health	25.00
	<u>\$ 575.00</u>
<u>REF.</u>	<u>A</u>

TOWNSHIP OF HILLSBOROUGH

A-2

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2013	ACCRUED 2014 BUDGET	RECEIVED	BALANCE DECEMBER 31, 2014
2002 Main Street Improvements -County	\$ 20,000.00	\$	\$	\$ 20,000.00
Body Armor Grant		4,801.02	4,801.02	
Hang up and Just Drive	2,425.00			2,425.00
Child Passenger Safety Grant	7,452.19			7,452.19
Clean Communities Program	0.24	70,705.90	70,705.90	0.24
Click It or Ticket It	167.14	3,021.56	3,021.56	167.14
Comprehensive Traffic Safety (CTSP)	7,547.00			7,547.00
COPS in Shops		3,100.00	3,100.00	
COPS MORE	14,670.00			14,670.00
COPS Secure Our Schools Grant	32,395.00			32,395.00
Drive Sober or Get Pulled Over		4,076.90	4,076.90	
Drunk Driving Enforcement Fund		19,257.16	19,257.16	
Edward Byne Memorial Justice Assistance Grant	11,077.00			11,077.00
Emergency Management Grant	5,000.00			5,000.00
Five Year Forestry Plan	3,000.00			3,000.00
H1N1 Preparedness Grant	21,849.90			21,849.90
Handicapped Recreation Opportunities Grant	20,000.00			20,000.00
Hazardous Mitigation Grant		120,000.00		120,000.00
Historic Preservation Grant	105,775.00			105,775.00
Municipal Alliance Drug Program	11,584.00	54,644.00	26,100.00	40,108.00
Natural Resources Inventory Grant (ANJEC)	6,070.00			6,070.00
NJ DOT - Wertsville Road	150,000.00			150,000.00
NJ Transportation Trust Fund Authority Act - Montgomery Road	26,183.31			26,183.31
NJ Transportation Trust Fund Authority Act - Mountainview Road	108,828.26			108,828.26
Obey the Signs... Pay the Fines	9,065.70			9,065.70
Pandemic Flu Preparedness Plan	1,696.00			1,696.00
Planning Assistance Grant	518.00			518.00
Safe and Secure Communities	87,962.00	60,000.00	30,000.00	87,962.00
Sustainable Hillsborough	111.00			111.00
Take A Hike In Hillsborough	10,500.00			10,500.00
Whip Grant	12,664.00			12,664.00
Youth Services Grant	11,000.00	5,000.00	5,000.00	11,000.00
Youth Services Grant - Competitive Grant		2,000.00	2,000.00	
Safe Corridors		147,116.30	147,116.30	
Clothing Bins		6,492.00	5,951.00	541.00
	\$ 657,120.74	\$ 506,217.74	\$ 327,132.74	\$ 836,205.74
BEL	A	A-2	A-4	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS
PER CHAPTER 20, P.L. 1971

	REF.		
Balance, December 31, 2013	A		\$ 45,582.91
Decreased by:			
Senior Citizens Deductions Per Tax Billing		\$ 33,250.00	
Veterans Deductions Per Tax Billing		176,500.00	
Senior Citizens Deductions Allowed by Tax Collector		4,500.00	
Canceled		<u>47,628.80</u>	
			\$ <u>261,878.80</u>
			\$ (216,295.89)
Increased by:			
Deductions Disallowed by Collector:			
Received in Cash From State	A-4	\$ 206,045.89	
2014 Deductions Disallowed by Tax Collector		2,947.94	
2013 Deductions Disallowed by Tax Collector	A-4	<u>5,000.00</u>	
			\$ <u>213,993.83</u>
Balance, December 31, 2014	A		\$ <u>(2,302.06)</u>

ANALYSIS OF STATE SHARE OF 2014
SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing		\$ 33,250.00
Veterans Deductions Per Tax Billing		176,500.00
Deductions Allowed by Tax Collector:		
Senior Citizens		<u>4,500.00</u>
		\$ <u>214,250.00</u>
Less: Deductions Disallowed by Tax Collector:		
Senior Citizens		<u>2,947.94</u>
	A-8	\$ <u>211,302.06</u>

TOWNSHIP OF HILLSBOROUGH

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CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2013	2014 LEVY	CASH COLLECTIONS		CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2014
			2013	2014			
2010	\$ 1,922.24	\$	\$	\$ 1,922.24	\$	\$	\$
2011	2,010.87			500.00			1,510.87
2012	8,161.00			600.00			7,561.00
2013	822,250.37			791,065.05	37.39	1,952.79	9,235.14
	\$ 814,384.48	\$	\$ 368,704.21	\$ 793,567.29	\$ 37.39	\$ 1,952.79	\$ 18,407.01
2014		128,583,712.76	368,704.21	127,238,982.84	199,126.65	22,528.88	734,310.18
	\$ 814,384.48	\$ 128,583,712.76	\$ 368,704.21	\$ 128,032,970.13	\$ 199,164.04	\$ 24,481.67	\$ 752,717.19
	SEE A		A-2 A-21	A-2		A-10	A

SEE

Cash-Collector	A-4	\$ 127,821,668.07
State Share of Senior Citizens and Veterans Deductions	A-6	211,302.06
		\$ 128,032,970.13

ANALYSIS OF 2014 PROPERTY TAX LEVY

TAX YIELD

General Property Tax	\$ 127,440,647.07
Added and Omitted Tax (54-4-63.1 et. seq.)	1,143,064.79
	\$ 128,583,712.76

TAX LEVY

Local District School Tax	A-23	\$ 63,683,390.00
County Taxes		
County Tax	A-22	\$ 18,005,031.34
County Library Tax	A-22	2,604,383.88
County Open Space	A-22	1,709,237.79
Due County for Added Taxes (54-4-63.1 et. seq.)	A-22	190,096.08
		22,508,719.09
Fire District Tax	A-29	1,764,526.00
Local Tax for Municipal Purposes	A-2	17,858,964.00
Local Open Space	A-24	1,541,897.95
Additional Tax Levied		1,026,615.72
		20,427,077.67
		\$ 128,583,712.76

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	162,702.95
Increased by:			
Transfers From Taxes Receivable	A-9	\$	24,481.87
Interest and Costs			<u>331.34</u>
			24,813.01
		\$	<u>167,515.96</u>
Decreased by:			
Cash Receipts	A-2 A-4		<u>18,419.03</u>
Balance, December 31, 2014	A	\$	<u><u>169,096.93</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2013	A	\$	1,642,200.00
Balance, December 31, 2014	A	\$	<u><u>1,642,200.00</u></u>

TOWNSHIP OF HILLSBOROUGH
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	REF.	BALANCE DECEMBER 31, 2013	ACCRUED IN 2014	COLLECTED BY TREASURER/ COLLECTOR	BALANCE DECEMBER 31, 2014
Debt:					
Licenses:					
Alcoholic Beverage Licenses	A-2	\$	\$ 35,814.00	\$ 35,814.00	\$
Other	A-2		13,615.00	13,615.00	
Fees and Permits	A-2		7,456.83	7,456.83	
Registrar:					
Fees and Permits	A-2		2,050.00	2,050.00	
Other Licenses	A-2		525.00	525.00	
Board of Health:					
Fees and Permits	A-2		4,540.00	4,540.00	
Other Licenses	A-2		21,685.00	21,685.00	
Construction Code Official:					
Fees and Permits	A-2		1,228,911.40	1,228,911.40	
Zoning:					
Fees and Permits	A-2		9,397.86	9,397.86	
Municipal Court:					
Fines and Costs	A-2	39,519.26	473,573.22	473,342.94	39,749.54
Police Department:					
Fees and Permits	A-2		4,424.10	4,424.10	
Planning Board/Board of Adjustment:					
Fees and Permits	A-2		46,027.59	46,027.59	
Engineering:					
Fees and Permits	A-2		88,623.47	88,623.47	
Tax Assessor:					
Fees and Permits	A-2		57.86	57.86	
Interest on Investments and Deposits	A-2		31,322.53	31,322.53	
Health Officer - Borough of Millstone	A-2		30,000.00	30,000.00	
Energy Receipts Tax	A-2		3,252,088.00	3,252,088.00	
Garden State Preservation Trust Fund	A-2		13,576.00	13,576.00	
Cable TV Fees	A-2		40,829.85	40,829.85	
Cell Tower Lease	A-2		75,721.83	75,721.83	
Open Space Trust Fund:					
Interest and Costs on Taxes	A-2		768,540.00	768,540.00	
Capital Surplus	A-2		173,823.64	173,823.64	
Operating Contribution - Hillsborough Promenade	A-2		30,000.00	30,000.00	
Contribution from Somerville Business Park	A-2		42,356.12	42,356.12	
Shared Service - Municipal Court	A-2		472,408.05	472,408.05	
			151,570.20	151,570.20	
		\$ 39,519.26	\$ 7,016,937.36	\$ 7,016,707.07	\$ 39,749.54
REF.		A		A-4	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF INTERFUNDS

	SEE.	TOTAL	GRANT FUND	ASSESSMENT TRUST FUND	ANIMAL CONTROL TRUST FUND	TRUST OTHER FUNDS	GENERAL CAPITAL FUND
Balance, December 31, 2013							
Due from	A	\$ 388,784.67	\$	\$ 378,850.35	\$ 9,934.32	\$	\$
Due to	A	<u>2,670,478.89</u>	<u>986,752.56</u>			<u>306,799.72</u>	<u>1,376,926.61</u>
Transfer	A-31	26,647.00	26,647.00				
Treasurer Receipts	A-4	4,830,288.73	413,365.75	457,262.81		1,340,429.65	2,619,240.52
Treasurer Disbursements	A-4	<u>4,637,038.24</u>	<u>620,795.86</u>	<u>78,832.38</u>	<u>1.64</u>	<u>1,394,319.88</u>	<u>2,543,085.48</u>
Balance, December 31, 2014							
Due from	A	\$ 10,335.88	\$	\$ 399.92	\$ 9,935.96	\$	\$
Due to	A	<u>2,511,927.39</u>	<u>805,969.45</u>			<u>252,005.69</u>	<u>1,453,048.25</u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2013	INCREASED BY CASH RECIEPTS	DECREASED BY CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2014
Master Plan	\$ 18,100.27	\$	\$	\$ 18,100.27
Miscellaneous Deposits	16,452.18			16,452.18
DPW Remediation	30,734.48			30,734.48
Quiet Zones	66,985.62			66,985.62
Tax Maps	6,228.14			6,228.14
Document Imaging Center	50,000.00			50,000.00
Revaluation	31,548.00			31,548.00
State Library Aid	8,595.00			8,595.00
Sewer Payments		211,070.08	211,070.08	
Landfill Cleanup	1,000.00			1,000.00
	<u>\$ 229,643.69</u>	<u>\$ 211,070.08</u>	<u>\$ 211,070.08</u>	<u>\$ 229,643.69</u>
<u>REF.</u>	A	A-4	A-4	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF REFUNDS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 78,940.86
Increased by:		
Cash Disbursements	A-4	620,683.09
		<u>\$ 699,623.95</u>
Decreased by:		
Cash Receipts	A-4	<u>346,743.26</u>
Balance, December 31, 2014	A	<u>\$ 352,880.69</u>

"A-16"

TOWNSHIP OF HILLSBOROUGH
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Increased by:			
Cash Receipts	A-4	\$	127,993.20
Decreased by:			
Cash Disbursements	A-4		<u>127,743.20</u>
Balance, December 31, 2014	A	\$	<u>250.00</u>

"A-17"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2013	A	\$	88,036.52
Decreased by:			
Cash Disbursements	A-4		<u>8,249.66</u>
Balance, December 31, 2014	A	\$	<u>79,786.86</u>

TOWNSHIP OF HILLSBOROUGH
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
Salaries and Wages				
Township Clerk	\$ 12,245.23	\$ 12,245.23	\$ 1,966.21	\$ 10,279.02
Financial Administration	2,653.90	2,653.90		2,653.90
Assessment of Taxes	611.13	611.13		611.13
Collection of Taxes	3,814.55	3,814.55	125.00	3,689.55
Information Technology	2,544.85	2,544.85	570.00	1,974.85
Engineering Services and Costs	6,080.47	6,080.47	805.62	5,274.85
Planning Board	7,122.78	7,122.78	7,008.38	114.40
Police	38,668.28	38,668.28	12,303.89	26,364.39
Streets and Roads	12,508.90	12,508.90	4,513.50	7,995.40
Snow Removal	15,656.57	15,656.57	15,656.57	
Inspection of Buildings	1,903.57	1,903.57	1,903.57	
Municipal Prosecutor	0.04	0.04		0.04
Board of Health	407.63	407.63	407.60	0.03
Animal Control	279.00	279.00		279.00
Social Services	9,119.83	9,119.83	2,787.25	6,332.58
Parks	3,657.40	10,474.55		10,474.55
Municipal Court	6,095.64	6,211.14	902.84	5,308.30
Public Works (Stormwater)	50,615.00	50,615.00		50,615.00
Other Expenses				
Administrative and Executive	119.47	1,048.94	965.38	83.96
Postage	25.77	413.07	341.31	71.76
Mayor and Committee	195.84	2,044.59	1,440.83	603.76
Township Clerk	30.90	9,989.14	9,910.44	78.70
Public Meeting Recording	720.00	2,395.00	1,750.00	645.00
Elections	397.40	397.40		397.40
Central Purchasing	0.50	1,000.50	1,000.00	0.50
Financial Administration	2,370.87	2,698.87	155.79	2,543.08
Assessment of Taxes	1,596.87	9,395.38	7,821.91	1,573.47
Collection of Taxes	383.18	651.18	26.95	624.23
Human Resources	22,095.74	24,195.67	9,879.06	14,316.61
Information Technology	13.93	27,009.68	26,908.40	401.28
Legal Services and Costs:				
Outside Services	433.74	10,127.32	5,759.00	4,368.32
Miscellaneous	7,388.91	17,388.91	16,527.75	861.16
Engineering Services and Costs	1,397.10	6,167.30	5,632.03	535.27
Economic Development Committee	3,263.08	4,009.97	734.44	3,275.53
Planning Board	8,702.69	31,596.10	23,562.57	8,033.53
Zoning Commission	5,501.72	6,651.97	490.76	6,161.21
Cultural and Arts Commission	2,869.27	2,869.27		2,869.27
Employee Group Health	28,574.49	37,322.26	5,726.71	31,595.55
Unemployment Compensation	897.38	897.38		897.38

TOWNSHIP OF HILLSBOROUGH
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses (Continued)</u>				
Police Department	\$ 4,766.79	\$ 110,048.89	\$ 97,684.73	\$ 12,383.96
Emergency Management	36.62	2,778.83	2,691.53	87.30
First Aid Organization and Maintenance Contract:				
Other Expenses	311.35	8,201.74	7,754.02	447.72
Streets and Roads	20,930.49	101,871.18	88,655.89	15,215.29
Snow Removal	14.40	28,491.96	23,830.89	4,661.07
Public Buildings and Grounds	23.81	17,507.59	17,368.90	138.69
Solid Waste Flow (recycling)	84,836.57	84,919.07	84,661.54	257.53
Solid Waste Collection (clean-up)	45.68	45.68		45.68
Sanitary Landfill	2,578.77	2,578.77		2,578.77
Inspection of Buildings	21.37	1,000.23	953.86	46.37
Board of Health	7,679.02	15,151.88	5,689.03	8,462.85
Blood Borne Pathogens	347.00	347.00		347.00
Animal Control	29,383.75	29,383.75	29,383.75	
Social Services	85.43	1,195.77	349.25	846.52
Parks	93.73	13,403.81	8,613.19	4,790.42
Celebration of Public Events	120.44	1,579.63	399.39	1,180.24
Wildlife Management	1,549.00	1,549.00	1,549.00	
Electric	27,544.36	27,544.36	7,955.20	19,589.16
Telephone	911.47	911.47		911.47
Natural Gas	3,916.27	3,916.27	3,899.59	16.68
Gasoline	22,415.26	22,415.26	21,260.80	1,154.46
Diesel Fuel	14,205.44	14,205.44	11,563.08	2,642.36
Street Lighting	1,067.66	29,475.94	29,475.94	
Fire Hydrant Service	101,887.50	101,687.50	73,062.50	28,625.00
Municipal Condo Services Act	3,539.25	4,602.94	4,183.87	419.07
Water	23,831.80	23,831.80	2,134.82	21,696.98
Sick and Vacation Reserve	5,000.00	5,000.00		5,000.00
Social Security	8.79	8.79		8.79
Municipal Court	1.38	4,394.25	4,388.80	5.45
Public Works (Stormwater)	286.68	14,464.05	11,005.49	3,458.56
Engineering (Stormwater)	19,400.00	19,400.00		19,400.00
DPW Tank Remediation	0.45	0.45		0.45
	<u>\$ 637,609.15</u>	<u>\$ 1,071,099.82</u>	<u>\$ 704,768.42</u>	<u>\$ 366,331.40</u>
	REF. A- A-18			A-1
Cash Disbursements	A-4		\$ 688,906.32	
Reserve for Encumbrances	A-19		<u>15,862.10</u>	
			<u>\$ 704,768.42</u>	
Budget - Reserved	A-18	\$ 637,609.15		
Reserve for Encumbrances	A-19	<u>433,490.67</u>		
		<u>\$ 1,071,099.82</u>		

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	473,398.70
Increased by:			
Budget Appropriations	A-3	\$	731,124.28
Appropriation Reserves	A-18		<u>15,862.10</u>
			746,986.38
		\$	<u>1,220,385.08</u>
Decreased by:			
Cash Disbursements	A-4	\$	6,261.48
Transferred to Appropriation Reserves	A-18		<u>433,490.67</u>
			439,752.15
Balance, December 31, 2014	A	\$	<u>780,632.93</u>

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2013	A	\$	120,003.32
Increased by:			
Reserve for Grants Appropriated	A-27		<u>245,614.16</u>
		\$	365,617.48
Decreased by:			
Transferred to Grants Appropriated	A-27		<u>120,003.32</u>
Balance, December 31, 2014	A	\$	<u>245,614.16</u>

"A-21"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2013 (2014 Taxes)	A	\$	388,764.21
Increased by:			
Collection - 2015 Taxes	A-4		574,358.50
		\$	<u>963,122.71</u>
Decreased by:			
Applied to Taxes Receivable	A-9		388,764.21
Balance, December 31, 2014 (2015 Taxes)	A	\$	<u>574,358.50</u>

"A-22"

SCHEDULE OF COUNTY TAXES PAYABLE

2014 Tax Levy:			
County Tax	A-1:A-9	\$	18,005,031.34
County Library Tax	A-1:A-9		2,604,383.88
County Open Space	A-1:A-9		1,709,237.79
Added County Taxes	A-1:A-9		<u>190,066.08</u>
		\$	22,508,719.09
Decreased by:			
Cash Disbursements	A-4	\$	<u>22,508,719.09</u>

"A-23"

TOWNSHIP OF HILLSBOROUGH
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013 (Prepaid)	A	\$ (10,773.58)
Increased by:		
Levy Calendar Year 2014	A-1 A-9	83,883,390.00
		<u>\$ 83,872,616.42</u>
Decreased by:		
Payment to Local District School	A-4	<u>83,883,389.36</u>
Balance, December 31, 2014 (Prepaid)	A	<u>\$ (10,772.94)</u>

"A-24"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
Levy Calendar Year 2014	A-1:A-9	\$ 1,541,897.95
Decreased by:		
Cash Disbursements	A-4	<u>\$ 1,541,897.95</u>

"A-25"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
CONSTRUCTION CODE OFFICIAL

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	13,064.00
Increased by:			
Cash Receipts	A-4		<u>59,225.00</u>
		\$	<u>72,289.00</u>
Decreased by:			
Cash Disbursements	A-4		<u>56,853.00</u>
Balance, December 31, 2014	A	\$	<u><u>15,436.00</u></u>

"A-26"

SCHEDULE OF DUE STATE OF NEW JERSEY
REGISTRAR LICENSES

Balance, December 31, 2013	A	\$	1,550.00
Increased by:			
Cash Receipts	A-4		<u>4,375.00</u>
		\$	<u>5,925.00</u>
Decreased by:			
Cash Disbursements	A-4		<u>4,400.00</u>
Balance, December 31, 2014	A	\$	<u><u>1,525.00</u></u>

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2013	ENCUMBRANCES PAYABLE	2014 BUDGET APPROPRIATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2014
Municipal Alliance Drug Program:	\$	\$	\$	\$	\$
County and Local - 2013	901.74	817.50		1,442.50	276.74
County and Local - 2014			36,652.00	18,170.00	18,482.00
County and Local - 2014/2015			27,322.00	17,210.00	10,112.00
Safe and Secure Communities:					
State	15,171.84				15,171.84
Local	5,838.41				5,838.41
Safe and Secure Communities- 2014			60,000.00	60,000.00	
Alcohol Education and Rehabilitation Fund	3,104.42			2,600.00	504.42
Bike Lanes Grant	150,000.00				150,000.00
Bioterrorism Preparedness and Response Grant	602.47				602.47
Body Armor Replacement Fund (State & Federal)	24,205.58		4,801.92		29,007.51
Clean Communities Program	10,536.73	16,085.28	76,705.90	95,003.32	8,324.60
Click it or Ticket			3,021.56	3,021.56	
COPS in Shops	2,972.44		3,100.00	6,072.44	
COPS MORE	21,303.00				21,303.00
County Arraignment Grant	644.86				644.86
DCA-Smart Future Planning Grant	45,614.63				45,614.63
Drunk Driving Enforcement Fund	4,552.68		15,257.16	17,890.08	5,919.76
Drive Sober or Get Pulled Over			4,076.90	4,076.90	
Edward Byne Memorial Justice Assistance Grant	136.85				136.85
Federal Emergency Management	15,698.56			2,705.77	12,992.79
Five Year Forestry Plan	3,000.00				3,000.00
FM Mission Critical Services	20,030.00	15,980.00		34,655.00	1,355.00
Green Communities	500.00				500.00
HMGP Energy Allocation Initiative			120,000.00		120,000.00
Hepatitis B Inoculations	804.00				804.00
H1N1 Preparedness Grant	205.68				205.68
Historic Preservation Grant	61,296.99			13,932.56	47,364.43
Historic Preservation Grant	172,055.00	23,661.48		23,661.48	172,055.00
Historic Preservation Grant- Match			6,000.00		6,000.00
Municipal Planning Partnership - County	35,000.00				35,000.00
Natural Resources Inventory Grant (ANJEC)	1,404.61				1,404.61
NJ DOT Discretionary Aid - Hillsborough Road	10,000.00				10,000.00
NJ Transportation Trust Fund - Homestead Road	150,000.00			150,000.00	
NJ Transportation Trust Fund - Montgomery Road	26,934.42				26,934.42
NJ Transportation Trust Fund - Mountainview Road	108,825.26				108,825.26

TOWNSHIP OF HILLSBOROUGH
GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

GRANT PROGRAM	BALANCE DECEMBER 31, 2013	ENCUMBRANCES PAYABLE	2014 BUDGET APPROPRIATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2014
Pandemic Flu Preparedness Plan	\$ 1,535.56	\$	\$	\$	\$ 1,535.56
NJ Transfer Rights Planning Assistance Grant					
Local	15,000.00				15,000.00
State	39,712.17				39,712.17
Public Health Priority Funding	50,652.20				50,652.20
Recycling Tonnage Grant	180,964.64			62,266.43	118,698.21
Safe Corridors Grant		83,450.05	147,118.30	173,459.05	37,118.30
SLANEDP Grant	2,405.72				2,405.72
Supplemental Fire District			11,317.00	11,317.00	
Take A Hike In Hillsborough	5,568.50				5,568.50
Tobacco Age of Sale Grant	1,560.00				1,560.00
Youth Athletic and Recreation Facility Grant	5,930.00				5,930.00
Youth Athletic and Recreation Facility Grant	0.02				0.02
Youth Services Grant	11,883.13				11,883.13
Youth Services Program	1,620.00			1,000.00	620.00
Youth Services Team Grant 2010	6,505.71			5,611.00	2,694.71
Youth Services - 2010-2011	7,838.99				7,838.99
Youth Services - 2011-2012	4,543.25			4,715.50	3,827.75
Youth Services - 2012-2013	7,703.20			3,438.37	4,264.83
Youth Services - 2013-2014			8,000.00		8,000.00
Youth Services - Unappropriated			6,482.00		6,482.00
Youth Services - Competitive			2,000.00		2,000.00
Design Charrette					
County	4,403.00				4,403.00
Local	1,312.00				1,312.00
Handicapped Recreational Opportunities Grant	34,861.05				34,861.05
Sustainable Jersey Grants- NJM Grants	10,250.00			10,250.00	
Sustainable Hillsborough (Building Livable Communities)					
Local	10,000.00				10,000.00
Grantor - MLUC	4,098.98				4,098.98
	<u>\$ 1,303,428.30</u>	<u>\$ 120,003.32</u>	<u>\$ 532,894.74</u>	<u>\$ 720,498.96</u>	<u>\$ 1,235,767.40</u>
REF.	A	A-20	A-3		A
Cash Disbursements	A-4			\$ 474,894.80	
Encumbrances Payable	A-20			<u>245,614.16</u>	
				<u>\$ 720,498.96</u>	

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2013	RECEIPTS	DISBURSED	BALANCE DECEMBER 31, 2014
Federal Body Armor Grant	\$ 1,101.75	\$	\$	\$ 1,101.75
Body Armor	61.00			61.00
Christopher Reeves Grant	16,000.00			16,000.00
Cell Phone Safety	1,136.32	4,971.60	1,136.32	4,971.60
Drunk Driving Enforcement Fund	4,429.62			4,429.62
Emergency Management Assistance Program	5,000.00			5,000.00
FM Mission Critical Services	5,089.00			5,089.00
Municipal Alliance	220.11			220.11
Click It or Ticket	3,600.00		3,600.00	
NJ Transportation Trust Fund - Homestead Road		50,000.00	50,000.00	
Energy Efficiency Conservation Block Grant	100.00			100.00
Recycling Tonnage Grant	65,086.14	31,261.41		96,347.55
Youth Athletic Grant	15,000.00			15,000.00
Youth Grant - Clothing Containers	12,443.00			12,443.00
	<u>\$ 129,266.94</u>	<u>\$ 86,233.01</u>	<u>\$ 54,736.32</u>	<u>\$ 160,763.63</u>
REF.	A	A-4	A-4	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF FIRE DISTRICT TAX PAYABLE

REF.

Increased by:			
Fire District Tax Levied	A-1 A-9	\$	1,784,526.00
Decreased by:			
Cash Disbursements	A-4	\$	<u>1,784,526.00</u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	REF.	SPECIAL EMERGENCY AUTHORIZATION (N.J.S.A. 40A: 4-53) REVALUATION -2009	TOTAL
Balance, December 31, 2013	A	\$ 170,000.00	\$ 170,000.00
Decreased by: Budget Appropriation	A-3	\$ <u>170,000.00</u>	\$ <u>170,000.00</u>

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2013				
Due from	A	\$ 986,752.56	\$ 986,752.56	\$
Due to	A	<u>91,174.74</u>		<u>91,174.74</u>
Treasurer-Receipts	A-4	620,795.86	620,795.86	
Transfer	A-13	26,647.00	26,647.00	
Treasurer-Disbursements	A-4	<u>504,540.49</u>	<u>413,365.75</u>	<u>91,174.74</u>
Balance, December 31, 2014				
Due from	A	<u>\$ 805,969.45</u>	<u>\$ 805,969.45</u>	<u>\$</u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF CASH-TREASURER

	REF.	ASSESSMENT	ANIMAL CONTROL	OTHER
Balance, December 31, 2013	B	\$ 1,003,908.52	\$ 23,702.97	\$ 26,807,171.17
Increased by Receipts:				
Assessments Receivable	B-2	\$ 389,904.02	\$	\$
Dog License Fees	B-12		43,436.00	
Due State of New Jersey	B-11		3,072.00	
Reserve for Recreation Fees	B-17			875,920.10
Reserve for Sanitary Landfill Escrow	B-15			3.02
Interfunds	B-7-B-10-B-14	79,957.42	1.64	321,031.56
Reserve for Various Trust Deposits	B-18			11,899,496.96
Reserve for Township Open Space	B-16			2,755,451.80
		\$ 469,861.44	\$ 46,509.64	\$ 15,851,903.44
		\$ 1,473,769.96	\$ 70,212.61	\$ 42,659,074.61
Decreased by Disbursements:				
Interfunds	B-7-B-10-B-14	\$ 456,036.44	\$	\$ 267,141.53
Reserve for Various Trust Deposits	B-18			11,735,171.73
Due State of New Jersey	B-11		3,076.20	
Assessment Bonds Payable	B-4	68,700.00		
Assessment Loans Payable	B-5	220,404.67		
Assessment Loans Interest Payable	B-8	42,885.68		
Animal Control Fund Expenditures	B-12		34,813.25	
Recreation Commission Expenditures	B-17			813,820.56
Reserve for Township Open Space	B-16			797,905.79
		\$ 790,026.79	\$ 37,889.45	\$ 13,614,039.61
Balance, December 31, 2014	B	\$ 683,743.17	\$ 32,323.16	\$ 29,045,035.00

TOWNSHIP OF HILLSBOROUGH
TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANNUAL INSTALLMENTS	DUE DATE	BALANCE DECEMBER 31, 2013	COLLECTED	BALANCE DECEMBER 31, 2014	BALANCE PLEDGED TO	
							ASSESSMENT SERIAL	RESERVE
2007-08	Installation of Sewer Lines - Riverview	20	03/01 & 09/01	\$ 272,252.16	\$ 28,718.75	\$ 243,533.41	\$ 243,533.41	
2007-20	Installation of Sewer Lines - Mountainview	5	09/01	10,915.94	5,269.94	5,646.00		5,646.00
2007-43	Installation of Sewer Lines - Claremont	20	06/01 & 12/01	3,992,862.48	355,915.33	3,636,967.15	3,636,967.15	
				\$ 4,276,050.58	\$ 389,904.02	\$ 3,886,146.56	\$ 3,880,500.56	\$ 5,646.00
			<u>REF.</u>	B	B-1	B		

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF AMOUNT TO BE RAISED BY TAXATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2014</u>
2007-08	Installation of Sewer Lines - Riverview	\$ 9,423.45	\$ 9,423.45
2007-20	Installation of Sewer Lines - Mountainview	<u>(3,073.70)</u>	<u>(3,073.70)</u>
		\$ <u>6,349.75</u>	\$ <u>6,349.75</u>
<u>REF.</u>		B	B

TOWNSHIP OF HILLSBOROUGH
TRUST FUND
SCHEDULE OF ASSESSMENT SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2014		INTEREST RATE	BALANCE DECEMBER 31, 2013	DECREASED	BALANCE DECEMBER 31, 2014
			DATE	AMOUNT				
Mountainview Sewer	07/22/09	\$ 203,000.00	06/01/14	\$ 40,600.00	3.75%	\$ 40,600.00	\$ 40,600.00	\$
Riverview Sewer	07/22/09	562,000.00	06/01/14-29	28,100.00	5.00%	<u>449,600.00</u>	<u>28,100.00</u>	<u>421,500.00</u>
						<u>\$ 490,200.00</u>	<u>\$ 68,700.00</u>	<u>\$ 421,500.00</u>
					REF.	B	B-1	B

TOWNSHIP OF HILLSBOROUGH
TRUST FUND
SCHEDULE OF N.J.E.T. ASSESSMENT LOANS PAYABLE

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2014		INTEREST RATE	BALANCE DECEMBER 31, 2013	DECREASED	BALANCE DECEMBER 31, 2014
			DATE	AMOUNT				
Sewer Assessment Loans	3/10/2010	\$ 1,103,238.01	8/1/2015	\$ 48,865.59	5.000%	\$	\$	\$
			8/1/2016-17	50,474.94	5.000%			
			8/1/2018	54,980.29	5.000%			
			8/1/2019	67,885.65	4.000%			
			8/1/2020-21	81,291.00	5.000%			
			8/1/2022	64,896.35	4.000%			
			8/1/2023-24	68,501.71	4.000%			
			8/1/2025	72,107.06	4.000%			
			8/1/2026	75,712.41	5.000%			
			8/1/2027	79,317.76	4.000%			
			8/1/2028-29	82,923.12	4.000%			
Sewer Assessment Loans	3/10/2010	3,188,927.89	3/1/2015-8/1/2028	177,146.43	0%			
			2029	177,146.58	0%			
						2,834,247.03	177,146.43	2,657,100.60
						<u>\$ 3,854,561.92</u>	<u>\$ 220,424.67</u>	<u>\$ 3,634,137.25</u>
						REF. 0	B-1	0

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
2007-43/ 2009-13	Installation of Sewer Lines - Claremont	\$ 5,646.00	\$ 5,646.00
		<u>\$ 5,646.00</u>	<u>\$ 5,646.00</u>
REF.		B	B

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - ASSESSMENT TRUST FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2013	B	\$ <u>550,650.95</u>	\$ <u>378,478.94</u>	\$ <u>172,172.01</u>
Increased by:				
Cash Receipts	B-1	<u>79,957.42</u>	<u>79,957.42</u>	<u> </u>
Decreased by:				
Cash Disbursements	B-1	<u>458,036.44</u>	<u>458,036.44</u>	<u> </u>
Balance, December 31, 2014	B	\$ <u><u>172,571.93</u></u>	\$ <u><u>399.92</u></u>	\$ <u><u>172,172.01</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENT LOAN INTEREST PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	385,249.98
Decreased by:			
Cash Disbursements	B-1		<u>42,885.68</u>
Balance, December 31, 2014	B	\$	<u>342,364.30</u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2014</u>
Assessment Serial Bonds:					
2007-08	Riverview Sewers	\$ 170,998.09	\$ 28,718.75	\$ 28,100.00	\$ 171,616.84
2007-20	Mountainview Sewers	35,330.06	5,269.94	40,600.00	
Assessment Loans:					
2009-13	Claremont Sewers	246,929.42	355,915.33	263,290.35	339,554.40
Due Current Fund		378,478.94	79,957.42	458,036.44	399.92
Due General Capital Fund		172,172.01			172,172.01
		<u>\$ 1,003,908.52</u>	<u>\$ 469,861.44</u>	<u>\$ 790,026.79</u>	<u>\$ 683,743.17</u>
<u>REF.</u>		B	B-1	B-1	B

"B-10"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2013 Due To	B	\$ 9,934.32
Increased by: Cash Receipts	B-1	<u>1.64</u>
Balance, December 31, 2014 Due To	B	\$ <u>9,935.96</u>

"B-11"

SCHEDULE OF DUE STATE OF NEW JERSEY-ANIMAL CONTROL FUND

Balance, December 31, 2013	B	\$ 12.00
Increased by: Cash Receipts	B-1	<u>3,072.00</u>
		\$ <u>3,084.00</u>
Decreased by: Cash Disbursements	B-1	<u>3,076.20</u>
Balance, December 31, 2014	B	\$ <u>7.80</u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	13,756.65
Increased by:			
Dog License Fees Collected	B-1		43,436.00
		\$	<u>57,192.65</u>
Decreased by:			
Expenditures Under R.S.4:49-15.11:			
Cash Disbursements	B-1		<u>34,813.25</u>
Balance, December 31, 2014	B	\$	<u><u>22,379.40</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2012	43,514.40
2013	<u>40,705.00</u>
	\$ <u><u>84,219.40</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	B		\$ 9,422,864.42
Increased by:			
Various Trust Deposits	B-18	\$ 10,020.11	
Township Open Space	B-16	<u>9,250,925.00</u>	
			<u>9,260,945.11</u>
			\$ 18,683,809.53
Decreased by:			
Transfer to Reserve for Miscellaneous Trust Deposits	B-18	\$ 116,939.42	
Transfer to Reserve for Open Space	B-16	<u>9,305,925.00</u>	
			<u>9,422,864.42</u>
Balance, December 31, 2014	B		<u>\$ 9,260,945.11</u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - OTHER FUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2013				
Due from	B	\$ 1,198,024.92	\$	\$ 1,198,024.92
Due to	B	<u>306,799.72</u>	<u>306,799.72</u>	<u></u>
Increased by:				
Cash Receipts	B-1	<u>321,031.56</u>	<u>321,031.56</u>	<u></u>
Decreased by:				
Cash Disbursements	B-1	<u>267,141.53</u>	<u>267,141.53</u>	<u></u>
Balance, December 31, 2014				
Due from	B	\$ 1,198,024.92	\$	\$ 1,198,024.92
Due to	B	<u>252,909.69</u>	<u>252,909.69</u>	<u></u>

"B-15"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR SANITARY LANDFILL ESCROW

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	10,849.09
Increased by:			
Interest Earned	B-1		<u>3.02</u>
Balance, December 31, 2014	B	\$	<u><u>10,852.11</u></u>

"B-16"

SCHEDULE OF RESERVE FOR TOWNSHIP OPEN SPACE

Balance, December 31, 2013	B	\$	8,032,376.44
Increased by:			
Cash Receipts	B-1	\$	2,755,451.80
Transfer from Encumbrances Payable	B-13		<u>9,305,925.00</u>
			12,061,376.80
		\$	<u>20,093,753.24</u>
Decreased by:			
Cash Disbursements	B-1	\$	797,905.79
Encumbrances Payable	B-13		<u>9,250,925.00</u>
			10,048,830.79
Balance, December 31, 2014	B	\$	<u><u>10,044,922.45</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION COMMISSION EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	10,209.13
Increased by:			
Receipts- Program Registration Fees	B-1		875,920.10
		\$	<u>886,129.23</u>
Decreased by:			
Cash Disbursements	B-1		<u>813,820.56</u>
Balance, December 31, 2014	B	\$	<u>72,308.67</u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

RESERVE	BALANCE DECEMBER 31, 2013	RECEIPTS	DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2014
Government Grant Fund	\$ 65,869.67	\$ 98.86	\$	\$	\$ 65,968.53
Police Law Enforcement Trust	23,905.58	7,186.53	10,275.67		20,816.44
Police Services Escrow	22,425.45	299,960.15	304,414.47		17,971.13
Expert Witness Program	27,630.00				27,630.00
Self Insurance Program	309,087.00				309,087.00
COBRA Payment Program	260,111.28				260,111.28
Employee Benefits Program	82,801.39				82,801.39
Subdivision Deposits	3,323.00				3,323.00
Escrow Management	1,993,598.58	460,380.65	593,172.73	1,510.00	1,859,296.50
Flexible Spending Account	85.25	6,336.16	6,421.41		
Affinity Credit Card	4,903.18	26,442.80	8,168.23		23,177.75
Miscellaneous Trust	1,445,985.19	590,626.55	709,419.95	5,540.32	1,321,651.47
Payroll Agency	5,650.98	8,399,570.22	8,404,298.31		922.89
Kimberwick Curb Suit	33,234.47	25.60			33,261.07
Public Assistance - Donations	187,200.07	26,275.75	67,017.41		146,458.41
Escrow/Offsite	3,682,904.18	198,982.92	91,165.16	2,969.79	3,787,752.15
Tax Lien Redemption	407,871.06	1,863,609.77	1,540,818.39		750,662.44
	<u>\$ 8,556,586.31</u>	<u>\$ 11,899,496.96</u>	<u>\$ 11,735,171.73</u>	<u>\$ 10,020.11</u>	<u>\$ 8,710,891.43</u>
REF.		B-1	B-1	B-13	B
Balance, December 31, 2013	B \$ 8,439,648.89				
Encumbrances Payable	B-13 <u>116,939.42</u>				
	<u>\$ 8,556,586.31</u>				

* Note: An analysis of trust deposits is on file in the Finance Office.

TOWNSHIP OF HILLSBOROUGH
 GENERAL CAPITAL FUND
 SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2013	C		\$ 234,681.01
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$ 300,000.00	
Deferred Charge - Funded and Unfunded		10,000.00	
Refund of Improvement Authorization	C-7	980.00	
Premium on Sale of Notes	C-1	10,502.00	
Due From Somerset County			
Improvement Authority	C-16	66,150.35	
Developers Deposits	C-9	202,780.00	
Interfunds	C-10	130,256.13	
N.J.E.I.T. Loans Receivable	C-17	2,284,950.00	
Bond Anticipation Notes	C-14	2,494,149.00	
Various Reserves	C-15	19,782.41	
		<u>5,519,529.89</u>	
			\$ 5,754,210.90
Decreased by Disbursements:			
Contracts Payable	C-8	\$ 1,214,951.16	
Bond Anticipation Notes	C-14	2,494,149.00	
Fund Balance	C-1	30,000.00	
Interfunds	C-10	115,203.23	
		<u>3,854,303.39</u>	
Balance, December 31, 2014	C-C-3		\$ <u>1,899,907.51</u>

"C-3"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
Capital Improvement Fund	\$ 744,563.23
Fund Balance	34,680.16
Reserve for Encumbrances	307,871.47
Reserve for Developers Security Deposits	
Exhibit "C-9"	2,633,899.75
Unexpended Proceeds of Bond Anticipation Notes on "C-5"	192,863.54
Improvement Authorizations:	
Funded Improvements Listed on "C-7"	2,182,121.32
Improvements Expended Set Forth on "C-5"	(1,122,192.31)
Various Reserves	88,667.41
Interfunds Receivable	(2,823,245.18)
Grants Receivable	(339,321.88)
	<u>\$ 1,899,907.51</u>
<u>REF.</u>	C-C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013	C	\$ 7,050,047.88
Decreased by:		
2014 Budget Appropriation to Pay:		
Bond Principal	C-13	\$ 690,000.00
N.J.E.I.T. Loan Principal	C-12	85,258.43
		<u>775,258.43</u>
Balance, December 31, 2014	C	<u>\$ 6,274,789.45</u>

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2014	ANALYSIS OF BALANCE DECEMBER 31, 2014		
		BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED BALANCE
1996-10	98,704.00		98,704.00	
1998-30	224,505.96		116,203.17	108,302.79
1999-01	65,151.39		65,151.39	
2002-05/2004-49	118,375.98		85,161.02	33,214.96
2007-08	8,000.00			8,000.00
2007-20	297,000.00		74,169.17	222,830.83
2007-43/2009-13	1,483,234.10		381,316.38	1,101,917.72
2008-49	2,050,000.00		1,515.97	2,048,484.03
2009-15	639,829.90		141,136.88	498,691.02
2011-13	1,813,272.00	1,813,272.00		
2013-16	680,877.00	680,877.00		
2014-10	1,425,000.00			1,425,000.00
2014-14	1,567,500.00		158,832.33	1,408,667.67
	<u>\$ 10,471,450.33</u>	<u>\$ 2,494,149.00</u>	<u>\$ 1,122,192.31</u>	<u>\$ 6,855,109.02</u>
	REF. C	C-14	C-3	
Improvement Authorizations - Unfunded	C-7			\$ 7,047,972.56
Unexpended Proceeds of Bond Anticipation Notes	C-3			<u>192,863.54</u>
				<u>\$ 6,855,109.02</u>

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	C		\$ 866,664.88
Increased by:			
Improvement Authorizations	C-7	\$ 637,327.75	
Developers Contributions	C-9	<u>18,830.00</u>	
			<u>656,157.75</u>
			\$ 1,522,822.63
Decreased by:			
Cash Disbursements	C-2		<u>1,214,951.16</u>
Balance, December 31, 2014	C		<u>\$ 307,871.47</u>

"C-8"

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 902,358.23
Increased by:		
2014 Budget Appropriation	C-2	300,000.00
		<u>\$ 1,202,358.23</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	457,795.00
Balance, December 31, 2014	C	<u>\$ 744,563.23</u>

"C-9"

SCHEDULE OF DEVELOPERS' CONTRIBUTION DEPOSITS

Balance, December 31, 2013	C	\$ 2,449,949.75
Increased by:		
Cash Receipts	C-2	202,780.00
		<u>\$ 2,652,729.75</u>
Decreased by:		
Contracts Payable	C-6	18,830.00
Balance, December 31, 2014	C-C-3	<u>\$ 2,633,899.75</u>

Note: An analysis of Developers' Deposits is on file in the Finance Office.

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	CURRENT FUND	GRANT FUND	ASSESSMENT TRUST FUND	TRUST OTHER FUNDS
Balance, December 31, 2013 Due From	C	\$ 2,838,298.08	\$ 1,376,926.41	\$ 91,174.74	\$ 172,172.01	\$ 1,198,024.92
Treasurer-Disbursements	C-2	115,203.23	115,203.23			
Treasurer-Receipts	C-2	130,256.13	39,081.39	91,174.74		
Balance, December 31, 2014 Due From	C	\$ 2,823,245.18	\$ 1,453,048.25	\$	\$ 172,172.01	\$ 1,198,024.92

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 339,321.88
Balance, December 31, 2014	C	\$ <u>339,321.88</u>

TOWNSHIP OF HILLSBOROUGH
 GENERAL CAPITAL FUND
 SCHEDULE OF NET LOANS PAYABLE

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2014		INTEREST RATE	BALANCE DECEMBER 31, 2013	DECREASED	BALANCE DECEMBER 31, 2014
			DATE	AMOUNT				
Sewer Bonds	3/10/2010	\$ 426,761.99	8/1/2015	\$ 18,130.41	5.000%	\$ 394,625.11	\$ 16,735.76	\$ 377,949.35
			8/1/2016-17	19,525.06	5.000%			
			8/1/2018	20,919.71	5.000%			
			8/1/2019	22,314.35	4.000%			
			8/1/2020-21	23,709.00	5.000%			
			8/1/2022	25,103.65	4.000%			
			8/1/2023-24	26,498.29	4.000%			
			8/1/2025	27,892.94	4.000%			
			8/1/2026	29,287.59	3.500%			
			8/1/2027	30,682.24	4.000%			
			8/1/2028-29	32,076.88	4.000%			
			Sewer Bonds	3/10/2010	1,233,408.11			
<u>\$ 1,491,047.88</u>						<u>\$ 85,258.43</u>	<u>\$ 1,405,789.45</u>	
<u>REF</u>						<u>C</u>	<u>C-4</u>	<u>C</u>

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2014		INTEREST RATE	BALANCE DECEMBER 31, 2013	DECREASED	BALANCE DECEMBER 31, 2014
			DATE	AMOUNT				
Refunding Bonds (Open Space)	11/27/12	5,683,000.00	8/01/15	\$ 615,000.00	3.00	\$	\$	\$
			8/01/16	625,000.00	3.00			
			8/01/17	630,000.00	3.00			
			8/01/18	640,000.00	3.00			
			8/01/19	643,000.00	3.00			
			8/01/20	650,000.00	4.00			
			8/01/21	620,000.00	4.00			
Refunding Bonds (General Improvements)	11/27/12	616,000.00	8/01/15	90,000.00	3.00			
			8/01/16	85,000.00	3.00			
			8/01/17	90,000.00	3.00			
			8/01/18	90,000.00	3.00			
			8/01/19	91,000.00	3.00			
						<u>5,026,000.00</u>	<u>605,000.00</u>	<u>4,423,000.00</u>
						<u>631,000.00</u>	<u>85,000.00</u>	<u>446,000.00</u>
						<u>\$ 5,558,000.00</u>	<u>\$ 690,000.00</u>	<u>\$ 4,868,000.00</u>
REF.						C	C-4	C

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2013	INCREASED	DECREASED	BALANCE DECEMBER 31, 2014
2002-05	Expansion of Library Facilities	12/19/03	12/12/13	04/24/14	1.240%	\$ 425,670.00	\$	\$ 425,670.00	\$
2011-13	Various Improvements	12/09/11	12/12/13 12/12/14	12/12/14 12/11/15	1.240% 1.000%	1,900,000.00	1,813,272.00	1,900,000.00	1,813,272.00
2013-16	Various Improvements	12/12/13	12/12/13 12/12/14	12/12/14 12/11/15	1.240% 1.000%	680,877.00	680,877.00	680,877.00	680,877.00
						<u>\$ 3,006,547.00</u>	<u>\$ 2,494,149.00</u>	<u>\$ 3,006,547.00</u>	<u>\$ 2,494,149.00</u>
					REF	C	C-2		C-C-5
	Notes Paid by Budget Disbursements				C-2		\$ 512,388.00	2,494,149.00	
							<u>\$ 3,006,547.00</u>		

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

<u>RESERVE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>CASH RECEIPTS</u>	<u>BALANCE DECEMBER 31, 2014</u>
Waterline Meter	\$ 6,405.00	\$	\$ 6,405.00
Budget Appropriations:			
Upgrade Emergency Vehicle			
Shelter	14,000.00		14,000.00
Emergency Generator	10,000.00		10,000.00
Capital Contracts	38,500.00		38,500.00
Debt Service - SCIA Proceeds		19,762.41	19,762.41
	<u>\$ 68,905.00</u>	<u>\$ 19,762.41</u>	<u>\$ 88,667.41</u>
BEE	C	C-2	C

"C-16"

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM
SOMERSET COUNTY IMPROVEMENT AUTHORITY

	<u>REF.</u>		
Balance, December 31, 2013	C	\$	66,150.35
Decreased by:			
Cash Receipts	C-2	\$	<u>66,150.35</u>

"C-17"

SCHEDULE OF N.J.E.I.T. LOANS RECEIVABLE

Balance, December 31, 2013	C	\$	2,284,950.00
Decreased by:			
Cash Receipts	C-2	\$	<u>2,284,950.00</u>

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2014</u>
1996-10	Various Capital Improvements	\$ 98,704.00
1998-30	Various Capital Improvements	224,505.96
1999-01	Improvements to Municipal Complex	65,151.39
2002-05/2004-49	Expansion of Library Facilities	116,375.98
2007-08	Riverview Sewer Project	8,000.00
2007-20	Mountainview Sewer Project	297,000.00
2008-49	Acquisition of Land	2,050,000.00
2009-13	Installation of Sanitary Sewer System	1,483,234.10
2009-15	Various Road Improvements	639,829.90
2014-10	Various Capital Improvements	1,425,000.00
2014-14	Sanitary Sewer	<u>1,567,500.00</u>
		<u>\$ 7,977,301.33</u>

TOWNSHIP OF HILLSBOROUGH

PART II

REPORTS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AND STATE
FINANCIAL ASSISTANCE PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH U.S. OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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



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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 Committee
Township of Hillsborough
County of Somerset
Hillsborough, New Jersey 08844

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 Hillsborough, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated June 30, 2015. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Hillsborough 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.

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 Hillsborough'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we noted other internal control matters which are described in Part III, General Comments and Recommendations Section of this report.

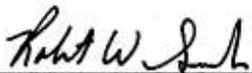
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Hillsborough'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 Hillsborough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 30, 2015



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
U.S. OMB CIRCULAR A -133 AND NEW JERSEY OMB CIRCULAR 04-04**

The Honorable Mayor and Members
of the Township Committee
Township of Hillsborough
County of Somerset
Hillsborough, New Jersey 08844

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Hillsborough's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Hillsborough's major federal and state programs for the year ended December 31, 2014. The Township's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Hillsborough's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Hillsborough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Township of Hillsborough's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Township of Hillsborough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

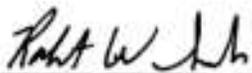
Report on Internal Control Over Compliance

Management of the Township of Hillsborough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Hillsborough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Hillsborough's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey OMB 04-04. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 30, 2015

TOWNSHIP OF HILLSBOROUGH
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR/PAID THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
			FROM	TO				
U.S. DEPARTMENT OF JUSTICE								
Enforcing Underage Drinking Laws Program - Passed Through the New Jersey Department of Law and Public Safety								
COPS Move	16 716	2000CMW03181	9/1/2009	8/31/2009	\$ 44,070.00	\$	\$	\$ 22,701.00
COPS in Shops	16 727	2012-065-1400-100-014	1/1/2011	12/31/2011	1,575.23		1,230.88	1,575.23
COPS in Shops	16 727	2012-065-1400-100-014	1/1/2012	12/31/2012	1,741.64		1,741.64	1,741.64
COPS in Shops	16 727	2012-065-1400-100-014	1/1/2014	12/31/2014	3,500.00	3,100.00	3,100.00	3,100.00
Bullying of Youth Partnership	16 802	NA	Unexpended		1,101.75			
Edward J. Byrne Memorial Justice Assistance Grant	16 578	NA	1/1/2009	12/31/2009	11,077.00			10,940.15
						<u>3,100.00</u>	<u>6,072.44</u>	<u>40,661.00</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION								
Capitalization Grants for Drinking Water State Revolving Fund Indirect Programs - Passed Through the New Jersey Department of Environmental Protection (Fund Portals)								
Green Line Initiative	66 408	2004-247-4860-110-030 2006-042-4860-110-040			4,421,638.00	1,715,710.00	1,715,710.00	4,421,638.00
U.S. DEPARTMENT OF HEALTH								
Local Public Health Emergency Response to H1N1								
	63 081	10-801-07-1-1	10/1/08	9/30/12	101,484.00			101,488.00
U.S. DEPARTMENT OF HOMELAND SECURITY								
Public Assistance for Presidentially Declared Disasters - Passed Through the New Jersey Department of Law and Public Safety Hurricane Sandy								
	87 026	2012-066-1200-10-A02	Continued		288,814.00	149,063.18	150,732.65	288,814.00
U.S. DEPARTMENT OF TRANSPORTATION								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA)								
State and Community Highway Safety - Passed Through the New Jersey Department of Law and Public Safety								
Selective Enforcement Management (Distracted Driver Grant)	20 604	2014-005-1100-100-030	1/1/2014	12/31/2014	4,371.00	4,071.60		1,130.20
Selective Enforcement Management (Distracted Driver Grant)	20 604	2013-005-1100-100-030	Unexpended		1,134.32		1,130.20	1,130.20
National Priority Safety Programs - Passed Through the New Jersey Department of Law and Public Safety								
Impaired Driving Countermeasure (Drive Sober or Get Pulled Over)	20 676	2014-005-1100-100-151	1/1/2014	12/31/2014	4,076.90	4,076.90	4,076.90	4,076.90
Occupant Protection (Click It or Ticket)	20 676	2013-005-1100-100-155	Unexpended		3,000.00		3,000.00	3,000.00
Occupant Protection (Click It or Ticket)	20 676	2014-005-1100-100-155	1/1/2014	12/31/2014	3,021.96	3,021.96	3,021.96	3,021.96
Highway Planning and Construction - Passed Through the New Jersey Department of Transportation								
Homestead Road	20 205	2012-070-0320-480-ALC	Continued		90,000.00	90,000.00	90,000.00	90,000.00
Recreational Trails Program - Passed Through the New Jersey Department of Environmental Protection								
Take a Hike in Hillsborough	20 219	6300-480-019-0-000 TCAP 7311	1/1/04	12/31/04	4,000.00			4,000.00
						<u>62,070.56</u>	<u>61,824.76</u>	<u>65,799.28</u>
TOTAL					\$ 1,927,646.24	\$ 1,802,362.87	\$ 1,802,362.87	\$ 4,919,669.62

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TOWNSHIP OF HILLSBOROUGH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014

STATE GRANTOR PROGRAM TITLE	STATE ACCOUNT NUMBER	FROM	TO	GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
DEPARTMENT OF LAW AND PUBLIC SAFETY							
Safe and Secure Communities	2013-066-1020-100-212	1/1/14	12/31/14	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00
Safe and Secure Communities	1020-100-066-1020-212-1CJF-6120	1/1/06	12/31/09	58,463.00			43,463.16
Body Armor Replacement Fund	2015-066-1020-718-001	1/1/14	12/31/14	4,801.52	4,801.50		
Body Armor Replacement Fund	1020-718-066-1020-001-1CJF-6120	1/1/13	12/31/13	6,322.42			
Body Armor Replacement Fund	1020-718-066-1020-001-1CJF-6120	1/1/12	12/31/12	4,965.85			
Body Armor Replacement Fund	1020-718-066-1020-001-1CJF-6120	1/1/11	12/31/11	4,845.58			
Body Armor Replacement Fund	1020-718-066-1020-001-1CJF-6120	1/1/10	12/31/10	6,703.99			
Body Armor Replacement Fund	1020-718-066-1020-001-1CJF-6120	1/1/09	12/31/09	5,300.00			3,901.85
Body Armor Replacement Fund	1020-718-066-1020-001-1CJF-6120	Unappropriated		61.00			
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	1/1/11	12/31/11	15,735.84		4,892.88	15,735.84
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	1/1/14	12/31/14	19,257.16	19,257.16	13,337.40	13,337.40
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	Unappropriated		4,429.62			
Comprehensive Traffic Safety		1/1/11	12/31/11	7,547.00			7,547.00
					<u>54,059.28</u>	<u>17,690.28</u>	<u>144,043.25</u>
DEPARTMENT OF COMMUNITY AFFAIRS							
Grant Future Planning Grant - Livable Buildable	2006-060-3087-01	1/1/06	3/1/06	60,000.00			4,385.37
Sustainable Hillsborough	N/A	1/1/13	12/31/13	10,250.00		10,250.00	10,250.00
Sustainable Hillsborough		1/1/10	12/31/11	40,000.00			36,901.02
Recreational Opportunities for Individuals with Disabilities	2007-05157-1989-02	1/1/07	12/31/07	19,603.00			12,741.95
Recreational Opportunities for Individuals with Disabilities	2009-05157-1989-02	1/1/09	12/31/09	20,000.00			
						<u>10,250.00</u>	<u>60,278.34</u>
DEPARTMENT OF ENVIRONMENTAL PROTECTION							
Clean Communities Program	4900-752-042-4900-004-V42Y-6020	1/1/12	12/31/13	81,704.05		10,526.73	81,704.05
Clean Communities Program	2014-042-4900-665-004	1/1/14	12/31/14	76,705.90	76,705.90	68,381.30	68,381.30
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Unappropriated		96,347.55			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Unappropriated		34,373.60	31,261.41		
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		12,378.31		3,617.05	7,697.21
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		9,655.16			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		12,320.00			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		21,334.89			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		36,332.26			
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		33,081.02		33,081.02	33,081.02
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		25,548.36		25,548.36	25,548.36
Green Trust Grants	2014-042-4800-082-002	Continuous		487,500.00	487,500.00	487,500.00	487,500.00
Green Trust Grants	2012-042-4800-482-002	Continuous		675,000.00	675,000.00	675,000.00	675,000.00
Green Trust Grants	2011-042-4800-727-002	Continuous		19,961.09	19,961.09	19,961.09	19,961.09
Capitalizer Grants for Drinking Water State Revolving Fund (Trust Portion)							
Sewer Installation	3340-086-01	3/1/10	1/1/12	1,473,878.00	671,237.00	671,237.00	1,473,878.00
Green Communities	4870-100-042-4000-008-V42Y-6120	1/1/02	12/31/02	3,000.00			1,500.00
Green Communities - Forestry Management Plan	PT 08-416	1/1/09	12/31/13	3,000.00			
					<u>1,861,645.40</u>	<u>1,864,862.55</u>	<u>2,874,427.01</u>

TOWNSHIP OF HILLSBOROUGH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014

STATE GRANT/PROGRAM TITLE	STATE ACCOUNT NUMBER	FROM	TO	GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
DEPARTMENT OF TRANSPORTATION							
NJ Transportation Trust Fund - Montgomery Road	6320-480-078-6320-AJ2-TCAP-6010	Continuous		\$ 105,000.00	\$	\$	\$ 78,000.00
NJ Transportation Trust Fund - Mountainview Road	6320-480-078-6320-AK2-TCAP-6010	Continuous		250,000.00			141,171.74
NJ Transportation Trust Fund - Homestead Road	6320-480-078-6320-AJ2-TCAP-6010	Continuous		150,000.00		150,000.00	150,000.00
Boyle Lane Improvements - Amsterdams to Willow	6320-480-078-6320-AFL-TCAP-6010	Continuous		150,000.00			
State Aid Highway Projects - Hillsborough Road	6320-480-078-6320-AJ2-TCAP-6010	Continuous		80,000.00			80,000.00
Safe Corridors	2014-678-6100-100-051	Continuous		147,118.30	147,118.30	170,000.00	110,000.00
					<u>147,118.30</u>	<u>260,000.00</u>	<u>668,257.32</u>
DEPARTMENT OF HEALTH							
Tobacco Age of Sale Enforcement Program	4230-100-046-4754-414-3002-6120	1/1/09	12/31/09	960.00			780.00
Tobacco Age of Sale Enforcement Program	4230-100-046-4754-414-3002-6120	1/1/09	12/31/09	960.00			
Tobacco Age of Sale Enforcement Program	4230-100-046-4754-414-3002-6120	1/1/09	12/31/09	420.00			
Healthy \$ Insulators	4230-100-046-6033-104-A241-5890	1/1/11	12/31/11	5,000.00			4,196.00
Public Health Priority Funding	4230-100-046-4E10-307-3002-6020	1/1/10	12/31/10	8,711.00			
Public Health Priority Funding	4230-100-046-4E01-307-3002-6020	1/1/09	12/31/09	54,340.00			
Public Health Priority Funding	4230-100-046-4E10-307-3002-6020	1/1/09	12/31/09	14,382.00			
Public Health Priority Funding	4230-100-046-4E10-307-3002-6020	1/1/07	12/31/07	53,724.00			504.80
Pandemic Flu Preparedness Plan	4230-100-046-4E07-300-3002-6120	1/1/09	12/31/09	9,891.00			7,355.44
Alcohol Education Rehabilitation Fund	9735-790-098-1900-001-X100-6020	1/1/13	12/31/13	580.52		76.10	76.10
Alcohol Education Rehabilitation Fund	9735-790-098-1900-001-X100-6020	1/1/12	12/31/12	1,996.63		1,996.63	1,996.63
Alcohol Education Rehabilitation Fund	9735-790-098-1900-001-X100-6020	1/1/11	12/31/11	3,290.02		527.27	3,290.02
						<u>3,603.00</u>	<u>18,158.90</u>
DEPARTMENT OF AGRICULTURE							
New Jersey Transit State Board Training Assistance Grant	747-015-3380-003-CCC-6020	6/13/06	7/31/10	40,900.00			287.83
					<u>\$ 2,062,942.70</u>	<u>\$ 2,245,627.67</u>	<u>\$ 3,659,468.78</u>

TOWNSHIP OF HILLSBOROUGH

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

YEAR ENDED DECEMBER 31, 2014

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund, General Capital Fund or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS-REGULATORY BASIS (CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 149,063.18	\$	\$	\$ 149,063.18
Grant Fund	65,170.06	309,144.69	39,051.00	413,365.75
Trust Fund		1,182,461.09		1,182,461.09
General Capital Fund	<u>1,713,713.00</u>	<u>571,237.00</u>	<u></u>	<u>2,284,950.00</u>
	<u>\$ 1,927,946.24</u>	<u>\$ 2,062,842.78</u>	<u>\$ 39,051.00</u>	<u>\$ 4,029,840.02</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 110,732.65	\$	\$	\$ 110,732.65
Grant Fund	67,907.22	491,924.54	95,400.20	655,231.96
Trust Fund		1,182,461.09		1,182,461.09
General Capital Fund	<u>1,713,713.00</u>	<u>571,237.00</u>	<u></u>	<u>2,284,950.00</u>
	<u>\$ 1,892,352.87</u>	<u>\$ 2,245,622.63</u>	<u>\$ 95,400.20</u>	<u>\$ 4,233,375.70</u>

NOTE 5. OTHER

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

TOWNSHIP OF HILLSBOROUGH
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| (1) Type of Auditor Report Issued: | Unmodified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weakness(es) identified? | No |
| (b) Significant deficiencies identified? | No |
| (3) Noncompliance material to the financial statements noted during the audit? | No |

Federal Program(s)

- | | |
|---|------------|
| (1) Internal Control Over Major Federal Programs: | |
| (a) Material weakness(es) identified? | No |
| (b) Significant deficiencies identified? | No |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)? | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | No |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>C.F.D.A. #</u>
U.S. Department of Environmental Protection: Capitalization Grants for Clean Water State Revolving Fund	66.458

- | | |
|---|----|
| (5) Program Threshold Determination:
Type A Federal Program Threshold > \$300,000.00
Type B Federal Program Threshold <= \$300,000.00 | |
| (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? | No |

TOWNSHIP OF HILLSBOROUGH
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results (Continued)

State Program(s)

(1) Internal Control Over Major State Programs:

- (a) Material weakness(es) identified? No
- (b) Significant deficiencies identified? No

(2) Type of Auditor's Report issued on compliance for major state program(s)? Unmodified

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04 and listed in Section III of this schedule? No

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
New Jersey Department of Environmental Protection:	
Capitalization Grants for Clean Water State Revolving Fund	2004-042-4860-510-036/ 2006-042-4860-510-040
Green Trust Grants	2014-042-4800-582-002/ 2012-042-4800-482-002/ 2011-042-4800-727-002

(5) Program Threshold Determination:
Type A State Program Threshold > \$300,000.00
Type B State Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? No

TOWNSHIP OF HILLSBOROUGH
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs - None Reported

State Programs - None Reported

Status of Prior Year Audit Findings - Not Applicable

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PART III

TOWNSHIP OF HILLSBOROUGH

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

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

	YEAR 2014		YEAR 2013	
	AMOUNT	%	AMOUNT	%
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 2,000,000.00	1.44%	\$ 1,962,868.00	1.43%
Miscellaneous - From Other Than Local Property Tax Levies	8,925,310.30	6.40%	8,510,375.47	6.22%
Collection of Delinquent Taxes and Tax Title Liens	812,408.32	0.58%	846,462.97	0.62%
Collections of Current Tax Levy	127,627,747.05	91.56%	125,603,960.59	91.73%
Total Revenue	\$ 139,365,483.67	100.00%	\$ 136,923,667.03	100.00%
EXPENDITURES				
Budget Expenditures:				
Municipal Purposes	\$ 27,157,031.20	19.75%	\$ 26,668,922.61	19.75%
County Taxes	22,508,719.09	16.37%	23,149,175.55	17.15%
Local School Taxes	83,883,390.00	61.01%	81,899,464.00	60.66%
Fire District Tax	1,764,526.00	1.28%	1,706,673.00	1.26%
Township Open Space	1,541,897.95	1.12%	1,573,779.21	1.17%
Other Expenditures	624,700.08	0.45%	20,695.11	0.02%
Total Expenditures	\$ 137,480,264.32	100.00%	\$ 135,018,709.48	100.00%
Excess in Revenue	\$ 1,885,199.35		\$ 1,904,957.55	
Fund Balance - January 1	2,472,653.92		2,530,564.37	
	\$ 4,357,853.27		\$ 4,435,521.92	
Less: Utilization as Anticipated Revenue	2,000,000.00		1,962,868.00	
Fund Balance, December 31	\$ 2,357,853.27		\$ 2,472,653.92	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>\$2.334</u>	<u>\$2.252</u>	<u>\$2.215</u>
Apportionments of Tax Rate:			
Municipal	\$0.327	\$0.313	\$0.309
Municipal Open Space	0.028	0.028	0.028
County	0.330	0.333	0.316
County Library	0.048	0.048	0.046
County Open Space	0.032	0.032	0.033
Local School	1.536	1.467	1.453
Fire District	<u>0.033</u>	<u>0.031</u>	<u>0.030</u>

ASSESSED VALUATIONS

2014	<u>\$5,460,241,157.00</u>	
2013		<u>\$5,581,450,026.00</u>
2012		<u>\$5,552,933,316.00</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 COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2014	\$128,583,712.76	\$127,627,747.05	99.25%
2013	\$126,596,623.85	\$125,603,960.59	99.22%
2012	\$123,868,452.73	\$122,888,396.13	99.21%

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>
2014	\$169,096.93	\$752,717.19	\$921,814.12	0.72%
2013	\$162,702.95	\$814,384.48	\$977,087.43	0.77%
2012	\$151,188.21	\$851,534.29	\$1,002,722.50	0.81%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2014	\$1,642,200.00
2013	\$1,642,200.00
2012	\$1,642,200.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUGET OF SUCCEEDING YEAR</u>
	2014	\$2,477,853.27	\$2,000,000.00
	2013	\$2,472,653.92	\$2,000,000.00
CURRENT FUND	2012	\$2,530,564.37	\$1,962,868.00
	2011	\$2,388,610.31	\$1,625,000.00
	2010	\$3,734,053.64	\$2,800,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>SURETY COMPANY</u>
Douglas Tomson	Mayor	*	
Greg Burchette	Deputy Mayor	*	
Frank DelCore	Committeeperson	*	
Gloria McCauley	Committeeperson	*	
Carl Suraci	Committeeperson	*	
Anthony Ferrara	Administrator	*	
Nancy Costa	Tax Collector, Chief Financial Officer, Treasurer	\$ 1,000,000.00	M.E.L.J.I.F.
April Crossen	Deputy Treasurer	*	
Debra L. Blaney	Tax Assessor	*	
Pamela Borek	Municipal Clerk	*	

OFFICIALS IN OFFICE AND SURETY BONDS (CONTINUED)

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>SURETY COMPANY</u>
Albert Cruz	Attorney	*	
Frank A. Blandino	Prosecutor	*	
John Richardson	Magistrate	*	
Susan Keeth	Court Administrator	*	
Nancy Horvath	Deputy Court Administrator	*	
Dr. Glen Belnay	Health Officer	*	
Paul Kaminsky	Chief of Police	*	
Richard Resavy	Director of Public Works	*	
John Fiedler	Construction Code Official	*	
Peter Palmeri	Electrical Sub-Code Official	*	
Edward Allatt	Fire Sub-Code Official	*	
Anthony Menafro	Plumbing Sub-Code Official	*	
David Kois	Zoning Officer	*	
Ronald Skobo	Director of Parks and Recreation	*	

*Blanket Position Bond \$1,000,000.00 Municipal Excess Liability Joint Insurance Fund.

All of the bonds were examined and were properly executed.

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS 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 therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials 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.198 (C.40A:11-3), except by contract or agreement.

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00. In accordance with N.J.S.A. 40A:11-3 and authorized by a resolution dated January 25, 2011 of the governing body, the bid threshold for all purchases made by the Township's qualified purchasing agent is \$36,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

2014 Sidewalk and Curbing Replacement
HVAC System Maintenance
Resurfacing of Homestead Road

Inasmuch 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. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 2, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, N.J. Revised Statutes 54:4-67 implies that affirmative action is required on the part of the governing body in fixing the rate of interest on delinquent taxes:

"THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Hillsborough that the interest rate on delinquent taxes shall be 8% per annum of the first \$1,500.00 and 18% per annum on any amount in excess of \$1,500.00 for the year 2014 and no interest shall be charged if payment of any installment is made within the 10th calendar day following the day upon which same became payable.

BE IT FURTHER RESOLVED, in accordance with N.J.S.A. 54:4-67 the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year and that such penalty shall not exceed 6% of the amount of the delinquency.

BE IT FURTHER RESOLVED, that in any case where the taxes are not paid during the respective extended periods, the full interest rate from the due date shall apply."

It appears from an audit of the Collector's records that interest was collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on April 23, 2014 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2014	26
2013	24
2012	24

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.

CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation 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>
Tax Payment Information	30
Delinquent Taxes	20

OTHER COMMENTS

Interfunds

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

It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

Treasurer

There are many outstanding receivable and reserve balances that should be reviewed for liquidation or cancellation.

Expenditures were charged to Grants which were never appropriated in the 2014 Budget.

RECOMMENDATIONS

*That outstanding receivable and reserve balances be investigated for cancellation.

That all grants be appropriated in the Budget prior to the commitment of expenditures of funds.

*Prior Year Recommendations

