

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, 2018

TOWNSHIP OF HILLSBOROUGH

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TOWNSHIP OF HILLSBOROUGH

PART I

INDEPENDENT AUDITOR'S REPORT ON
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AND SUPPLEMENTARY SCHEDULES AND DATA

REPORT ON INTERNAL CONTROL OVER FINANCIAL
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BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
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YEAR ENDED DECEMBER 31, 2018 AND 2017



SUPLEE, CLOONEY & COMPANY

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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, 2018 and 2017, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2018, 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township of 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, 2018 and 2017, 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, 2018.

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, 2018 and 2017, 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, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

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

The supplemental information and data listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, schedules of expenditures of federal awards and state financial assistance 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 August 8, 2019 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

August 8, 2019



SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members
of the Township 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, 2018, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated August 8, 2019. 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.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township'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 discussed 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

August 8, 2019

CURRENT FUND

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
Current Fund:			
Cash	A-4	\$ 5,896,524.25	\$ 16,996,582.55
Change Funds	A-6	575.00	575.00
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8	2,771.58	2,468.49
		<u>\$ 5,899,870.83</u>	<u>\$ 16,999,626.04</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 907,843.06	\$ 796,043.39
Tax Title Liens Receivable	A-10	278,886.51	240,946.81
Property Acquired for Taxes - Assessed Valuation	A-11	1,642,200.00	1,642,200.00
Revenue Accounts Receivable	A-12	22,452.44	22,483.59
Refunds Receivable	A-15		126,009.16
Interfunds Receivable	A-13	597,309.88	1,242,773.61
	A	<u>\$ 3,448,691.89</u>	<u>\$ 4,070,456.56</u>
		<u>\$ 9,348,562.72</u>	<u>\$ 21,070,082.60</u>
Grant Fund:			
Cash	A-4	\$ 282,871.83	\$
Grants Receivable	A-7	1,020,137.36	952,148.90
Interfunds Receivable	A-30	168,406.12	654,605.06
		<u>\$ 1,471,415.31</u>	<u>\$ 1,606,753.96</u>
		<u>\$ 10,819,978.03</u>	<u>\$ 22,676,836.56</u>

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-18	\$ 801,016.98	\$ 753,568.45
Encumbrances Payable	A-19	812,574.38	787,130.56
Tax Overpayments	A-16	750.00	794.13
Interfunds Payable	A-13	180,147.04	1,803,614.79
Prepaid Taxes	A-21	746,008.92	10,803,983.90
Reserve for Miscellaneous Deposits	A-14	179,643.69	229,643.69
Reserve for Tax Appeals	A-17	22,763.14	29,288.18
Due State of New Jersey-Construction Code Official	A-25	16,193.00	19,876.00
Due State of New Jersey-Registrar Licenses	A-26	4,050.00	850.00
		<u>\$ 2,763,147.15</u>	<u>\$ 14,428,749.70</u>
Reserve for Receivables	A	3,448,691.89	4,070,456.56
Fund Balance	A-1	<u>3,136,723.68</u>	<u>2,570,876.34</u>
		<u>\$ 9,348,562.72</u>	<u>\$ 21,070,082.60</u>
Grant Fund:			
Reserve for Grants-Appropriated	A-27	\$ 992,213.87	\$ 1,348,254.59
Reserve for Grants-Unappropriated	A-28	51,159.65	19,186.52
Encumbrances Payable	A-20	<u>428,041.79</u>	<u>239,312.85</u>
		<u>\$ 1,471,415.31</u>	<u>\$ 1,606,753.96</u>
		<u>\$ 10,819,978.03</u>	<u>\$ 22,676,836.56</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

	REF.	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 2,000,000.00	\$ 2,000,000.00
Miscellaneous Revenues Anticipated	A-2	7,800,893.02	8,087,964.28
Receipts from Delinquent Taxes	A-2	781,779.93	837,267.74
Receipts from Current Taxes	A-2	143,490,163.67	138,469,859.90
Non-Budget Revenues	A-2	318,919.42	411,846.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	A-18	615,926.16	542,253.99
Encumbrances Canceled	A-19	1,701.40	88.60
Tax Overpayments Canceled	A-16	202.78	
Interfunds Returned		645,463.73	
Refunds Receivable Collected	A-15	599,981.11	415,159.39
<u>Total Income</u>		<u>\$ 156,255,031.22</u>	<u>\$ 150,764,440.14</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
within "CAPS":			
Operations including Contingent	A-3	\$ 22,583,062.00	\$ 22,142,097.00
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	3,417,018.00	3,302,665.00
Excluded from "CAPS"			
Operations	A-3	901,798.19	812,435.37
Capital Improvement Fund	A-3	620,000.00	585,000.00
Municipal Debt Service	A-3	1,420,783.66	1,389,583.55
Deferred Charges and Judgments	A-3	10,000.00	10,000.00
County Tax	A-22	24,464,936.67	23,850,362.46
County Tax for Added and Omitted Taxes	A-22	173,638.49	135,035.18
Local District School Tax	A-23	95,321,180.00	91,651,354.00
Fire District Tax	A-29	2,621,649.00	2,436,144.00
Municipal Open Space Tax	A-24	1,672,376.63	1,615,141.58
Interfund Advances			273,181.81
Refund Receivable	A-15	473,971.95	437,185.76
Grants Canceled			0.15
Refund of Prior Years Revenues	A-4	8,769.29	20,214.99
<u>Total Expenditures</u>		<u>\$ 153,689,183.88</u>	<u>\$ 148,660,400.85</u>
Excess in Revenue		\$ 2,565,847.34	\$ 2,104,039.29
<u>Fund Balance</u>			
Balance, January 1	A	<u>2,570,876.34</u>	<u>2,466,837.05</u>
		\$ 5,136,723.68	\$ 4,570,876.34
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>2,000,000.00</u>	<u>2,000,000.00</u>
Balance, December 31	A	<u>\$ 3,136,723.68</u>	<u>\$ 2,570,876.34</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, 2018

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 2,000,000.00		\$ 2,000,000.00	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-12	\$ 37,600.00	\$	\$ 37,938.00	\$ 338.00
Other Licenses	A-2	34,000.00		34,634.00	634.00
Construction Code Official - Fees and Permits	A-2	1,550,000.00		1,149,643.05	(400,356.95)
Other Fees and Permits	A-2	222,000.00		245,860.71	23,860.71
Fines and Costs - Municipal Court	A-12	400,000.00		364,654.06	(35,345.94)
Interest and Costs on Taxes	A-12	175,000.00		206,742.91	31,742.91
Interest on Investments and Deposits	A-12	95,000.00		247,181.69	152,181.69
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	
Health Officer - Borough of Millstone	A-12	18,000.00		36,000.00	18,000.00
Shared Service - Municipal Court - Montgomery	A-12	158,880.00		145,140.00	(13,740.00)
Shared Service - Municipal Court - Manville	A-12	122,400.00		93,636.00	(28,764.00)
Open Space Trust Fund	A-12	729,290.00		732,290.00	3,000.00
Cable TV Franchise Fees	A-12	60,306.00		60,305.95	(0.05)
Cell Tower Lease	A-12	73,000.00		75,266.30	2,266.30
Contribution from Somerville Business Park	A-12	317,448.00		317,448.04	0.04
Operating Contribution - Hillsborough Promenade	A-12	42,356.00		42,356.12	0.12
Somerset County Library System	A-12	44,779.00			(44,779.00)
Municipal Alliance Drug Program	A-7	28,436.00		28,436.00	
Drunk Driving Enforcement Fund	A-7	6,859.00		6,859.00	
Body Armor Replacement Fund	A-7	5,238.00		5,238.00	
Clean Communities Program	A-7		86,804.87	86,804.87	
Safe and Secure Communities	A-7	60,000.00		60,000.00	
Emergency Management	A-7	7,000.00		7,000.00	
N.J.D.O.T - State Highway Projects Amwell Road	A-7		546,794.32	546,794.32	
Youth Services	A-7		5,000.00	5,000.00	
	A-1	\$ 7,453,256.00	\$ 638,599.19	\$ 7,800,893.02	\$ (290,962.17)
Receipts From Delinquent Taxes	A-2	\$ 700,000.00	\$	\$ 781,779.93	\$ 81,779.93
Amount to be Raised by Taxes for Support of Municipal Budget	A-9:A-2	\$ 19,315,583.00	\$	\$ 20,361,382.88	\$ 1,045,799.88
<u>Budget Totals</u>		\$ 29,468,839.00	\$ 638,599.19	\$ 30,944,055.83	\$ 836,617.64
Non-Budget Revenues	A-2			318,919.42	318,919.42
		\$ 29,468,839.00	\$ 638,599.19	\$ 31,262,975.25	\$ 1,155,537.06
	<u>REF.</u>	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, 2018

	<u>REF.</u>	
Allocations of Current Tax Collections:		
Revenues from Collections	A-9	\$ 143,490,163.67
Allocated to:		
School and County Taxes		\$ 119,959,755.16
Fire District Tax		2,621,649.00
Township Open Space Tax		<u>1,672,376.63</u>
		<u>124,253,780.79</u>
Balance for Support of Municipal Appropriations		\$ 19,236,382.88
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,125,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 20,361,382.88</u>

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	\$ 775,965.98
Tax Title Lien Collections	A-10	<u>5,813.95</u>
	A-1:A-2	<u>\$ 781,779.93</u>
Licenses - Other:		
Clerk	A-12	\$ <u>34,634.00</u>
	A-2	<u>\$ 34,634.00</u>
Other Fees and Permits:		
Engineering Department	A-12	\$ 18,532.25
Planning Board/Board of Adjustment	A-12	93,483.50
Police Department	A-12	4,803.73
Registrar of Vital Statistics	A-12	32,769.00
Township Clerk	A-12	68,341.90
Tax Assessor	A-12	15.10
Miscellaneous Fees	A-12	19,209.83
Zoning Board	A-12	<u>10,332.40</u>
		\$ 247,487.71
Less: Refunds	A-4	<u>1,627.00</u>
	A-2	<u>\$ 245,860.71</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, 2018

REF.

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:

Administrative Charges - Senior Citizens and Veterans	\$	3,333.30
Administrative Charges - Homestead Rebates		2,445.00
Special Police		80,951.00
Interest on Delinquent Assessments		65,974.35
Refunds		5,148.68
Health Clinics/NJDHHS		7,825.00
Sale of Assets Auction Proceeds		47,348.70
Probation/Restitution		2,044.00
Duke Farms		11,337.37
Rents		22,500.01
Tax Collector		27,548.72
Payments in Lieu of Taxes		32,000.00
Miscellaneous		10,463.29
	A-1:A-4	\$ <u>318,919.42</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, 2018

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>OPERATIONS WITHIN "CAPS":</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 198,938.00	\$ 198,938.00	\$ 198,688.00	\$ 250.00	\$
Other Expenses:					
Miscellaneous	6,565.00	6,565.00	3,450.74	3,114.26	
Postage	38,547.00	38,547.00	38,478.56	68.44	
Mayor and Committee:					
Salaries and Wages	18,000.00	18,000.00	17,708.46	291.54	
Other Expenses	15,583.00	15,583.00	15,549.03	33.97	
Clerk:					
Salaries and Wages	264,961.00	264,961.00	260,829.49	4,131.51	
Other Expenses	36,995.00	36,995.00	36,742.24	252.76	
Public Meeting Recording	14,000.00	14,000.00	5,500.00	8,500.00	
Elections:					
Other Expenses	12,000.00	12,000.00	12,000.00		
Central Purchasing:					
Other Expenses	5,500.00	5,500.00	3,908.97	1,591.03	
Financial Administration:					
Salaries and Wages	199,058.00	199,058.00	199,058.00		
Other Expenses	19,695.00	19,695.00	19,675.23	19.77	
Audit Services	87,000.00	87,000.00	87,000.00		
Assessment of Taxes:					
Salaries and Wages	355,619.00	355,619.00	353,493.08	2,125.92	
Other Expenses	99,950.00	78,950.00	44,975.60	33,974.40	
Revenue Administration (Collection of Taxes):					
Salaries and Wages	75,542.00	75,542.00	75,266.39	275.61	
Other Expenses	26,662.00	26,662.00	26,654.63	7.37	
Human Resources:					
Other Expenses	55,606.00	55,606.00	54,654.75	951.25	
Information Technology:					
Salaries and Wages	121,262.00	111,262.00	107,021.17	4,240.83	
Other Expenses	66,782.00	76,782.00	76,653.35	128.65	

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, 2018

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>OPERATIONS WITHIN "CAPS"</u>					
Legal Services and Costs:					
Other Expenses:					
Outside Services	\$ 151,000.00	\$ 151,000.00	\$ 142,735.92	\$ 8,264.08	\$
Miscellaneous	90,911.00	90,911.00	85,609.95	5,301.05	
Engineering Services and Costs:					
Salaries and Wages	367,466.00	367,466.00	363,153.48	4,312.52	
Other Expenses	48,011.00	48,011.00	46,541.85	1,469.15	
Economic Development Committee:					
Salaries and Wages	72,876.00	73,876.00	73,542.18	333.82	
Other Expenses	5,040.00	5,040.00	4,833.31	206.69	
Municipal Land Use Law (N.J.S. 40:55D-1):					
Planning Board:					
Salaries and Wages	252,128.00	252,128.00	248,240.09	3,887.91	
Other Expenses	52,615.00	52,615.00	28,409.57	24,205.43	
Zoning Commission:					
Other Expenses	35,850.00	37,589.00	24,594.65	12,994.35	
Insurance:					
Unemployment Compensation	41,136.00	41,136.00	22,327.10	18,808.90	
General Liability	689,411.00	689,411.00	686,867.63	2,543.37	
Employee Group Health	2,592,562.00	2,592,562.00	2,529,055.79	63,506.21	
<u>PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	6,717,483.00	6,717,483.00	6,639,876.83	77,606.17	
Other Expenses	662,533.00	662,533.00	636,726.93	25,806.07	
Municipal Prosecutor:					
Salaries and Wages	108,000.00	108,000.00	108,000.00		
Emergency Management:					
Salaries and Wages	57,399.00	57,399.00	57,399.00		
Other Expenses	35,080.00	35,080.00	35,021.94	58.06	
Contribution to Fire District	15,000.00	15,000.00	15,000.00		
Fire Hydrant Service	900,000.00	900,000.00	833,842.57	66,157.43	

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, 2018

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>PUBLIC WORKS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	\$ 1,644,341.00	\$ 1,634,341.00	\$	1,596,456.06	\$	37,884.94
Other Expenses	542,827.00	552,827.00		550,161.82		2,665.18
Snow Removal:						
Salaries and Wages	130,000.00	130,000.00		109,460.64		20,539.36
Other Expenses	365,000.00	415,000.00		384,621.39		30,378.61
Public Buildings and Grounds:						
Other Expenses	206,800.00	206,800.00		206,394.44		405.56
Solid Waste Flow (Recycling):						
Other Expenses	344,000.00	344,000.00		343,788.77		211.23
Solid Waste Collection (Annual Clean-Up):						
Salaries and Wages	30,000.00	30,000.00		28,305.29		1,694.71
Other Expenses	111,000.00	111,000.00		73,254.54		37,745.46
Sanitary Landfill:						
Other Expenses	7,560.00	7,560.00		2,500.00		5,060.00
Municipal Condo Service Act	31,000.00	31,000.00		25,642.87		5,357.13
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	471,396.00	471,396.00		454,458.00		16,938.00
Other Expenses	59,568.00	59,568.00		52,953.27		6,614.73
Animal Control Regulation:						
Salaries and Wages	7,500.00	7,500.00		1,036.75		6,463.25
Other Expenses	95,525.00	80,525.00		77,913.90		2,611.10
Social Services:						
Salaries and Wages	211,417.00	211,417.00		202,441.29		8,975.71
Other Expenses	27,888.00	27,888.00		27,502.52		385.48
Contribution to Senior Citizens' Organization	28,000.00	28,000.00		28,000.00		
Environmental Commission (R.S. 40:56A-1, et. seq.):						
Other Expenses	2,139.00	400.00		400.00		
Wildlife Management:						
Other Expenses	8,000.00	8,000.00		4,734.00		3,266.00

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, 2018

	<u>APPROPRIATIONS</u>		<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>BALANCE</u> <u>CANCELLED</u>
<u>RECREATION AND EDUCATION</u>						
Parks and Playgrounds						
Salaries and Wages	\$ 583,044.00	\$	583,044.00	\$ 583,044.00	\$	\$
Other Expenses	167,125.00		167,125.00	164,331.61	2,793.39	
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	3,500.00		3,500.00	3,251.05	248.95	
Celebration of Public Events	32,000.00		32,000.00	23,699.09	8,300.91	
<u>MUNICIPAL COURT</u>						
Municipal Court:						
Salaries and Wages	346,100.00		346,100.00	324,164.65	21,935.35	
Other Expenses	57,000.00		57,000.00	43,386.79	13,613.21	
Court Security	20,000.00		20,000.00	20,000.00		
<u>UNIFORM CONSTRUCTION CODE</u>						
Inspection of Buildings:						
Salaries and Wages	1,176,086.00		1,176,086.00	1,094,228.18	81,857.82	
Other Expenses	47,040.00		47,040.00	46,928.48	111.52	
<u>UNCLASSIFIED</u>						
Utilities:						
Gasoline	140,000.00		140,000.00	131,311.41	8,688.59	
Street Lighting	330,000.00		330,000.00	327,701.17	2,298.83	
Electricity	425,000.00		425,000.00	420,558.83	4,441.17	
Natural Gas	35,000.00		25,000.00	9,361.46	15,638.54	
Telephones	95,000.00		95,000.00	89,766.93	5,233.07	
Sewer	4,200.00		4,200.00	4,200.00		
Diesel Fuel	60,000.00		55,000.00	47,982.25	7,017.75	
Water	100,000.00		100,000.00	59,141.38	40,858.62	
Google	15,000.00		15,000.00	12,705.04	2,294.96	
Sick and Vacation Reserve	2,500.00		2,500.00		2,500.00	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 22,583,062.00	\$	22,583,062.00	\$ 21,802,614.35	\$ 780,447.65	\$

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, 2018

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	\$ 22,583,062.00	\$ 22,583,062.00	\$ 21,802,614.35	\$ 780,447.65	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - <u>MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Police and Firemen's Retirement System of NJ	\$ 1,541,292.00	\$ 1,541,292.00	\$ 1,541,292.00	\$	\$
Public Employees' Retirement System	872,291.00	872,291.00	872,291.00		
Social Security System	988,435.00	988,435.00	981,913.68	6,521.32	
Defined Contribution Retirement Program	15,000.00	15,000.00	9,367.12	5,632.88	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>	\$ 3,417,018.00	\$ 3,417,018.00	\$ 3,404,863.80	\$ 12,154.20	\$
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	\$ 26,000,080.00	\$ 26,000,080.00	\$ 25,207,478.15	\$ 792,601.85	\$
MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g <u>EXCLUDED FROM "CAPS"</u>					
Public Works (Stormwater):					
Salaries and Wages	82,040.00	82,040.00	77,186.91	4,853.09	
Other Expenses	25,200.00	25,200.00	24,637.96	562.04	
Stormwater Engineering:					
Other Expenses	12,000.00	12,000.00	9,000.00	3,000.00	
Health Officer - Borough of Millstone	18,000.00	18,000.00	18,000.00		

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, 2018

	<u>APPROPRIATIONS</u>		<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>BALANCE</u> <u>CANCELED</u>
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES						
Clean Communities Program (N.J.S.A. 40A:4-87 +\$86,804.87)		\$	86,804.87	\$	86,804.87	\$
Municipal Alliance Fund:						
County	28,436.00		28,436.00	28,436.00		
Local Match	7,109.00		7,109.00	7,109.00		
Bulletproof Vest Partnership	5,238.00		5,238.00	5,238.00		
Youth Services Commission (N.J.S.A. 40A:4-87 +\$5,000.00)			5,000.00	5,000.00		
Safe and Secure Communities	60,000.00		60,000.00	60,000.00		
SFSP Fire District Payment	11,317.00		11,317.00	11,317.00		
Drunk Driving Enforcement Fund	6,859.00		6,859.00	6,859.00		
NJ DOT - New Amwell Road (N.J.S.A. 40A:4-87 +\$546,794.32)			546,794.32	546,794.32		
Office of Emergency Management Grant	7,000.00		7,000.00	7,000.00		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 263,199.00	\$	901,798.19	\$ 893,383.06	\$ 8,415.13	\$
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 570,000.00	\$	570,000.00	\$ 570,000.00	\$	\$
Cistern Replacement	50,000.00		50,000.00	50,000.00		
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 620,000.00	\$	620,000.00	\$ 620,000.00	\$	\$

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, 2018

	<u>APPROPRIATIONS</u>		<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>CHARGED</u>		<u>BALANCE</u>
		<u>MODIFICATION</u>			<u>CANCELED</u>
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 730,000.00	\$ 730,000.00	\$ 730,000.00	\$	
Payment of Bond Anticipation Notes and Capital Notes	353,000.00	353,000.00	353,000.00		
Interest on Bonds	110,878.00	110,878.00	110,878.00		
Interest on Notes	39,207.00	39,207.00	39,207.00		
NJ Environmental Infrastructure Loan	147,417.00	147,417.00	117,640.66		29,776.34
Somerset County Improvement Authority Lease Payments	70,058.00	70,058.00	70,058.00		
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	<u>\$ 1,450,560.00</u>	<u>\$ 1,450,560.00</u>	<u>\$ 1,420,783.66</u>	<u>\$</u>	<u>29,776.34</u>
<u>DEFERRED CHARGES-EXCLUDED FROM "CAPS"</u>					
Deferred Charges Unfunded:					
Ordinance 96-10	10,000.00	10,000.00	10,000.00	\$	
<u>TOTAL DEFERRED CHARGES-EXCLUDED FROM "CAPS"</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>\$</u>	
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>2,343,759.00</u>	<u>2,982,358.19</u>	<u>2,944,166.72</u>	<u>\$ 8,415.13</u>	<u>29,776.34</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>28,343,839.00</u>	<u>28,982,438.19</u>	<u>28,151,644.87</u>	<u>\$ 801,016.98</u>	<u>29,776.34</u>
	<u>1,125,000.00</u>	<u>1,125,000.00</u>	<u>1,125,000.00</u>		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>29,468,839.00</u>	<u>30,107,438.19</u>	<u>29,276,644.87</u>	<u>\$ 801,016.98</u>	<u>29,776.34</u>
REF.	A-2		A-1	A-A-1	

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

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-2:B-3	\$ 866,398.86	\$ 1,410,575.10
Assessments Receivable	B-4	3,497,493.27	3,024,741.49
Amount to be Raised by Taxation	B-5	269,580.87	27,601.79
Prospective Assessments			1,139,110.08
		<u>\$ 4,633,473.00</u>	<u>\$ 5,602,028.46</u>
Animal Control Fund:			
Cash	B-2	\$ 29,085.67	\$ 44,118.60
		<u>\$ 29,085.67</u>	<u>\$ 44,118.60</u>
Other Funds:			
Cash	B-2	\$ 21,094,149.98	\$ 24,024,538.14
		<u>\$ 21,094,149.98</u>	<u>\$ 24,024,538.14</u>
		<u>\$ 25,756,708.65</u>	<u>\$ 29,670,685.20</u>

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

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Interfunds Payable	B-7	\$ 394,686.01	\$ 974,891.72
Assessment Serial Bonds	B-9	309,100.00	337,200.00
Assessment Loans	B-10	3,729,964.85	4,056,883.12
Assessment Loans Interest	B-8	194,076.14	227,407.62
Reserve for Assessment Liens	B-6	564.60	2,258.40
Fund Balance	B-1	<u>5,081.40</u>	<u>3,387.60</u>
		<u>\$ 4,633,473.00</u>	<u>\$ 5,602,028.46</u>
Animal Control Fund:			
Interfunds Payable	B-11	\$ 2,637.89	\$ 9,952.50
Due State of New Jersey	B-12		3.60
Encumbrances Payable	B-13		25,971.30
Reserve for Animal Control Expenditures	B-13	<u>26,447.78</u>	<u>8,191.20</u>
		<u>\$ 29,085.67</u>	<u>\$ 44,118.60</u>
Other Funds:			
Encumbrances Payable	B-14	\$ 146,022.27	\$ 645,221.17
Interfunds Payable	B-15	4,946.59	860,101.40
Reserve For:			
Recreation Commission Expenditures	B-18	122,707.19	189,602.57
Various Trust Deposits	B-19	5,365,435.24	8,485,168.02
Sanitary Landfill	B-16	10,915.59	10,860.76
Township Open Space	B-17	<u>15,444,123.10</u>	<u>13,833,584.22</u>
		<u>\$ 21,094,149.98</u>	<u>\$ 24,024,538.14</u>
		<u>\$ 25,756,708.65</u>	<u>\$ 29,670,685.20</u>

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

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

STATEMENT OF ASSESSMENT TRUST FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	3,387.60
Increased by:			
Collection of Unpledged Assessments and Liens	B-6		<u>1,693.80</u>
Balance, December 31, 2018	B	\$	<u><u>5,081.40</u></u>

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

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 2,047,871.72	\$ 311,431.28
Deferred Charges to Future Taxation - Funded	C-4	3,002,598.53	3,877,040.91
Deferred Charges to Future Taxation - Unfunded	C-5	16,029,185.33	8,317,185.33
Interfunds Receivable	C-10		1,751,181.74
Refunds Receivable	C-2		157,550.00
Accounts Receivable	C-11	758,000.00	293,750.00
N.J.E.I.T. Loan Receivable	C-16	14,058.00	302,161.00
		<u>\$ 21,851,713.58</u>	<u>\$ 15,010,300.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-13	\$ 2,004,000.00	\$ 2,734,000.00
Bond Anticipation Notes	C-14	2,572,867.00	2,925,867.00
N.J.E.I.T. Loan Payable	C-12	998,598.53	1,143,040.91
Improvement Authorizations:			
Funded	C-7	1,470,531.22	1,244,307.01
Unfunded	C-7	11,931,725.51	3,918,837.21
Reserve for:			
Contracts Payable	C-6	512,557.70	591,408.75
Various Reserves	C-15	83,873.80	83,873.80
Developers Contribution Deposits	C-9	2,033,944.72	2,062,640.57
Interfunds Payable	C-10	183,298.47	
Capital Improvement Fund	C-8	10,594.83	271,644.85
Fund Balance	C-1	49,721.80	34,680.16
		<u>\$ 21,851,713.58</u>	<u>\$ 15,010,300.26</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, 2017	C	\$	34,680.16
Increased by:			
Cash Receipts	C-2	\$	13,718.00
Improvement Authorizations Canceled	C-7		<u>1,323.64</u>
			<u>15,041.64</u>
Balance, December 31, 2018	C	\$	<u><u>49,721.80</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

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

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
Fixed Assets:		
Land	\$ 22,052,000.00	\$ 22,052,000.00
Buildings	62,450,200.00	62,450,200.00
Machinery and Equipment	<u>12,846,535.00</u>	<u>12,601,955.00</u>
<u>Total Fixed Assets</u>	<u>\$ 97,348,735.00</u>	<u>\$ 97,104,155.00</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 97,348,735.00</u>	<u>\$ 97,104,155.00</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, 2018 AND 2017

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 three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with 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. Operating grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital 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. Adjustments for assets acquired/sold subsequent to this date have been recorded. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

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

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

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued)

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Township of Hillsborough had the following cash and cash equivalents at December 31, 2018:

<u>Fund Type:</u>	<u>Bank Balance</u>	<u>N.J. Cash Management</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
			<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$ 7,381,754.80	\$ 203,207.21	\$ 378,726.66	\$ 2,066,589.42	\$ 5,897,099.25
Grant Fund	289,750.37			6,878.54	282,871.83
Assessment Trust Fund	864,034.63		2,364.25	0.02	866,398.86
Animal Control Fund	30,668.79			1,583.12	29,085.67
Other Trust Fund	22,714,756.06		5,307.27	1,625,913.35	21,094,149.98
General Capital Fund	1,957,313.44	15,000.00	76,932.32	1,374.04	2,047,871.72
<u>TOTAL DECEMBER 31, 2018</u>	<u>\$ 33,238,278.09</u>	<u>\$ 218,207.21</u>	<u>\$ 463,330.50</u>	<u>\$ 3,702,338.49</u>	<u>\$ 30,217,477.31</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The 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, 2018, 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, \$1,021,286.95 was covered by Federal Depository Insurance and \$32,216,991.14 was covered under the provisions of NJGUDPA. The New Jersey Cash Management Fund (NJCMF) 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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2018, the Township has \$218,207.21 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 2018</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 4,576,867.00	\$ 5,659,867.00	\$ 6,706,149.00
Loans	998,598.53	1,143,040.91	1,231,088.64
Assessment:			
Bonds	309,100.00	337,200.00	365,300.00
Loans	<u>3,729,964.85</u>	<u>4,056,883.12</u>	<u>4,313,514.86</u>
<u>Net Debt Issued</u>	9,614,530.38	11,196,991.03	12,616,052.50
<u>Authorized But Not Issued:</u>			
General:			
Bonds and Notes	<u>13,456,318.33</u>	<u>5,391,318.33</u>	<u>5,401,318.33</u>
Net Bonds and Notes			
Authorized But Not Issued	<u>\$ 23,070,848.71</u>	<u>\$ 16,588,309.36</u>	<u>\$ 18,017,370.83</u>

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .326%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School Debt	\$ 7,495,000.00	\$ 7,495,000.00	\$
General Debt	<u>23,070,848.71</u>	<u>2,352,427.25</u>	<u>20,718,421.46</u>
	<u>\$ 30,565,848.71</u>	<u>\$ 9,847,427.25</u>	<u>\$ 20,718,421.46</u>

NET DEBT \$20,718,421.46 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2 \$6,355,330,926.00 EQUALS .326%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

EQUALIZED VALUATION BASIS

2016 Equalized Valuation Basis of Real Property	\$ 6,163,348,393.00
2017 Equalized Valuation Basis of Real Property	6,388,652,847.00
2018 Equalized Valuation Basis of Real Property	<u>6,513,991,538.00</u>
	<u>\$ 6,355,330,926.00</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 1st three (3) preceding years.

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

Equalized Valuation Basis - December 31, 2018	\$ <u>6,355,330,926.00</u>
3-1/2% of Equalized Valuation Basis	\$ 222,436,582.41
Net Debt	<u>20,718,421.46</u>
Remaining Borrowing Power at December 31, 2018	\$ <u>201,718,160.95</u>

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%. \$ 309,100.00

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%. \$ 775,150.89

\$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%. 1,948,544.88

\$275,000.00 of 2016 New Jersey Environmental Infrastructure Trust Loans due in installments of \$10,000.00 to \$20,000.00 through August 2036 at an interest rates of 3% to 5%. 265,000.00

\$855,983.00 of 2016 New Jersey Environmental Infrastructure Fund Loans, net of savings credit of \$42,173.00, due in installments of \$1,351.73 to \$43,524.55 through August 2036 at an interest rate 0%. 741,269.08
\$ 3,729,964.85

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%. \$ 1,913,000.00

\$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% . 91,000.00
\$ 2,004,000.00

New Jersey Environmental Infrastructure Trust Loans:

\$426,761.99 of 2010 New Jersey Environmental Infrastructure Trust Loans, net of \$55,000 savings credit, due in installments of \$15,341.12 to \$26,076.88 through August 2029 at an interest rates of 3% to 5%. \$ 244,849.11

\$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%. 753,749.42
\$ 998,598.53

NOTE 3: LONG-TERM DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2018, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund \$13,456,318.33

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

DECEMBER 31, 2018

CALENDAR YEAR	GENERAL		ASSESSMENT		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
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><u>\$ 2,004,000.00</u></u>	<u><u>\$ 148,420.00</u></u>	<u><u>\$ 309,100.00</u></u>	<u><u>\$ 85,002.50</u></u>	<u><u>\$ 2,546,522.50</u></u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

DECEMBER 31, 2018

CALENDER YEAR	GENERAL		ASSESSMENT		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2019	\$ 86,837.02	\$ 10,172.52	\$ 288,350.63	\$ 42,077.48	\$ 427,437.65
2020	88,231.67	9,439.96	291,955.98	39,370.04	428,997.65
2021	87,231.67	9,264.50	291,955.98	35,805.50	424,257.65
2022	88,626.32	7,903.24	295,561.33	33,466.76	425,557.65
2023	90,020.96	7,099.08	299,166.69	30,370.92	426,657.65
2024	90,020.96	6,239.16	304,166.69	27,130.84	427,557.65
2025	91,415.61	5,379.22	307,772.04	23,640.78	428,207.65
2026	92,810.26	4,463.50	311,377.39	20,006.50	428,657.65
2027	94,204.91	3,113.44	314,982.74	16,606.56	428,907.65
2028	94,599.55	2,086.16	318,588.10	12,833.84	428,107.65
2029	94,599.60	1,043.08	318,588.25	8,916.92	423,147.85
2030			58,524.55	5,000.00	63,524.55
2031			58,524.55	4,400.00	62,924.55
2032			63,524.55	3,800.00	67,324.55
2033			63,524.55	3,000.00	66,524.55
2034			63,524.55	2,200.00	65,724.55
2035			63,524.55	1,400.00	64,924.55
2036			16,351.73	600.00	16,951.73
	<u>\$ 998,598.53</u>	<u>\$ 66,203.86</u>	<u>\$ 3,729,964.85</u>	<u>\$ 310,626.14</u>	<u>\$ 5,105,393.38</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.

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest</u> <u>Rate</u>	<u>Amount</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>
2011-13	3.000%	\$ 806,990.00	11/29/18	11/29/19
2013-16	3.000%	340,877.00	11/29/18	11/29/19
2014-10	3.000%	<u>1,425,000.00</u>	11/29/18	11/29/19
		<u>\$ 2,572,867.00</u>		

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year and bear an interest rate that does not exceed 6%. The Township did not have any Tax Anticipation Notes in 2018.

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019 were as follows:

Current Fund	\$2,350,000.00
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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 <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
Prepaid Taxes	<u>\$746,008.92</u>	<u>\$10,803,983.90</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/annrprts.shtml.

NOTE 7: PENSION PLANS (CONTINUED)

Plan Descriptions

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.

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

NOTE 7: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2018, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2018, the State contributed an amount less than the actuarially determined amount. During 2018, PFRS provides for employee contributions of 10.00% of employees' base salary.

Certain portions of the costs are contributed by the employees. The Township's share of PERS and PFRS pension costs, which is based upon the annual billings received from the State, amounted to:

<u>YEAR</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2016	\$ 781,840.00	\$ 1,498,212.00	\$ 12,399.50
2017	\$ 834,878.55	\$ 1,489,353.00	\$ 7,186.24
2018	\$ 872,291.00	\$ 1,541,292.00	\$ 9,367.12

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2018.

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$19,335,689.00 for the Township of Hillsborough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township's proportion was 0.098203400 percent, which was an increase of 0.0052474787 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$1,471,148.00 for the Township of Hillsborough's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2018 billing was \$861,134.00.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 99,701.00	\$ 368,734.00
Changes of assumptions	6,182,525.00	3,186,201.00
Net difference between projected and actual earnings on pension plan investments	181,370.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>136,889.00</u>	<u>1,431,829.00</u>
	<u>\$ 6,600,485.00</u>	<u>\$ 4,986,764.00</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 393,188.00
2020	73,187.00
2021	(1,073,358.00)
2022	(895,910.00)
2023	<u>(110,828.00)</u>
	<u>\$ (1,613,721.00)</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 percent

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Township's proportionate share of the pension liability	\$24,312,401.00	\$19,335,689.00	\$15,160,546.00

NOTE 7: PENSION PLANS (CONTINUED)

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

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2018, the State reported a net pension liability of \$23,229,903.00 for the Township of Hillsborough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township's proportion was 0.1716709025 percent, which was a decrease of 0.0024827534 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$1,620,405.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2018 billing was \$1,541,292.00.

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

		Deferred Inflow of Resources		Deferred Outflow of Resources
Differences between expected and actual experience	\$	96,131.00	\$	236,334.00
Changes of assumptions		5,953,423.00		1,993,975.00
Net difference between projected and actual earnings on pension plan investments		127,089.00		
Changes in proportion and differences between the Township's contributions and proportionate share of contributions		<u>1,263,207.00</u>		<u>220,248.00</u>
	\$	<u>7,439,850.00</u>	\$	<u>2,450,557.00</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

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

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

Year Ended		
<u>June 30</u>		<u>Amount</u>
2019	\$	(8,811.80)
2020		(882,039.80)
2021		(2,092,650.80)
2022		(1,418,028.80)
2023		<u>(587,761.80)</u>
	\$	<u><u>(4,989,293.00)</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.10-8.98 Percent
Thereafter	3.10-9.98 Percent	3.10-9.98 Percent
Investment Rate of Return	7.00 Percent	7.00 Percent

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return (Continued)

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

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Township's proportionate share of the PFRS pension liability	\$31,090,343.00	\$23,229,903.00	\$16,746,472.00

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$3,155,398.00 and \$3,011,454.00 respectively.

At December 31, 2018, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$23,229,903.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>3,155,398.00</u>
	<u><u>\$26,385,301.00</u></u>

Pension Plan Fiduciary Net Position

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

NOTE 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 \$931,781.71 at December 31, 2018. The Township has established a Trust Fund Reserve which has accumulated \$8,015.98 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 2018. 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, 2018 is \$22,763.14.

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 2018 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2018 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, 2018:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current	\$ 597,309.88	\$ 180,147.04
Grant	168,406.12	
Assessment Trust		394,686.01
Animal Control		2,637.89
Trust Other		4,946.59
General Capital		183,298.47
TOTAL	\$ <u>765,716.00</u>	\$ <u>765,716.00</u>

All balances resulted from the time lag between dates that short-term loans were disbursed and payments between funds were made. All balances will be liquidated within one year.

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>TOTAL PAYMENT</u>	<u>PRINCIPAL COMPONENT</u>	<u>INTEREST COMPONENT</u>
1/1/2019	\$ <u>35,029.14</u>	\$ <u>34,370.94</u>	\$ <u>658.20</u>
TOTAL	\$ <u><u>35,029.14</u></u>	\$ <u><u>34,370.94</u></u>	\$ <u><u>658.20</u></u>

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers.

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is \$17,275,233.00 and \$24,366,548.00 respectively.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation (Continued)

At June 30, 2018, the Township's and State of New Jersey's proportionate share of the OPEB liability were as follows:

Township's proportionate share of the OPEB Liability	\$-0-
State of New Jersey's proportionate share of OPEB Liability associated with the Township	<u>17,275,233.00</u>
	<u><u>\$17,275,233.00</u></u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation rate	2.50%	2.50%
Salary increases*.		
Through 2026	1.65% to 8.98%	1.65% to 8.98%
Thereafter	2.65% to 9.98%	2.65% to 9.98%

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan — the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

OPEB Plan Fiduciary Net Position

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

NOTE 17: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through August 8, 2019 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 – ALL FUNDS
YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	REF.	CURRENT FUND	GRANT FUND
Balance, December 31, 2017	A	\$ 16,996,582.55	\$
Increased by Receipts:			
Property Taxes Receivable	A-9	\$ 133,292,012.19	\$
Tax Overpayments	A-16	861,905.31	
Prepaid Taxes	A-21	746,008.92	
Tax Title Liens	A-10	5,813.95	
Revenue Accounts Receivable	A-12	7,056,387.83	
Miscellaneous Revenue Not Anticipated	A-2	318,919.42	
Reserve for Miscellaneous Deposits	A-14	115,294.37	
State of N.J. - Senior Citizens and Veterans Deductions	A-8	163,898.62	
Senior Citizens Disallowed	A-8	5,931.85	
Interfunds	A-13:A-30	2,546,433.22	957,936.79
Petty Cash Fund	A-5	300.00	
Grants Receivable	A-7		659,047.51
Reserve for Grants-Unappropriated	A-28		51,069.35
2017 Appropriation-Refunds	A-3	1,383,282.82	
Refund Receivable	A-15	599,981.11	
Due State of New Jersey-Construction Code Official	A-25	65,131.00	
Due State of New Jersey-Registrar Licenses	A-26	4,700.00	
		\$ 147,166,000.61	\$ 1,668,053.65
		\$ 164,162,583.16	\$ 1,668,053.65
Decreased by Disbursements:			
2018 Appropriations	A-3	\$ 28,076,009.84	\$
2017 Appropriation Reserves	A-18	808,797.37	
Local District School Tax	A-23	95,321,180.00	
County Taxes Payable	A-22	24,638,575.16	
Fire District Tax	A-29	2,621,649.00	
Refund of Tax Overpayments	A-16	861,746.66	
Reserve for Grants-Appropriated	A-27		931,869.97
Petty Cash Fund	A-5	300.00	
Interfunds	A-13:A-30	3,542,863.24	453,311.85
Municipal Open Space Tax	A-24	1,672,376.63	
Reserve for Miscellaneous Deposits	A-14	159,443.37	
Refund of Prior Year Revenue	A-1	8,769.29	
Refund of Current Year Revenue	A-2	1,627.00	
Refund Receivable	A-15	473,971.95	
Reserve for Tax Appeals	A-17	6,525.04	
Reserve for Encumbrances Payable	A-19	1,910.36	
Due State of New Jersey-Construction Code Official	A-25	68,814.00	
Due State of New Jersey-Registrar Licenses	A-26	1,500.00	
		\$ 158,266,058.91	\$ 1,385,181.82
Balance, December 31, 2018	A	\$ 5,896,524.25	\$ 282,871.83

"A-5"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF PETTY CASH FUND

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

"A-6"

SCHEDULE OF CHANGE FUNDS

<u>DEPARTMENT</u>	<u>BALANCE DECEMBER 31, 2017 AND 2018</u>
Tax Collector	\$ 250.00
Municipal Court	300.00
Board of Health	25.00
	\$ 575.00
<u>REF.</u>	A

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2017	ACCURED 2018 BUDGET	RECEIVED	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2018
2002-Main Street Improvements -County	\$ 20,000.00	\$ 5,238.00	\$	\$ 5,238.00	\$ 20,000.00
Body Armor Grant- Federal	4,800.00				4,800.00
Drive Sober or Get Pulled Over	2,425.00				2,425.00
Hang up and Just Drive	7,452.19				7,452.19
Child Passenger Safety Grant					
Clean Communities Program		86,804.87	86,804.87		
Click It or Ticket It	167.14				167.14
Comprehensive Traffic Safety (CTSP)	7,547.00				7,547.00
COPS MORE	14,670.00				14,670.00
COPS Secure Our Schools Grant	32,395.00				32,395.00
Drunk Driving Enforcement Fund		6,859.00		6,858.22	0.78
Edward Byrne Memorial Justice Assistance Grant	11,077.00				11,077.00
Emergency Management Grant	5,000.00	7,000.00		7,000.00	5,000.00
H1N1 Preparedness Grant	21,849.90				21,849.90
Handicapped Recreation Opportunities Grant	20,000.00				20,000.00
HMGP Energy Allocation Initiative (Hazardous Mitigation)	120,000.00		120,000.00		
Historic Preservation Grant	252,744.00				252,744.00
Municipal Alliance Drug Program	31,064.40	28,436.00	28,436.14		31,064.26
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
NJ Transportation Trust Fund - New Amwell Phase I (2015)		95,052.32			95,052.32
NJ Transportation Trust Fund - New Amwell Phase II (2016)		226,742.00	170,056.50		56,685.50
NJ Transportation Trust Fund - New Amwell Phase III (2017)		225,000.00	168,750.00		56,250.00
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	32,562.00	60,000.00	75,000.00		17,562.00
Sustainable Hillsborough	111.00				111.00
Sustainable New Jersey - Small Grant NJLM	5,000.00		5,000.00		
Take A Hike in Hillsborough	10,500.00				10,500.00
Whip Grant	12,664.00				12,664.00
Youth Services Grant	21,689.00	5,000.00	5,000.00		21,689.00
Pedestrian Safety Grant	16,070.00				16,070.00
	\$ 952,148.90	\$ 746,132.19	\$ 659,047.51	\$ 19,096.22	\$ 1,020,137.36

REF.

A

A-2

A-4

A-28

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

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	2,468.49
Increased by:			
Senior Citizens Deductions Per Tax Billing		\$	23,500.00
Veterans Deductions Per Tax Billing			144,000.00
Senior Citizens Deductions Allowed by Tax Collector			2,250.00
Veteran Deductions Allowed by Tax Collector			<u>2,250.00</u>
			172,000.00
		\$	<u>174,468.49</u>
Decreased by:			
Deductions Disallowed by Collector:			
Received in Cash From State	A-4	\$	163,898.62
Current Year Deductions Disallowed by Tax Collector			1,866.44
Prior Year Deductions Disallowed by Tax Collector	A-4		<u>5,931.85</u>
			171,696.91
Balance, December 31, 2018	A	\$	<u><u>2,771.58</u></u>

ANALYSIS OF STATE SHARE OF CURENT YEAR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing	\$	23,500.00
Veterans Deductions Per Tax Billing		144,000.00
Deductions Allowed by Tax Collector:		
Senior Citizens		2,250.00
Veterans		<u>2,250.00</u>
	\$	<u>172,000.00</u>
Less: Deductions Disallowed by Tax Collector:		
Senior Citizens		<u>1,866.44</u>
	A-9	\$ <u><u>170,133.56</u></u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>2018 LEVY</u>	<u>ADDED</u>	<u>CASH COLLECTIONS</u>	<u>CANCELED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2018</u>
				<u>2017</u>			
2014	\$ 213.46	\$	\$	\$	\$	\$	\$ 213.46
2015	1,823.60			14.88			1,808.72
2016	23,386.10			17,735.54	1,177.29		4,473.27
2017	770,620.23		496.58	758,215.56	174.03	5,042.58	7,684.64
	\$ 796,043.39	\$	\$ 496.58	\$ 775,965.98	\$ 1,351.32	\$ 5,042.58	\$ 14,180.09
2017		144,495,842.83		10,803,983.90	75,481.97	36,534.22	893,662.97
	\$ 796,043.39	\$ 144,495,842.83	\$ 496.58	\$ 10,803,983.90	\$ 75,481.97	\$ 41,576.80	\$ 907,843.06
	<u>REF.</u>	<u>A</u>		<u>A-2-A-21</u>		<u>A-10</u>	<u>A</u>

REF.

Cash-Collector A-4
State Share of Senior Citizens and Veterans Deductions A-8

\$ 133,292,012.19
170,133.56
\$ 133,462,145.75

ANALYSIS OF 2018 PROPERTY TAX LEVY

<u>TAX YIELD</u>		
General Property Tax	\$ 143,467,100.34	
Added and Omitted Tax (54:4-63.1 et. seq.)	1,028,742.49	\$ 144,495,842.83
<u>TAX LEVY</u>		
Local District School Tax	\$ 95,321,180.00	
County Taxes:		
County Tax	\$ 19,683,402.92	
County Library Tax	2,919,454.17	
County Open Space	1,862,079.58	
Due County for Added Taxes (54:4-63.1 et. seq.)	173,638.49	
Fire District Tax	24,638,575.16	
Local Tax for Municipal Purposes	2,621,649.00	
Local Open Space	19,315,583.00	
Additional Tax Levied	1,672,376.63	
	926,479.04	
	21,914,438.67	\$ 144,495,842.83

"A-10"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	240,946.81
Increased by:			
Transfers From Taxes Receivable	A-9	\$	41,576.80
Interest and Costs			<u>2,176.85</u>
			43,753.65
		\$	<u>284,700.46</u>
Decreased by:			
Cash Receipts	A-2:A-4		<u>5,813.95</u>
Balance, December 31, 2018	A	\$	<u><u>278,886.51</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2017	A	\$	1,642,200.00
Balance, December 31, 2018	A	\$	<u><u>1,642,200.00</u></u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2017	ACCURED IN 2018	COLLECTED BY TREASURER/ COLLECTOR	BALANCE DECEMBER 31, 2018
Clerk:				
Licenses:				
Alcoholic Beverage Licenses	\$	\$	\$	\$
Other		37,938.00	37,938.00	
Fees and Permits		34,634.00	34,634.00	
Registrar/Board of Health:		68,341.90	68,341.90	
Fees and Permits		32,769.00	32,769.00	
Construction Code Official:				
Fees and Permits		1,149,643.05	1,149,643.05	
Zoning:				
Fees and Permits		10,332.40	10,332.40	
Miscellaneous:				
Fees and Permits		19,209.83	19,209.83	
Municipal Court:				
Fines and Costs	22,483.59	364,622.91	364,654.06	22,452.44
Police Department:				
Fees and Permits		4,803.73	4,803.73	
Planning Board/Board of Adjustment:				
Fees and Permits		93,483.50	93,483.50	
Engineering:				
Fees and Permits		18,532.25	18,532.25	
Tax Assessor:				
Fees and Permits		15.10	15.10	
Interest on Investments and Deposits		247,181.69	247,181.69	
Health Officer - Borough of Millstone		36,000.00	36,000.00	
Interest and Costs on Taxes		206,742.91	206,742.91	
Energy Receipts Tax		3,252,088.00	3,252,088.00	
Garden State Preservation Trust Fund		13,576.00	13,576.00	
Cable TV Fees		60,305.95	60,305.95	
Cell Tower Lease		75,266.30	75,266.30	
Open Space Trust Fund		732,290.00	732,290.00	
Operating Contribution - Hillsborough Promenade		42,356.12	42,356.12	
Contribution from Somerville Business Park		317,448.04	317,448.04	
Shared Service - Municipal Court - Manville		93,636.00	93,636.00	
Shared Service - Municipal Court - Montgomery		145,140.00	145,140.00	
	<u>\$ 22,483.59</u>	<u>\$ 7,056,356.68</u>	<u>\$ 7,056,387.83</u>	<u>\$ 22,452.44</u>
REF.	A		A-4	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	GRANT FUND	ASSESSMENT TRUST FUND	ANIMAL CONTROL TRUST FUND	OPEN SPACE TRUST FUNDS	TRUST OTHER FUNDS	GENERAL CAPITAL FUND
Balance, December 31, 2017							
Due from	\$ 1,242,773.61	\$	\$ 372,719.71	\$ 9,952.50	\$ 517,588.60	\$ 342,512.80	\$ 1,149,009.73
Due to	<u>1,803,614.79</u>	<u>654,605.06</u>					
Transfer	\$ 18,426.00	\$ 18,426.00	\$	\$	\$	\$	\$
Treasurer-Receipts	<u>2,546,433.22</u>	<u>453,311.85</u>	<u>373,380.66</u>	<u>9,952.50</u>	<u>529,329.52</u>	<u>952,464.34</u>	<u>227,994.35</u>
	\$ <u>2,564,859.22</u>	\$ <u>471,737.85</u>	\$ <u>373,380.66</u>	\$ <u>9,952.50</u>	\$ <u>529,329.52</u>	\$ <u>952,464.34</u>	\$ <u>227,994.35</u>
Treasurer-Disbursements	<u>3,542,863.24</u>	<u>957,936.79</u>	<u>395,346.96</u>	<u>2,637.89</u>		<u>626,639.05</u>	<u>1,560,302.55</u>
Balance, December 31, 2018							
Due from	\$ 597,309.88	\$	\$ 394,686.01	\$ 2,637.89	\$ 11,740.92	\$ 16,687.51	\$ 183,298.47
Due to	<u>180,147.04</u>	<u>166,406.12</u>					

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2017	INCREASED BY CASH RECEIPTS	DECREASED BY CASH DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2018
\$	18,100.27	\$	\$		18,100.27
Master Plan	16,452.18				16,452.18
Miscellaneous Deposits	30,734.48				30,734.48
DPW Remediation	66,985.62				66,985.62
Quiet Zones	6,228.14				6,228.14
Tax Maps	50,000.00		44,149.00	5,851.00	31,548.00
Document Imaging Center	31,548.00				8,595.00
Revaluation	8,595.00	115,294.37	115,294.37		1,000.00
State Library Aid					
Sewer Payments					
Landfill Cleanup	1,000.00				
	<u>229,643.69</u>	<u>115,294.37</u>	<u>159,443.37</u>	<u>5,851.00</u>	<u>179,643.69</u>
\$		\$	\$	\$	

REF.

A-19

A-4

A-4

A

A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF REFUNDS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 126,009.16
Increased by:		
Cash Disbursements	A-1; A-4	<u>473,971.95</u>
		599,981.11
Decreased by:		
Cash Receipts	A-1; A-4	\$ <u><u>599,981.11</u></u>

"A-16"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	794.13
Increased by:			
Cash Receipts	A-4		<u>861,905.31</u>
		\$	<u>862,699.44</u>
Decreased by:			
Cash Disbursements	A-4	\$	861,746.66
Canceled	A-1		<u>202.78</u>
			<u>861,949.44</u>
Balance, December 31, 2018	A	\$	<u><u>750.00</u></u>

"A-17"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2017	A	\$	29,288.18
Decreased by:			
Cash Disbursements	A-4		<u>6,525.04</u>
Balance, December 31, 2018	A	\$	<u><u>22,763.14</u></u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Salaries and Wages:</u>				
Administrative and Executive	\$ 5,712.79	\$ 5,712.79	\$	\$ 5,712.79
Township Clerk	19,033.90	19,033.90	1,987.88	17,046.02
Assessment of Taxes	365.69	365.69		365.69
Collection of Taxes	1,360.94	1,360.94	636.37	724.57
Information Technology	13,296.65	13,296.65	373.50	12,923.15
Engineering Services and Costs	310.72	310.72		310.72
Economic Development Committee	822.62	822.62		822.62
Planning Board	3,948.43	3,948.43	79.30	3,869.13
Police	74,858.64	74,858.64	9,321.50	65,537.14
Streets and Roads	37,791.92	37,791.92	607.12	37,184.80
Snow Removal	2,240.60	2,240.60	2,240.60	0.00
Inspection of Buildings	81,337.17	81,697.17	3,730.09	77,967.08
Solid Waste Collection (clean up)	1,834.31	1,834.31		1,834.31
Board of Health	922.79	922.79	623.50	299.29
Animal Control	410.11	410.11		410.11
Social Services	945.44	945.44		945.44
Parks	8,152.85	8,152.85		8,152.85
Municipal Court	4,723.31	4,723.31	391.25	4,332.06
Public Works (Stormwater)	25,836.29	25,836.29		25,836.29
<u>Other Expenses:</u>				
Administrative and Executive	4,222.45	4,354.14	131.69	4,222.45
Postage	344.06	2,003.20	1,246.98	756.22
Mayor and Committee	1,386.19	7,424.67	6,079.09	1,345.58
Township Clerk	347.97	14,165.72	13,182.91	982.81
Public Meeting Recording	3,238.00	8,100.00	4,862.00	3,238.00
Central Purchasing	1,310.14	1,310.14		1,310.14
Financial Administration	532.08	1,350.88	818.80	532.08
Audit Services	1,500.00	1,500.00		1,500.00
Assessment of Taxes	26,550.30	29,254.48	2,704.18	26,550.30
Collection of Taxes	19.39	1,901.86	1,882.47	19.39
Human Resources	1,773.32	3,554.98	1,781.66	1,773.32
Information Technology	23.78	26,941.37	26,917.79	23.58
Legal Services and Costs:				
Outside Services	443.79	13,742.38	3,298.59	10,443.79
Miscellaneous	5,298.11	34,567.35	22,372.60	12,194.75
Engineering Services and Costs	1,151.43	7,501.91	7,350.48	151.43
Economic Development Committee	772.17	2,668.52	1,896.35	772.17
Planning Board	17,914.45	23,157.77	5,486.21	17,671.56
Zoning Commission	12,765.60	15,935.71	4,936.10	10,999.61
Cultural and Arts Commission	3,185.15	3,500.00	350.00	3,150.00
General Liability	3,666.45	3,865.41	2,062.15	1,803.26
Employee Group Health	493.87	698.86	504.99	193.87
Unemployment Compensation	1,158.03	1,158.03		1,158.03

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses (Continued):</u>				
Police Department	\$ 98,674.80	\$ 389,648.56	\$ 286,595.24	\$ 103,053.32
Emergency Management	115.00	29,862.25	29,743.06	119.19
Fire Hydrant Service	3,937.50	3,937.50		3,937.50
First Aid Organization and Maintenance Contract:				
Contributions	1,250.00	1,250.00		1,250.00
Other Expenses	431.18	2,132.47	1,701.29	431.18
Streets and Roads	2,796.66	44,888.83	33,374.46	11,514.37
Snow Removal	3,489.82	83,990.78	83,990.78	
Public Buildings and Grounds	296.93	40,331.17	35,624.03	4,707.14
Solid Waste Flow (recycling)	82,643.68	82,743.68	82,743.68	
Solid Waste Collection (clean-up)	10,353.73	34,240.92	21,915.00	12,325.92
Sanitary Landfill	1,060.00	1,060.00		1,060.00
Inspection of Buildings	3,996.32	7,285.57	4,076.15	3,209.42
Board of Health	5,370.98	18,906.14	12,760.92	6,145.22
Animal Control	3,582.40	3,582.40		3,582.40
Social Services	798.12	1,221.91	410.68	811.23
Parks	138.97	28,663.04	26,665.17	1,997.87
Celebration of Public Events	2,506.63	2,667.66	161.03	2,506.63
Wildlife Management	2,642.00	3,442.00	2,225.00	1,217.00
Electric	11,685.24	49,319.63	49,319.63	
Telephone	274.49	4,072.98	3,798.49	274.49
Natural Gas	6,361.89	6,361.89	358.59	6,003.30
Gasoline	35,582.75	46,235.27	36,663.53	9,571.74
Diesel Fuel	15,048.66	18,539.94	17,687.13	852.81
Street Lighting	7,646.94	9,097.59	6,840.36	2,257.23
Municipal Condo Services Act	3,839.31	6,045.66	5,825.00	220.66
Water	31,629.29	35,279.76	5,342.58	29,937.18
Sick and Vacation Reserve	2,500.00	2,500.00	2,500.00	
Public Employees' Retirement System	0.45	0.45		0.45
Social Security	723.90	723.90		723.90
Defined Contribution Retirement Program	2,813.76	3,198.45	384.69	2,813.76
Public Works (Stormwater)	51.87	1,245.35	104.85	1,140.50
Engineering (Stormwater)	3,000.00	3,000.00		3,000.00
Municipal Court	22,662.28	24,725.91	2,191.56	22,534.35
Somerset County Historic Preservation Grant- Match		595.00	595.00	
ADA Accessible at AVM Park	12,275.00	12,275.00		12,275.00
Culvert Repair	1,386.00	1,386.00		1,386.00
	<u>\$ 753,568.45</u>	<u>\$ 1,497,380.21</u>	<u>\$ 881,454.05</u>	<u>\$ 615,926.16</u>
REF.	A: A-18			A-1
Cash Disbursements	A-4		\$ 808,797.37	
Reserve for Encumbrances	A-19		<u>72,656.68</u>	
			<u>\$ 881,454.05</u>	
Budget - Reserved	A-18	\$ 753,568.45		
Reserve for Encumbrances	A-19	<u>743,811.76</u>		
		<u>\$ 1,497,380.21</u>		

"A-19"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance, December 31, 2017	A		\$ 787,130.56
Increased by:			
Budget Appropriations	A-3	\$ 694,359.66	
Appropriation Reserves	A-18	72,656.68	
Reserve for Miscellaneous Reserves	A-14	<u>5,851.00</u>	
			<u>772,867.34</u>
			\$ <u>1,559,997.90</u>
Decreased by:			
Cash Disbursements	A-4	\$ 1,910.36	
Transferred to Appropriation Reserves	A-18	743,811.76	
Canceled	A-1	<u>1,701.40</u>	
			<u>747,423.52</u>
Balance, December 31, 2018	A		\$ <u><u>812,574.38</u></u>

"A-20"

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2017	A		\$ 239,312.85
Increased by:			
Reserve for Grants Appropriated	A-27		<u>428,041.79</u>
			\$ <u>667,354.64</u>
Decreased by:			
Transferred to Grants Appropriated	A-27		<u>239,312.85</u>
Balance, December 31, 2018	A		\$ <u><u>428,041.79</u></u>

"A-21"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2017 (2018 Taxes)	A	\$	10,803,983.90
Increased by:			
Collection - 2019 Taxes	A-4		<u>746,008.92</u>
		\$	<u>11,549,992.82</u>
Decreased by:			
Applied to Taxes Receivable	A-9		<u>10,803,983.90</u>
Balance, December 31, 2018 (2019 Taxes)	A	\$	<u><u>746,008.92</u></u>

"A-22"

SCHEDULE OF COUNTY TAXES PAYABLE

Current Year Tax Levy:			
County Tax	A-1:A-9	\$	19,683,402.92
County Library Tax	A-1:A-9		2,919,454.17
County Open Space	A-1:A-9		1,862,079.58
Added County Taxes	A-1:A-9		<u>173,638.49</u>
		\$	24,638,575.16
Decreased by:			
Cash Disbursements	A-4	\$	<u><u>24,638,575.16</u></u>

"A-23"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

REF.

Increased by:			
Levy Calendar Year 2018	A-1:A-9	\$	95,321,180.00
Decreased by:			
Cash Disbursements (Net)	A-4	\$	<u>95,321,180.00</u>

"A-24"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:			
Levy Calendar Year 2018	A-1:A-9	\$	1,672,376.63
Decreased by:			
Cash Disbursements	A-4	\$	<u>1,672,376.63</u>

"A-25"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
CONSTRUCTION CODE OFFICIAL

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 19,876.00
Increased by:		
Cash Receipts	A-4	65,131.00
		\$ <u>85,007.00</u>
Decreased by:		
Cash Disbursements	A-4	<u>68,814.00</u>
Balance, December 31, 2018	A	\$ <u><u>16,193.00</u></u>

"A-26"

SCHEDULE OF DUE STATE OF NEW JERSEY
REGISTRAR LICENSES

Balance, December 31, 2017	A	\$ 850.00
Increased by:		
Cash Receipts	A-4	4,700.00
		\$ <u>5,550.00</u>
Decreased by:		
Cash Disbursements	A-4	<u>1,500.00</u>
Balance, December 31, 2018	A	\$ <u><u>4,050.00</u></u>

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2017	ENCUMBRANCES PAYABLE	2018 BUDGET APPROPRIATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2018
Body Armor Replacement Fund (State)	\$ 4,597.60	\$	\$	4,566.60	\$ 31.00
Body Armor Replacement Fund (Federal)	11,190.83		5,238.00	7,858.80	8,570.03
Cell Phone Safety	4,971.60				4,971.60
Clean Communities Program	67,513.39	1,620.76	86,804.87	87,551.41	68,387.61
Click it or Ticket	4,160.76				4,160.76
Cops More Grant	14,670.00				14,670.00
Cops More Equipment Grant	383.00				383.00
Cops Universal Grant	6,250.00				6,250.00
DCA-Smart Future Planning Grant	45,614.63				45,614.63
Drunk Driving Enforcement Fund	12,979.74		6,859.00	1,213.41	18,625.33
Edward Byrne Memorial Justice Assistance Grant	136.85				136.85
Energy Efficiency Conservation Block Grant	100.00				100.00
Federal Emergency Management 2003	0.92			575.82	0.92
Federal Emergency Management 2011	575.82			3,794.66	67.64
Federal Emergency Management 2012	3,862.30		7,000.00	371.02	6,628.98
Office of Emergency Management					444.00
FM Mission Critical Services 2013	444.00				444.00
FM Mission Critical Services 2015	486.64				486.64
Green Communities	500.00				500.00
HMGF Energy Allocation Initiative (Hazardous Mitigation)	2.64				2.64
Hepatitis B Inoculations 2011 - NJDHSS	804.00				804.00
H1N1 Preparedness Grant	205.68				205.68
Natural Resources Inventory Grant (ANJEC) 2009	1,404.61				1,404.61
NJ Transportation Trust Fund - Bike Lanes Grant	150,000.00				150,000.00
NJ Transportation Trust Fund - Hillsborough Road	10,000.00				10,000.00
NJ Transportation Trust Fund - Homestead Road 2013		81,238.17		81,238.17	
NJ Transportation Trust Fund - Montgomery Road	26,934.42				26,934.42
NJ Transportation Trust Fund - Mountainview Road 2009	108,825.26				108,825.26
NJ Transportation Trust Fund - Wertsville Road - Restated	150,000.00				150,000.00
NJ Transportation Trust Fund - New Amwell Phase I (2015)			95,052.32	95,052.32	
NJ Transportation Trust Fund - New Amwell Phase II (2016)			226,742.00	226,742.00	
NJ Transportation Trust Fund - New Amwell Phase III (2017)			225,000.00	225,000.00	
NJ Transfer Rights Planning Assistance Grant:					
Local	15,000.00				15,000.00
State	39,712.17			12,760.00	26,952.17
Pandemic Flu Preparedness Plan	1,535.56				1,535.56
Pedestrian Safety Grant	10,144.60	5,925.40		5,050.40	11,019.60
Public Health Priority Funding	34,262.30	5,430.00		20,830.00	18,862.30
Recycling Tonnage Grant	57,769.17	4,561.58		43,418.45	18,912.30
Roid Grant	50,861.05				50,861.05
Safe and Secure Communities 2006	15,171.84				15,171.84
Safe and Secure Communities 2006 Township Match	5,838.41		60,000.00		5,838.41
Safe and Secure Communities 2018					60,000.00

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>ENCUMBRANCES PAYABLE</u>	<u>2018 BUDGET APPROPRIATIONS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Safe Corridors Grant	\$ 38,358.61	\$ 52,000.00	\$	87,000.00	\$ 3,358.61
SLAHEOP Grant	2,405.72				2,405.72
Somerset County Bioterrorism Preparedness and Response Grant	602.47				602.47
Somerset County Design Charrette	4,403.00				4,403.00
Somerset County Historic Preservation 2005	1,312.00				1,312.00
Somerset County Historic Preservation 2006	9,260.00				9,260.00
Somerset County Historic Preservation 2012	18,668.67	19,435.76		19,435.76	18,668.67
Somerset County Historic Preservation Grant- Township Match		46,380.52		46,380.52	
Somerset County Historic Preservation 2017	6,000.00				6,000.00
Somerset County Historic Preservation 2017	293,938.00			291,885.00	2,053.00
Somerset County Municipal Planning Partnership	32,510.75				32,510.75
Somerset County Municipal Alliance 2014	34.15				34.15
Somerset County Municipal Alliance 2014-2015		4,465.00		4,465.00	
Somerset County Municipal Alliance 2015		3,215.00		3,215.00	
Somerset County Municipal Alliance 2016		2,375.00		2,375.00	
Somerset County Municipal Alliance 2017	5,496.52	12,499.00		17,871.01	124.51
Somerset County Municipal Alliance 2018			28,436.00	28,436.00	
Somerset County Municipal Alliance 2018- Local Match			7,109.00	7,109.00	
Somerset County Video Arrangement Grant	644.86				644.86
Somerset County Youth Athletic Grant 2004	600.00				600.00
Somerset County Youth Athletic Grant 2005	0.02				0.02
Somerset County Youth Athletic Grant 2008	5,330.00				5,330.00
Somerset County Youth Athletic Grant 2009	15,000.00				15,000.00
Somerset County Youth Services Grant 2010-2011	103.83				103.83
Somerset County Youth Services Grant 2011-2012	77.75				77.75
Somerset County Youth Services Grant 2012-2013	356.83			333.32	23.51
Somerset County Youth Services Grant 2013-2014	2,492.00			290.03	2,201.97
Somerset County Youth Services Grant 2015	9,033.69	166.66		4,041.63	5,156.72
Somerset County Youth Services Grant 2016	6,492.00			1,235.28	5,256.72
Somerset County Youth Services Grant 2017	6,992.00			3,499.15	3,492.85
Somerset County Youth Services Grant 2018			5,000.00	5,000.00	
Sustainable Jersey Small Grant 2016	10,000.00			10,000.00	
Sustainable Jersey Grants- NJLJM Grants 2013	4.45				4.45
Sustainable Hillsborough (Building Livable Communities) 2006:					
Local					
Grantor - MLUC	10,000.00				10,000.00
Supplemental Fire District	4,098.98				4,098.98
Take A Hike In Hillsborough			11,317.00	11,317.00	
Tobacco Age of Sale Grant	5,568.50				5,568.50
	1,560.00				1,560.00
	<u>\$ 1,348,254.59</u>	<u>\$ 239,312.85</u>	<u>\$ 764,558.19</u>	<u>\$ 1,359,911.76</u>	<u>\$ 992,213.87</u>
REF.	A	A-20	A-3		A
Cash Disbursements				\$ 931,869.97	
Encumbrances Payable				<u>428,041.79</u>	
				<u>\$ 1,359,911.76</u>	

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>RECEIPTS</u>	<u>APPLIED TO RECEIVABLES</u>	<u>BALANCE DECEMBER 31, 2018</u>
Federal Body Armor Grant	\$ 5,327.70	\$	5,238.00	\$ 89.70
Drunk Driving Enforcement Fund	6,858.82		6,858.22	0.60
Emergency Management Assistance Program	7,000.00	9,400.00	7,000.00	9,400.00
Clothing Bins		2,164.00		2,164.00
Safe Corridors		39,505.35		39,505.35
	<u>\$ 19,186.52</u>	<u>\$ 51,069.35</u>	<u>\$ 19,096.22</u>	<u>\$ 51,159.65</u>
<u>REF.</u>	A	A-4	A-7	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF FIRE DISTRICT TAX PAYABLE

	<u>REF.</u>	
Increased by:		
Fire District Tax Levied	A-1:A-9	\$ 2,621,649.00
Decreased by:		
Cash Disbursements	A-4	\$ <u>2,621,649.00</u>

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2017			
Due from	A	\$ <u>654,605.06</u>	\$ <u>654,605.06</u>
Increased by:			
Treasurer-Receipts	A-4	<u>957,936.79</u>	<u>957,936.79</u>
Decreased by:			
Transfer	A-13	\$ 18,426.00	\$ 18,426.00
Treasurer-Disbursements	A-4	453,311.85	453,311.85
		\$ <u>471,737.85</u>	\$ <u>471,737.85</u>
Balance, December 31, 2018			
Due from	A	\$ <u><u>168,406.12</u></u>	\$ <u><u>168,406.12</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2017	B	\$ <u>1,410,575.10</u>	\$ <u>44,118.60</u>	\$ <u>24,024,538.14</u>
Increased by Receipts:				
Assessments Receivable	B-4	\$ 382,206.22	\$	\$
Assessments Confirmed	B-5	42,173.00		
Dog License Fees	B-13		48,353.20	
Due State of New Jersey	B-12		3,475.80	
Reserve for Recreation Fees	B-18			801,972.05
Reserve for Sanitary Landfill Escrow	B-16			54.83
Interfunds	B-7:B-11:B-15	395,346.96	2,637.89	38,278.07
Reserve for Various Trust Deposits	B-19			30,536,097.43
Reserve for Township Open Space	B-17			1,849,264.38
		\$ <u>819,726.18</u>	\$ <u>54,466.89</u>	\$ <u>33,225,666.76</u>
		\$ <u>2,230,301.28</u>	\$ <u>98,585.49</u>	\$ <u>57,250,204.90</u>
Decreased by Disbursements:				
Interfunds	B-7:B-11:B-15	\$ 975,552.67	\$ 9,952.50	\$ 893,432.88
Reserve for Various Trust Deposits	B-19			33,586,257.39
Due State of New Jersey	B-12		3,488.40	
Assessment Bonds Payable	B-9	28,100.00		
Assessment Loans Payable	B-10	326,918.27		
Assessment Loans Interest Payable	B-8	33,331.48		
Animal Control Fund Expenditures	B-13		56,058.92	
Recreation Commission Expenditures	B-18			937,639.15
Reserve for Township Open Space	B-17			738,725.50
		\$ <u>1,363,902.42</u>	\$ <u>69,499.82</u>	\$ <u>36,156,054.92</u>
Balance, December 31, 2018	B	\$ <u><u>866,398.86</u></u>	\$ <u><u>29,085.67</u></u>	\$ <u><u>21,094,149.98</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2018</u>
Assessment Serial Bonds: 2007-08	Riverview Sewers	\$ 174,310.81 \$	16,504.31 \$	28,100.00 \$	162,715.12
Assessment Loans: 2009-13 2014-14	Claremont Sewers Sanitary Sewer	257,984.97	260,302.14 103,705.97	264,552.20 95,697.55	253,734.91 8,008.42
Due Current Fund Due General Capital Fund Amount to be Raised by Taxation Trust Surplus		372,719.71 602,172.01 3,387.60	395,346.96 42,173.00 1,693.80	373,380.66 602,172.01	394,686.01 42,173.00 5,081.40
		\$ 1,410,575.10 \$	819,726.18 \$	1,363,902.42 \$	866,398.86
	<u>REF.</u>	B	B-2	B-2	B

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANNUAL INSTALLMENTS	DUE DATE	BALANCE DECEMBER 31, 2017	NEW ASSESSMENTS	COLLECTED	BALANCE DECEMBER 31, 2018	BALANCE PLEDGED TO ASSESSMENT SERIAL BONDS/LOANS	RESERVE
2007-08	Installation of Sewer Lines - Riverview	20	3/01 & 9/01	\$ 156,537.47	\$	16,504.31	\$ 140,033.16	140,033.16	\$
2007-20	Installation of Sewer Lines - Mountainview	5	9/01	2,258.40		1,693.80	564.60		564.60
2007-43	Installation of Sewer Lines - Claremont	20	6/01 & 12/01	2,865,945.62		223,158.69	2,642,786.93	2,642,786.93	
2014-14	Sanitary Sewer	20	3/01, 6/01, 9/01 & 12/01		854,958.00	140,849.42	714,108.58	714,108.58	
				\$ 3,024,741.49	\$ 854,958.00	382,206.22	\$ 3,497,493.27	3,496,928.67	\$ 564.60
				B		B-2	B		
				REF.					

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF AMOUNT TO BE RAISED BY TAXATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>PROSPECTIVE ASSESSMENTS CANCELED</u>	<u>CASH RECEIPTS</u>	<u>BALANCE DECEMBER 31, 2018</u>
2007-08	Installation of Sewer Lines - Riverview	\$ 6,351.72 \$	\$	\$	6,351.72
2007-43	Installation of Sewer Lines - Claremont	21,250.07			21,250.07
2014-14	Sanitary Sewer		284,152.08	42,173.00	241,979.08
		<u>\$ 27,601.79 \$</u>	<u>284,152.08 \$</u>	<u>42,173.00 \$</u>	<u>269,580.87</u>
<u>REF.</u>		<u>B</u>		<u>B-2</u>	<u>B</u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>COLLECTIONS TO SURPLUS</u>	<u>BALANCE DECEMBER 31, 2018</u>
2007-43/ 2009-13	Installation of Sewer Lines - Claremont	\$ 2,258.40 \$	1,693.80 \$	564.60
		\$ 2,258.40 \$	1,693.80 \$	564.60
	<u>REF.</u>	B	B-1	B

"B-7"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS PAYABLE - ASSESSMENT TRUST FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2017	B	\$ <u>974,891.72</u>	\$ <u>372,719.71</u>	\$ <u>602,172.01</u>
Increased by:				
Cash Receipts	B-2	<u>395,346.96</u>	<u>395,346.96</u>	
		\$ <u>1,370,238.68</u>	\$ <u>768,066.67</u>	\$ <u>602,172.01</u>
Decreased by:				
Cash Disbursements	B-2	<u>975,552.67</u>	<u>373,380.66</u>	<u>602,172.01</u>
Balance, December 31, 2018	B	\$ <u><u>394,686.01</u></u>	\$ <u><u>394,686.01</u></u>	\$ <u><u> </u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENT LOAN INTEREST PAYABLE

	<u>REF.</u>	
Balance, December 31, 2017	B	\$ 227,407.62
Decreased by:		
Cash Disbursements	B-2	<u>33,331.48</u>
Balance, December 31, 2018	B	\$ <u><u>194,076.14</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENT SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Riverview Sewer	07/22/09	\$ 562,000.00	06/01/19-29	\$ 28,100.00	5.00%	\$ 337,200.00	\$ 28,100.00	\$ 309,100.00
						\$ 337,200.00	\$ 28,100.00	\$ 309,100.00
					<u>REF.</u>	B	B-2	B

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF N.J.E.I.T. ASSESSMENT LOANS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING DECEMBER 31, 2018</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Sewer Assessment Loans (S340-099-01)	3/10/2010	\$ 1,103,238.01	8/1/2019	\$ 57,685.65	4.000%	\$	\$	\$
			8/1/2020-21	61,291.00	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	3.500%			
			8/1/2027	79,317.76	4.000%			
			8/1/2028-29	82,923.12	4.000%	829,231.18	54,080.29	775,150.89
Sewer Assessment Loans (S340-099-01)	3/10/2010	3,188,527.89	2/1/2019-8/1/2028	177,140.43	0%			
			2029	177,140.58	0%	2,125,685.31	177,140.43	1,948,544.88
Sewer Assessment Loans (S340-099-02)	12/22/2016	275,000.00	8/1/2019	10,000.00	4.000%			
			8/1/2020-23	10,000.00	5.000%			
			8/1/2024-26	15,000.00	5.000%			
			8/1/2027-31	15,000.00	4.000%			
			8/1/2032-35	20,000.00	4.000%			
			8/1/2036	15,000.00	4.000%	275,000.00	10,000.00	265,000.00
Sewer Assessment Loans (S340-099-02)	12/22/2016	855,983.00	2019-2035	43,524.55	0%			
			2036	1,351.73	0%	826,966.63	85,697.55	741,269.08
			Loan Decrease 2018	(42,173.00)				
				<u>813,810.00</u>				
						\$ 4,056,883.12	\$ 326,918.27	\$ 3,729,964.85
						<u>B</u>	<u>B-2</u>	<u>B</u>
						<u>REF.</u>		

"B-11"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2017		
Due To	B	\$ 9,952.50
Increased by:		
Cash Receipts	B-2	2,637.89
		<u>\$ 12,590.39</u>
Decreased by:		
Cash Disbursements	B-2	<u>9,952.50</u>
Balance, December 31, 2018		
Due To	B	<u><u>\$ 2,637.89</u></u>

"B-12"

SCHEDULE OF DUE STATE OF NEW JERSEY-ANIMAL CONTROL FUND

Balance, December 31, 2017	B	\$ 3.60
Increased by:		
Cash Receipts	B-2	\$ 3,475.80
Prior Year Adjustment to Reserve for Animal Control Expenditures	B-13	<u>9.00</u>
		<u>3,484.80</u>
		<u>\$ 3,488.40</u>
Decreased by:		
Cash Disbursements	B-2	<u><u>\$ 3,488.40</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	8,191.20
Increased by:			
Dog License Fees Collected	B-2	\$	48,353.20
Encumbrances Payable	B		<u>25,971.30</u>
			74,324.50
		\$	<u>82,515.70</u>
Decreased by:			
Expenditures Under R.S.4:49-15.11:			
Cash Disbursements	B-2	\$	56,058.92
Due to NJ Balance Adjustment	B-12		<u>9.00</u>
			<u>56,067.92</u>
Balance, December 31, 2018	B	\$	<u><u>26,447.78</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2016	\$ 48,661.80
2017	<u>49,472.00</u>
	<u><u>\$ 98,133.80</u></u>

"B-14"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	645,221.17
Increased by:			
Various Trust Deposits	B-19		146,022.27
		\$	<u>791,243.44</u>
Decreased by:			
Transfer to Reserve for Miscellaneous Trust Deposits	B-19	\$	76,449.45
Transfer to Reserve for Recreation	B-18		68,771.72
Transfer to Reserve for Open Space	B-17		<u>500,000.00</u>
			<u>645,221.17</u>
Balance, December 31, 2018	B	\$	<u><u>146,022.27</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - OTHER FUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2017			
Due from	B	\$ 860,101.40	\$ 860,101.40
Increased by:			
Cash Receipts	B-2	<u>38,278.07</u>	<u>38,278.07</u>
Decreased by:			
Cash Disbursements	B-2	<u>893,432.88</u>	<u>893,432.88</u>
Balance, December 31, 2018			
Due from	B	\$ <u>4,946.59</u>	\$ <u>4,946.59</u>

"B-16"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR SANITARY LANDFILL ESCROW

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	10,860.76
Increased by:			
Interest Earned	B-2		<u>54.83</u>
Balance, December 31, 2018	B	\$	<u><u>10,915.59</u></u>

"B-17"

SCHEDULE OF RESERVE FOR TOWNSHIP OPEN SPACE

Balance, December 31, 2017	B	\$	13,833,584.22
Increased by:			
Cash Receipts	B-2	\$	1,849,264.38
Transfer from Encumbrances Payable	B-14		<u>500,000.00</u>
			<u>2,349,264.38</u>
		\$	<u>16,182,848.60</u>
Decreased by:			
Cash Disbursements	B-2		<u>738,725.50</u>
Balance, December 31, 2018	B	\$	<u><u>15,444,123.10</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION COMMISSION EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	189,602.57
Increased by:			
Receipts- Program Registration Fees	B-2	\$	801,972.05
Transfer from Encumbrances Payable	B-14		<u>68,771.72</u>
			870,743.77
		\$	<u>1,060,346.34</u>
Decreased by:			
Cash Disbursements	B-2		<u>937,639.15</u>
Balance, December 31, 2018	B	\$	<u><u>122,707.19</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

<u>RESERVE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>ENCUMBRANCES PAYABLE</u>	<u>BALANCE DECEMBER 31, 2018</u>
Government Grant Fund	\$ 66,633.22	\$ 805.82	\$	\$	67,439.04
Police Law Enforcement Trust	30,324.62	6,275.02	4,438.68		32,160.96
Federal Forfeiture Fund	5,851.42	67.43			5,918.85
Police Services Escrow	43,991.17	552,942.98	568,748.89		28,185.26
Expert Witness Program	27,630.00				27,630.00
Self Insurance Program	309,062.00				309,062.00
COBRA Payment Program	260,111.27				260,111.27
Employee Benefits Program	82,801.40				82,801.40
Subdivision Deposits	3,323.00				3,323.00
Escrow Management	1,618,328.28	401,675.16	445,810.31		1,574,193.13
Flexible Spending Account	3.67	10,920.00	10,010.66		913.01
Affinity Credit Card	24,179.27	7,629.23	8,321.62		23,486.88
Miscellaneous Trust	1,451,634.44	3,911,736.57	3,910,056.56	146,022.27	1,307,292.18
Payroll Agency		24,164,765.98	24,163,250.87		1,515.11
Kimberwick Curb Suit	33,290.69	168.05			33,458.74
Public Assistance - Donations	93,981.13	24,433.43	23,810.88		94,603.68
Escrow/Offsite	3,583,683.64	419,072.47	3,360,633.75		642,122.36
Tax Lien Redemption	926,788.25	1,035,605.29	1,091,175.17		871,218.37
	<u>\$ 8,561,617.47</u>	<u>\$ 30,536,097.43</u>	<u>\$ 33,586,257.39</u>	<u>\$ 146,022.27</u>	<u>\$ 5,365,435.24</u>
<u>REF.</u>		<u>B-2</u>	<u>B-2</u>	<u>B-14</u>	<u>B</u>
Balance, December 31, 2017	\$ 8,485,168.02				
Encumbrances Payable	<u>76,449.45</u>				
	<u>\$ 8,561,617.47</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, 2017	C	\$	311,431.28
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$	570,000.00
Deferred Charge - Unfunded	C-5		10,000.00
Refund of Improvement Authorization	C-7		76,932.32
Premium on Sale of Notes	C-1		13,718.00
Grants Receivable	C-11		43,750.00
Developers Deposits	C-9		29,304.15
Interfunds	C-10		2,176,396.21
Refunds Receivable	C		157,550.00
N.J.E.I.T. Loans Receivable	C-16		245,930.00
Bond Anticipation Notes	C-14		<u>2,572,867.00</u>
			5,896,447.68
		\$	<u>6,207,878.96</u>
Decreased by Disbursements:			
Contracts Payable	C-6	\$	1,345,224.24
Bond Anticipation Notes	C-14		2,572,867.00
Interfunds	C-10		<u>241,916.00</u>
			<u>4,160,007.24</u>
Balance, December 31, 2018	C:C-3	\$	<u><u>2,047,871.72</u></u>

"C-3"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2018

Capital Improvement Fund	\$	10,594.83
Fund Balance		49,721.80
Reserve for Encumbrances		512,557.70
Reserve for Developers Security Deposits Exhibit "C-9"		2,033,944.72
Unexpended Proceeds of Bond Anticipation Notes on "C-5"		45,658.33
Improvement Authorizations:		
Funded Improvements Listed on "C-7"		1,470,531.22
Improvements Expended Set Forth on "C-5"		(1,570,251.15)
Various Reserves		83,873.80
Interfunds Payable		183,298.47
N.J.E.I.T. Loan Receivable		(14,058.00)
Grants Receivable		(758,000.00)
	\$	<u>2,047,871.72</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2017	C		\$	3,877,040.91
Decreased by:				
Paid by Current Year Budget Appropriation:				
Bond Principal	C-13	\$	730,000.00	
N.J.E.I.T. Loan Principal	C-12		<u>144,442.38</u>	
				<u>874,442.38</u>
Balance, December 31, 2018	C		\$	<u>3,002,598.53</u>

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 591,408.75
Increased by:		
Improvement Authorizations	C-7	<u>1,266,373.19</u>
		\$ <u>1,857,781.94</u>
Decreased by:		
Cash Disbursements	C-2	<u>1,345,224.24</u>
Balance, December 31, 2018	C	\$ <u><u>512,557.70</u></u>

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31,		2018 AUTHORIZATIONS		PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31,	
		DATE	AMOUNT	FUNDED	UNFUNDED	FUNDED	UNFUNDED			FUNDED	UNFUNDED
1998-30	Various Capital Improvements	09/08/1998	\$ 920,000.00	\$	\$ 9,298.88	\$	\$	\$		\$	\$ 9,298.88
1998-33	Various Capital Improvements	09/08/1999	704,000.00	1,088.23						1,088.23	
1999-28	Various Park Improvements	05/25/1999	935,000.00	5,742.89						5,742.89	
2000-13	Police Computer System	04/22/2000	200,000.00	6,838.87				14,718.31	6,838.87		
2001-22/2005-18	Various Capital Improvements	05/23/2001	655,600.00	56,183.17						41,464.86	
2002-05/2004-49	Expansion of Library Facilities	02/05/2002	4,000,000.00								
		05/13/2003	60,000.00								
		12/14/2004	140,000.00		33,214.96						33,214.96
2002-17	New Armwell Road Reconfiguration	05/28/2002	103,769.00	30,405.05						30,405.05	
2002-33	Improvements to Docherty Park	09/24/2002	273,630.00	20,367.28						20,367.28	
2002-34	Various Capital Improvements	09/24/2002	347,602.00	11.29						11.29	
2003-18/2004-15	Various Capital Improvements	04/27/2004	80,000.00	75.49						75.49	
2004-17	Various Capital Improvements	05/11/2004	1,307,500.00	149,885.57				134,124.41	174.68	15,586.48	
04-32/05-20	Various Capital Improvements	08/10/2004	2,973.25	2,973.25					2,973.25		
2005-17	Various Capital Improvements	06/28/2005	1,259,200.00	40,184.32				210.62	212.30	39,761.40	
2006-24	Amending Ordinance 2005-13/2006-21	07/22/2008	10,000.00	84,070.12				29,110.55		54,959.57	
2006-49	Sewer Line Extension	12/19/2006	50,000.00	1,323.64					1,323.64		
2006-45	Wastewater Management Plan	09/12/2006	25,000.00	527.27						527.27	
2007-08	Installation of Sewer Lines	04/10/2007	600,000.00	65,200.71	8,000.00			70,146.58	585.02	172,887.28	3,054.13
2008-52	Amending Ordinance 2007-15	12/23/2008	85,000.00	178,682.30				3,210.00			
2007-20	Installation of Sewer Lines	07/10/2007	1,000,000.00		222,830.83					12,000.00	222,830.83
2007-40	Detention Basin Redesign Study	11/12/2007	12,000.00							520.46	
2007-41	Senior Citizen Activity Center	12/11/2007	30,000.00								
2009-13	Amending Ordinance 2007-43	04/14/2009	5,205,000.00	2,397.29	1,097,327.72					2,397.29	1,097,327.72
2008-18	Various Capital Improvements	05/27/2008	1,289,936.00								
2008-49	Acquisition of Land	12/23/2008	2,100,000.00		2,048,484.03						2,048,484.03
2009-15	Various Road Improvements	04/28/2009	1,900,000.00		3,758.28			3,758.28			
2009-16	Acquisition and Construction of Salt Storage Facility	04/28/2009	400,000.00	379.70						379.70	
2009-20	Various Capital Improvements	05/26/2009	938,000.00	11,051.56				951.56		10,100.00	
2009-46	Various Public Safety Capital Improvements	12/22/2009	72,500.00	16,905.30				16,905.30			
2010-32	Various Capital Improvements	12/14/2010	458,300.00	18,032.89				17,901.39			
2011-13	Various Capital Improvements	06/28/2011	2,153,000.00	57,338.41				12,372.18			44,966.23
2011-17	Various Capital Improvements	08/23/2011	646,300.00	43,132.74				37,432.74		837.00	
2012-20	Various Capital Improvements	06/26/2012	323,503.00	52,260.87				4,863.00		985.78	
2012-35	Sale of Land	12/13/2012	350,000.00	50,020.12				1,583.04		50,020.12	
2013-12	Purchase of Various Capital Improvements	07/09/2013	423,252.00	7,099.17						7,099.17	
2013-16	Various Capital Improvements	05/14/2013	716,713.00	652.10							652.10
2014-08	Various Capital Improvements	05/27/2014	265,295.00	23,709.78						13,609.40	
2014-10	Sanitary Sewer	05/27/2014	1,500,000.00		1,415.00			1,375.00			40.00
2014-14	Various Capital Improvements	07/22/2014	1,650,000.00	1,681.80	436,517.00			(830.83)			
2014-17	Various Capital Improvements	10/14/2014	35,000.00	28,905.00						28,905.00	
2015-06	Various Capital Improvements	05/26/2015	1,196,708.10	1,648.00				(82,848.44)		84,494.44	
2015-21	Various Capital Improvements	12/15/2015	58,000.00	88.00				88.00			
2016-09	Various Capital Improvements	06/28/2016	388,583.00	4,340.68				4,206.68			
2017-13	Various Capital Improvements	08/08/2017	804,962.78	328,576.20				158,135.70	134.00	170,440.50	
2018-03	Resurfacing of Beekman Lane	3/27/2018	540,000.00					540,000.00			
2018-13	Various Capital Improvements	7/10/2018	575,000.00					294,134.73		280,865.27	
2018-14	Township-Wide Road Improvements	8/14/2018	8,500,000.00							425,000.00	8,075,000.00
			\$ 1,244,307.01	\$ 3,918,837.21	\$ 9,615,000.00	\$ 1,189,440.87	\$ 186,446.62	\$ 1,470,531.22	\$ 11,931,725.51	\$ 11,931,725.51	
			C	C				C-C-3		C-C-5	
	REF.										
	C-9										
	C-11					\$	\$				
	C-16										
	C-8									42,173.00	
	C-5									142,949.98	
	C-1										
	C-6									1,323.64	
	C-2										
	Developer's Deposits										
	Grants Receivable										
	NJEIT Loan Receivable										
	Capital Improvement Fund										
	Bonds and Notes Authorized										
	Fund Balance										
	Contracts Payable										
	Less: Refunds										
						\$	\$	\$	\$	\$	\$
						9,615,000.00	1,189,440.87	186,446.62			

"C-8"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2017	C	\$	271,644.85
Increased by:			
Current Year Budget Appropriation	C-2	\$	570,000.00
Cancellation of Improvement Authorizations	C-7		<u>142,949.98</u>
			712,949.98
		\$	<u>984,594.83</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-7		<u>974,000.00</u>
Balance, December 31, 2018	C	\$	<u><u>10,594.83</u></u>

"C-9"

SCHEDULE OF DEVELOPERS' CONTRIBUTION DEPOSITS

Balance, December 31, 2017	C	\$	2,062,640.57
Increased by:			
Cash Receipts	C-2		<u>29,304.15</u>
		\$	<u>2,091,944.72</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-7		<u>58,000.00</u>
Balance, December 31, 2018	C:C-3	\$	<u><u>2,033,944.72</u></u>

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

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>ASSESSMENT TRUST FUND</u>
Balance, December 31, 2017 Due From	C	\$ <u>1,751,181.74</u>	\$ <u>1,149,009.73</u>	\$ <u>602,172.01</u>
Treasurer-Disbursements	C-2	<u>241,916.00</u>	<u>241,916.00</u>	<u> </u>
Treasurer-Receipts	C-2	<u>2,176,396.21</u>	<u>1,574,224.20</u>	<u>602,172.01</u>
Balance, December 31, 2018 Due To	C	\$ <u><u>183,298.47</u></u>	\$ <u><u>183,298.47</u></u>	\$ <u><u> </u></u>

TOWNSHIP OF HILLSBOROUGH
GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 293,750.00
Increased by:		
Grants Awarded	C-7	<u>508,000.00</u>
		\$ <u>801,750.00</u>
Decreased by:		
Cash Receipts	C-2	<u>43,750.00</u>
Balance, December 31, 2018	C	\$ <u><u>758,000.00</u></u>

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF NJEIT LOANS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING DECEMBER 31, 2018</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Sewer Bonds	3/10/2010	\$ 426,761.99	8/1/2019	\$ 18,314.35	4.000%	\$	\$	
			8/1/2020	19,709.00	5.000%			
	Less: Savings Credit	<u>-55,000.00</u>	8/1/2021	18,709.00	3.000%			
		<u>\$ 371,761.99</u>	8/1/2022	20,103.65	4.000%			
			8/1/2023-24	21,498.29	4.000%			
			8/1/2025	22,892.94	4.000%			
Sewer Bonds			8/1/2026	24,287.59	3.500%			
			8/1/2027	25,682.24	4.000%			
			8/1/2028-29	26,076.88	4.000%			
						320,768.82	75,919.71	244,849.11
						<u>822,272.09</u>	<u>68,522.67</u>	<u>753,749.42</u>
	3/10/2010	1,233,408.11	8/1/2019-29		0%			
						<u>\$ 1,143,040.91</u>	<u>\$ 144,442.38</u>	<u>\$ 998,598.53</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

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>			<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
			<u>DECEMBER 31, 2018</u>						
			<u>DATE</u>	<u>AMOUNT</u>					
Refunding Bonds (Open Space)	11/27/12	\$ 5,683,000.00	8/01/19	\$ 643,000.00	3.00	\$		\$	
			8/01/20	650,000.00	4.00				
			8/01/21	620,000.00	4.00		2,553,000.00	640,000.00	1,913,000.00
Refunding Bonds (General Improvements)	11/27/12	616,000.00	8/01/19	91,000.00	3.00		181,000.00	90,000.00	91,000.00
						\$	<u>2,734,000.00</u>	<u>730,000.00</u>	<u>2,004,000.00</u>
					<u>REF.</u>	C		C	
					C-4	\$	730,000.00		

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
2011-13	Various Improvements	12/09/11	12/07/17 11/29/18	12/07/18 11/29/19	1.340% 3.000%	\$ 1,074,990.00	\$ 806,990.00	\$ 1,074,990.00	\$ 806,990.00
2013-16	Various Improvements	12/12/13	12/07/17 11/29/18	12/07/18 11/29/19	1.340% 3.000%	425,877.00	340,877.00	425,877.00	340,877.00
2014-10	Various Improvements	12/08/16	12/07/17 11/29/18	12/07/18 11/29/19	1.340% 3.000%	1,425,000.00	1,425,000.00	1,425,000.00	1,425,000.00
						<u>\$ 2,925,867.00</u>	<u>\$ 2,572,867.00</u>	<u>\$ 2,925,867.00</u>	<u>\$ 2,572,867.00</u>
					<u>REF.</u>	<u>C</u>	<u>C-2</u>		<u>C:C-5</u>
	Notes Paid by Budget				C-5			\$ 353,000.00	
	Disbursements				C-2			<u>2,572,867.00</u>	
								<u>\$ 2,925,867.00</u>	

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

<u>RESERVE</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2018</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	9,329.41	9,329.41
Debt Service - N.J.E.I.T. Proceeds	<u>5,639.39</u>	<u>5,639.39</u>
	\$ <u>83,873.80</u>	\$ <u>83,873.80</u>
<u>REF.</u>	C	C

"C-16"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

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

	<u>REF.</u>		
Balance, December 31, 2017	C	\$	302,161.00
Cash Receipts	C-2	\$	245,930.00
Improvement Authorizations Canceled	C-7		<u>42,173.00</u>
			<u>288,103.00</u>
Balance, December 31, 2018	C	\$	<u><u>14,058.00</u></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, 2018</u>
1996-10	Various Capital Improvements	\$ 58,704.00
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	118,375.98
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
2014-14	Sanitary Sewer	436,517.00
2018-14	Township-Wide Road Improvements	<u>8,075,000.00</u>
		<u>\$ 13,456,318.33</u>

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PART II

TOWNSHIP OF HILLSBOROUGH

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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

	YEAR 2018		YEAR 2017	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 2,000,000.00	1.28%	\$ 2,000,000.00	1.33%
Miscellaneous - From Other Than				
Local Property Tax Levies	9,983,087.62	6.39%	9,457,312.50	6.27%
Collection of Delinquent Taxes				
and Tax Title Liens	781,779.93	0.50%	837,267.74	0.56%
Collections of Current Tax Levy	143,490,163.67	91.83%	138,469,859.90	91.85%
	<u>143,490,163.67</u>		<u>138,469,859.90</u>	
Total Revenue	\$ 156,255,031.22	100.00%	\$ 150,764,440.14	100.00%
	<u>156,255,031.22</u>		<u>150,764,440.14</u>	
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 28,952,661.85	18.84%	\$ 28,241,780.92	19.00%
County Taxes	24,638,575.16	16.03%	23,985,397.64	16.13%
Local School Taxes	95,321,180.00	62.02%	91,651,354.00	61.65%
Fire District Tax	2,621,649.00	1.71%	2,436,144.00	1.64%
Township Open Space	1,672,376.63	1.09%	1,615,141.58	1.09%
Other Expenditures	482,741.24	0.31%	730,582.71	0.49%
	<u>482,741.24</u>		<u>730,582.71</u>	
Total Expenditures	\$ 153,689,183.88	100.00%	\$ 148,660,400.85	100.00%
	<u>153,689,183.88</u>		<u>148,660,400.85</u>	
Excess in Revenue	\$ 2,565,847.34		\$ 2,104,039.29	
Fund Balance - January 1	2,570,876.34		2,466,837.05	
	<u>\$ 5,136,723.68</u>		<u>\$ 4,570,876.34</u>	
Less: Utilization as Anticipated Revenue	2,000,000.00		2,000,000.00	
	<u>2,000,000.00</u>		<u>2,000,000.00</u>	
Fund Balance, December 31	\$ 3,136,723.68		\$ 2,570,876.34	
	<u>3,136,723.68</u>		<u>2,570,876.34</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$2.419</u>	<u>\$2.415</u>	<u>\$2.414</u>
Apportionments of Tax Rate:			
Municipal	\$0.325	\$0.330	\$0.330
Municipal Open Space	0.028	0.028	0.028
County	0.332	0.335	0.331
County Library	0.050	0.050	0.049
County Open Space	0.032	0.032	0.032
Regional School	1.607	1.597	1.602
Fire District	<u>0.045</u>	<u>0.043</u>	<u>0.042</u>

ASSESSED VALUATIONS

2018	<u>\$5,930,841,814.00</u>	
2017	<u>\$5,735,581,093.00</u>	
2016		<u>\$5,623,405,105.00</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</u> <u>COLLECTIONS</u>	<u>PERCENTAGE OF</u> <u>COLLECTION</u>
2018	\$144,495,842.83	\$143,490,163.67	99.30%
2017	\$139,307,725.86	\$138,469,859.90	99.39%
2016	\$137,153,613.01	\$136,282,686.48	99.36%

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>
2018	\$278,886.51	\$907,843.06	\$1,186,729.57	0.82%
2017	\$240,946.81	\$796,043.39	\$1,036,990.20	0.74%
2016	\$212,820.03	\$862,566.93	\$1,075,386.96	0.78%

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>
2018	\$1,642,200.00
2017	\$1,642,200.00
2016	\$1,642,200.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
	2018	\$3,136,723.68	\$2,350,000.00
	2017	\$2,570,876.34	\$2,000,000.00
CURRENT FUND	2016	\$2,466,837.05	\$2,000,000.00
	2015	\$2,387,243.17	\$1,900,000.00
	2014	\$2,477,853.27	\$2,000,000.00

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>
Gloria McCauley	Mayor	*	
Douglas Tomson	Deputy Mayor	*	
Greg Burchette	Committeeperson to 7/2018	*	
Shawn Lipani	Committeeperson from 7/2018	*	
Frank DelCore	Committeeperson	*	
Carl Suraci	Committeeperson	*	
Anthony Ferrera	Administrator, Deputy Clerk	*	
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>
William Willard	Attorney	*	
John Richardson	Magistrate to 2/2018	*	
Francesco Taddeo	Magistrate from 2/2018	*	
Susan Keeth	Court Administrator	*	
Nancy Horvath	Deputy Court Administrator	*	
Dr. Glen Belnay	Health Officer	*	
Darren Powell	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	*	
Rich Perlman	Building Sub-Code Official	*	
Frank Lukacs	Plumbing Sub-Code Official	*	
Robert Wagner	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 July 1, 2015, 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 June 13, 2017 of the governing body, the bid threshold for all purchases made by the Township's qualified purchasing agent is \$40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 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:

- Restoration of Vanderveer House – Phase IIB
- 2018 Road Maintenance Materials
- Road Resurfacing New Amwell Road
- 2018 Sidewalk and Curbing
- Purchase and Installation of Steel Dump Truck Bodies
- Beekman Lane Rehabilitation – Phase I

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 \$40,000.00 "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, 2018 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 2018 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 September 13, 2018 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>
2018	48
2017	40
2016	31

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	10
Delinquent Taxes	10

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 2018 Budget.

RECOMMENDATIONS

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

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

*Prior Year Recommendations

