

*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, 2019*

*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, 2019*

TOWNSHIP OF HILLSBOROUGH

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TOWNSHIP OF HILLSBOROUGH

PART I

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

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

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2019 AND 2018



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019 and 2018, 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, 2019, 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.



## **SUPLEE, CLOONEY & COMPANY**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township of 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, 2019 and 2018, 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, 2019.

### ***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, 2019 and 2018, 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, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

# SUPLEE, CLOONEY & COMPANY

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Hillsborough's regulatory financial statements. The supplementary information, schedules 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, schedules 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, schedules and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated ~~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.

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CERTIFIED PUBLIC ACCOUNTANTS

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REGISTERED MUNICIPAL ACCOUNTANT NO. 439

~~August 8, 2019~~



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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, 2019, 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.

## SUPLEE, CLOONEY & COMPANY

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

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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
Current Fund:			
Cash	A-4	\$ 7,392,398.05	\$ 5,896,524.25
Change Funds	A-6	575.00	575.00
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8	1,094.53	2,771.58
		<u>\$ 7,394,067.58</u>	<u>\$ 5,899,870.83</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 923,764.89	\$ 907,843.06
Tax Title Liens Receivable	A-10	346,168.81	278,886.51
Property Acquired for Taxes - Assessed Valuation	A-11	1,642,200.00	1,642,200.00
Revenue Accounts Receivable	A-12	27,919.21	22,452.44
Interfunds Receivable	A-13	95,267.68	597,309.88
	A	<u>\$ 3,035,320.59</u>	<u>\$ 3,448,691.89</u>
		<u>\$ 10,429,388.17</u>	<u>\$ 9,348,562.72</u>
Grant Fund:			
Cash	A-4	\$ 238,642.34	\$ 282,871.83
Grants Receivable	A-7	955,278.68	1,020,137.36
Interfunds Receivable	A-30	106,264.60	168,406.12
		<u>\$ 1,300,185.62</u>	<u>\$ 1,471,415.31</u>
		<u>\$ 11,729,573.79</u>	<u>\$ 10,819,978.03</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</u> <u>DECEMBER</u> <u>31, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-18	\$ 850,545.14	\$ 801,016.98
Encumbrances Payable	A-19	591,763.73	812,574.38
Tax Overpayments	A-16		750.00
Interfunds Payable	A-13	532,495.03	180,147.04
Prepaid Taxes	A-21	711,188.94	746,008.92
Local District School Tax Payable	A-23	0.50	
Reserve for Miscellaneous Deposits	A-14	179,643.69	179,643.69
Reserve for Tax Appeals	A-17	22,763.14	22,763.14
Due State of New Jersey-Construction Code Official	A-25	23,314.00	16,193.00
Due State of New Jersey-Registrar Licenses	A-26	5,950.00	4,050.00
		<u>\$ 2,917,664.17</u>	<u>\$ 2,763,147.15</u>
Reserve for Receivables	A	3,035,320.59	3,448,691.89
Fund Balance	A-1	<u>4,476,403.41</u>	<u>3,136,723.68</u>
		<u>\$ 10,429,388.17</u>	<u>\$ 9,348,562.72</u>
Grant Fund:			
Reserve for Grants-Appropriated	A-27	\$ 973,238.91	\$ 992,213.87
Reserve for Grants-Unappropriated	A-28	128,323.43	51,159.65
Encumbrances Payable	A-20	<u>198,623.28</u>	<u>428,041.79</u>
		<u>\$ 1,300,185.62</u>	<u>\$ 1,471,415.31</u>
		<u>\$ 11,729,573.79</u>	<u>\$ 10,819,978.03</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, 2019	YEAR ENDED DECEMBER 31, 2018
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 2,350,000.00	\$ 2,000,000.00
Miscellaneous Revenues Anticipated	A-2	8,659,525.37	7,800,893.02
Receipts from Delinquent Taxes	A-2	885,165.44	781,779.93
Receipts from Current Taxes	A-2	147,615,494.61	143,490,163.67
Non-Budget Revenues	A-2	416,474.42	318,919.42
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	A-18	676,765.69	615,926.16
Encumbrances Canceled	A-19	41,422.69	1,701.40
Tax Overpayments Canceled	A-16		202.78
Interfunds Returned		502,042.20	645,463.73
Refunds Receivable Collected	A-15	495,264.91	599,981.11
<u>Total Income</u>		<u>\$ 161,642,155.33</u>	<u>\$ 156,255,031.22</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
within "CAPS":			
Operations including Contingent	A-3	\$ 22,689,329.00	\$ 22,583,062.00
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	3,724,769.00	3,417,018.00
Excluded from "CAPS"			
Operations	A-3	466,997.50	901,798.19
Capital Improvement Fund	A-3	650,000.00	620,000.00
Municipal Debt Service	A-3	1,531,430.84	1,420,783.66
Deferred Charges and Judgments	A-3	10,000.00	10,000.00
County Tax	A-22	25,443,598.37	24,464,936.67
County Tax for Added and Omitted Taxes	A-22	106,076.23	173,638.49
Local District School Tax	A-23	98,345,762.00	95,321,180.00
Fire District Tax	A-29	2,711,665.00	2,621,649.00
Municipal Open Space Tax	A-24	1,730,885.58	1,672,376.63
Refund Receivable	A-15	495,264.91	473,971.95
Senior Citizen Deductions Disallowed	A-8	638.02	
Refund of Prior Years Revenues	A-4	46,059.15	8,769.29
<u>Total Expenditures</u>		<u>\$ 157,952,475.60</u>	<u>\$ 153,689,183.88</u>
Excess in Revenue		\$ 3,689,679.73	\$ 2,565,847.34
<u>Fund Balance</u>			
Balance, January 1	A	3,136,723.68	2,570,876.34
		<u>\$ 6,826,403.41</u>	<u>\$ 5,136,723.68</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	2,350,000.00	2,000,000.00
Balance, December 31	A	<u>\$ 4,476,403.41</u>	<u>\$ 3,136,723.68</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, 2019

		ANTICIPATED			
			SPECIAL N.J.S. 40A:4-87		EXCESS OR (DEFICIT)
REF.	BUDGET			REALIZED	
Fund Balance Anticipated	A-1	\$ 2,350,000.00		\$ 2,350,000.00	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-12	\$ 37,600.00	\$	\$ 37,688.00	\$ 88.00
Other Licenses	A-2	34,000.00		36,570.00	2,570.00
Construction Code Official - Fees and Permits	A-2	1,100,000.00		1,750,628.05	650,628.05
Other Fees and Permits	A-2	235,000.00		306,381.15	71,381.15
Fines and Costs - Municipal Court	A-12	360,000.00		377,206.57	17,206.57
Interest and Costs on Taxes	A-12	175,000.00		232,042.94	57,042.94
Interest on Investments and Deposits	A-12	200,000.00		381,305.42	181,305.42
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			(18,000.00)
Shared Service - Municipal Court - Montgomery	A-12	158,880.00		158,880.00	
Shared Service - Municipal Court - Manville	A-12	136,848.00		168,060.00	31,212.00
Open Space Trust Fund	A-12	713,090.00		713,090.00	
Cable TV Franchise Fees	A-12	51,834.00		51,834.47	0.47
Cell Tower Lease	A-12	85,000.00		91,506.56	6,506.56
Municipal Utilities Authority Contribution	A-12	175,000.00		175,000.00	
Rental Income	A-12	50,000.00		50,499.99	499.99
Contribution from Somerville Business Park	A-12	317,448.00		472,499.60	155,051.60
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		8,090.45	8,090.45	
Body Armor Replacement Fund	A-7	5,414.00	5,032.46	10,446.46	
Clean Communities Program	A-7	96,040.00		96,040.00	
Safe and Secure Communities	A-7	60,000.00		60,000.00	
Emergency Management	A-7	10,000.00		10,000.00	
DOJ National Crime Statistics Grant	A-7	39,556.00		39,556.00	
Youth Services	A-7	7,500.00	5,000.00	12,500.00	
Pedestrian Safety Grant	A-7		8,543.38	8,543.38	
Recycling Tonnage Grant	A-7		29,921.21	29,921.21	
	A-1	\$ 7,447,445.00	\$ 56,587.50	\$ 8,659,525.37	\$ 1,155,492.87
Receipts From Delinquent Taxes	A-2	\$ 700,000.00	\$	\$ 885,165.44	\$ 185,165.44
Amount to be Raised by Taxes for Support of Municipal Budget	A-9:A-2	\$ 19,669,615.00	\$	\$ 20,402,507.43	\$ 732,892.43
<u>Budget Totals</u>		\$ 30,167,060.00	\$ 56,587.50	\$ 32,297,198.24	\$ 2,073,550.74
Non-Budget Revenues	A-2			416,474.42	416,474.42
		\$ 30,167,060.00	\$ 56,587.50	\$ 32,713,672.66	\$ 2,490,025.16
REF.	A-3		A-3		

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	<u>REF.</u>	
Allocations of Current Tax Collections:		
Revenues from Collections	A-1:A-9	\$ 147,615,494.61
Allocated to:		
School and County Taxes		\$ 123,895,436.60
Fire District Tax		2,711,665.00
Township Open Space Tax		<u>1,730,885.58</u>
		<u>128,337,987.18</u>
Balance for Support of Municipal Appropriations		\$ 19,277,507.43
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,125,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 20,402,507.43</u></u>

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	\$ 881,532.20
Tax Title Lien Collections	A-10	<u>3,633.24</u>
	A-1:A-2	<u><u>\$ 885,165.44</u></u>
Licenses - Other:		
Clerk	A-12	\$ <u>36,570.00</u>
	A-2	<u><u>\$ 36,570.00</u></u>
Other Fees and Permits:		
Engineering Department	A-12	\$ 16,826.00
Planning Board/Board of Adjustment	A-12	166,688.75
Police Department	A-12	7,249.83
Registrar of Vital Statistics	A-12	10,081.00
Township Clerk	A-12	116,204.77
Tax Assessor	A-12	9.00
Zoning Board	A-12	<u>10,899.11</u>
		<u>\$ 327,958.46</u>
Less: Refunds	A-4	<u>21,577.31</u>
	A-2	<u><u>\$ 306,381.15</u></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, 2019

REF.

Construction Code Fees	A-12	\$ 1,751,393.05
Less: Refunds	A-4	765.00
	A-2	<u>\$ 1,750,628.05</u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:

Administrative Charges - Senior Citizens and Veterans	\$ 3,202.67
Administrative Charges - Homestead Rebates	2,370.60
Funds Escheated	354.19
Certificate of Redemption	100.00
Recycling	273.80
Garnishment	4,320.02
Grants Reimbursement of Costs	37,328.00
Special Police	104,830.84
Interest on Delinquent Assessments	60,943.50
Refunds	1,770.30
Health Clinics/NJDHHS	9,826.50
Sale of Assets Auction Proceeds	8,847.11
Library Aid	2,153.00
Probation/Restitution	140.00
Duke Farms	11,714.70
Tax Collector	105,237.84
Payments in Lieu of Taxes	52,950.00
Miscellaneous	<u>10,111.35</u>
A-1:A-4	<u>\$ 416,474.42</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, 2019

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>OPERATIONS WITHIN "CAPS"</u>					
GENERAL GOVERNMENT					
Administrative and Executive:					
Salaries and Wages	\$ 207,486.00	\$ 207,486.00	\$ 203,646.14	\$ 3,839.86	\$
Other Expenses:					
Miscellaneous	7,970.00	7,970.00	7,331.06	638.94	
Postage	38,547.00	38,547.00	38,524.21	22.79	
Mayor and Committee:					
Salaries and Wages	18,000.00	18,000.00	18,000.00		
Other Expenses	15,583.00	15,583.00	15,561.43	21.57	
Clerk:					
Salaries and Wages	255,107.00	255,107.00	247,613.97	7,493.03	
Other Expenses	58,625.00	58,625.00	44,167.26	14,457.74	
Public Meeting Recording	14,000.00	14,000.00	5,650.00	8,350.00	
Elections:					
Other Expenses	12,000.00	30,000.00	10,920.00	19,080.00	
Central Purchasing:					
Other Expenses	5,500.00	5,500.00	5,355.89	144.11	
Financial Administration:					
Salaries and Wages	208,614.00	208,614.00	208,613.86	0.14	
Other Expenses	20,478.00	20,478.00	19,975.48	502.52	
Audit Services	87,000.00	87,000.00	87,000.00		
Assessment of Taxes:					
Salaries and Wages	352,698.00	352,698.00	347,063.03	5,634.97	
Other Expenses	100,180.00	84,180.00	65,149.61	19,030.39	
Revenue Administration (Collection of Taxes):					
Salaries and Wages	95,296.00	95,296.00	89,250.34	6,045.66	
Other Expenses	27,445.00	27,445.00	27,350.65	94.35	
Human Resources:					
Other Expenses	51,356.00	51,356.00	45,596.53	5,759.47	
Information Technology:					
Salaries and Wages	123,358.00	123,358.00	114,379.32	8,978.68	
Other Expenses	68,912.00	68,912.00	62,027.24	6,884.76	

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, 2019

	<u>APPROPRIATIONS</u>		<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE CANCELLED</u>
	<u>BUDGET</u>					
<u>OPERATIONS WITHIN "CAPS"</u>						
Legal Services and Costs:						
Other Expenses:						
Outside Services	\$ 90,911.00	\$	90,911.00	\$ 64,567.68	\$ 26,343.32	\$
Miscellaneous	150,000.00		132,000.00	87,107.43	44,892.57	
Engineering Services and Costs:						
Salaries and Wages	377,609.00		377,609.00	359,181.98	18,427.02	
Other Expenses	48,011.00		48,011.00	47,929.84	81.16	
Economic Development Committee:						
Salaries and Wages	92,384.00		92,384.00	91,963.56	420.44	
Other Expenses	9,665.00		9,665.00	8,153.62	1,511.38	
Municipal Land Use Law (N.J.S. 40:55D-1):						
Planning Board:						
Salaries and Wages	261,900.00		261,900.00	259,308.18	2,591.82	
Other Expenses	91,300.00		93,039.00	47,639.15	45,399.85	
Zoning Commission:						
Other Expenses	35,850.00		35,850.00	16,951.19	18,898.81	
Insurance:						
Unemployment Compensation						
General Liability	41,040.00		41,040.00	40,670.33	369.67	
Employee Group Health	704,245.00		704,245.00	703,643.61	601.39	
	2,506,000.00		2,506,000.00	2,503,200.56	2,799.44	
<u>PUBLIC SAFETY</u>						
Police:						
Salaries and Wages	6,917,317.00		6,865,317.00	6,711,888.85	153,428.15	
Other Expenses	452,533.00		504,533.00	497,261.99	7,271.01	
Municipal Prosecutor:						
Salaries and Wages	108,000.00		108,000.00	108,000.00		
Emergency Management:						
Salaries and Wages	62,033.00		62,033.00	62,032.88	0.12	
Other Expenses	35,080.00		35,080.00	35,076.54	3.46	
Contribution to Fire District	15,000.00		15,000.00	15,000.00		
Fire Hydrant Service	925,000.00		925,000.00	903,657.19	21,342.81	

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, 2019

	<u>APPROPRIATIONS</u>		<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>			<u>CANCELLED</u>
<u>OPERATIONS WITHIN "CAPS":</u>					
<u>PUBLIC WORKS</u>					
Road Repairs and Maintenance:					
Salaries and Wages					
Other Expenses	\$ 1,747,720.00	\$ 1,747,720.00	\$ 1,714,264.18	\$ 33,455.82	\$ 6,294.19
Snow Removal:	544,442.00	544,442.00	538,147.81		
Salaries and Wages	80,000.00	80,000.00	80,000.00		
Other Expenses	255,000.00	280,000.00	277,863.62	2,136.38	
Public Buildings and Grounds:					
Other Expenses	206,800.00	238,800.00	217,612.95	21,187.05	
Solid Waste Flow (Recycling):					
Other Expenses	344,000.00	344,000.00	343,745.57	254.43	
Solid Waste Collection (Annual Clean-Up):					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Other Expenses	111,000.00	111,000.00	88,042.58	22,957.42	
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	24,230.45	6,769.55	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	497,324.00	497,324.00	435,433.04	61,890.96	
Other Expenses	61,698.00	61,698.00	54,403.11	7,294.89	
Animal Control Regulation:					
Salaries and Wages	7,500.00	7,500.00		7,500.00	
Other Expenses	95,525.00	79,525.00	51,942.60	27,582.40	
Social Services:					
Salaries and Wages	224,563.00	224,563.00	219,880.29	4,682.71	
Other Expenses	27,888.00	27,888.00	25,493.26	2,394.74	
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	5,717.20	2,282.80	

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, 2019

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<b>RECREATION AND EDUCATION</b>					
Parks and Playgrounds					
Salaries and Wages	\$ 608,963.00	\$ 608,963.00	\$ 598,179.51	\$ 10,783.49	\$
Other Expenses	233,125.00	233,125.00	232,912.68	212.32	
Board of Recreation Commissioners (R.S.40:12-1):					
Other Expenses	7,740.00	7,740.00	7,740.00		
Celebration of Public Events	35,500.00	35,500.00	30,304.14	5,195.86	
<b>MUNICIPAL COURT</b>					
Municipal Court:					
Salaries and Wages	328,447.00	328,447.00	304,597.53	23,849.47	
Other Expenses	57,000.00	57,000.00	43,020.23	13,979.77	
Court Security	20,000.00	20,000.00	20,000.00		
<b>UNIFORM CONSTRUCTION CODE</b>					
Inspection of Buildings:					
Salaries and Wages	1,212,847.00	1,187,847.00	1,148,991.99	38,855.01	
Other Expenses	46,815.00	46,815.00	36,549.56	10,265.44	
<b>UNCLASSIFIED</b>					
Utilities:					
Gasoline	125,000.00	125,000.00	125,000.00		
Street Lighting	330,000.00	330,000.00	306,049.49	23,950.51	
Electricity	425,000.00	425,000.00	422,412.53	2,587.47	
Natural Gas	25,000.00	25,000.00	10,316.28	14,683.72	
Telephones	90,000.00	90,000.00	89,153.29	846.71	
Sewer	4,200.00	4,200.00	4,200.00		
Diesel Fuel	45,000.00	45,000.00	40,668.72	4,331.28	
Water	75,000.00	75,000.00	74,734.93	265.07	
Google	15,000.00	15,000.00	14,089.24	910.76	
Sick and Vacation Reserve	2,500.00	2,500.00		2,500.00	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	\$ 22,689,329.00	\$ 22,689,329.00	\$ 21,873,007.38	\$ 816,321.62	\$
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	\$ 22,689,329.00	\$ 22,689,329.00	\$ 21,873,007.38	\$ 816,321.62	\$

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Elections:

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
DEFERRED CHARGES AND STATUTORY EXPENDITURES - <u>MUNICIPAL WITHIN "CAPS":</u>					
Statutory Expenditures:					
Contribution to:					
Police and Firemen's Retirement System of NJ	\$ 1,679,566.00	\$ 1,679,566.00	\$ 1,679,566.00	\$	\$
Public Employees' Retirement System	986,976.00	986,976.00	986,976.00		
Social Security System	1,046,227.00	1,046,227.00	1,036,883.16	9,343.84	
Defined Contribution Retirement Program	12,000.00	12,000.00	9,151.62	2,848.38	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 3,724,769.00	\$ 3,724,769.00	\$ 3,712,576.78	\$ 12,192.22	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 26,414,098.00	\$ 26,414,098.00	\$ 25,585,584.16	\$ 828,513.84	\$

MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g  
EXCLUDED FROM "CAPS":

Public Works (Stormwater):  
Salaries and Wages  
Other Expenses  
Stormwater Engineering:  
Other Expenses  
Health Officer - Borough of Millstone

89,838.00  
25,200.00  
12,000.00  
18,000.00  
89,838.00  
23,002.20  
9,165.00  
18,000.00  
89,838.00  
23,002.20  
2,197.80  
2,835.00

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, 2019

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES					
Clean Communities Program	\$ 96,040.00	\$ 96,040.00	\$ 96,040.00	\$	\$
Municipal Alliance Fund:					
County	28,436.00	28,436.00	28,436.00		
Local Match	7,109.00	7,109.00	7,109.00		
D.O.J. National Crime Statistics Grant	39,556.00	39,556.00	39,556.00		
Youth Services Commission (N.J.S.A. 40A:4-87 +\$5,000.00)	5,000.00	5,000.00	5,000.00		
Youth Services Program - Unappropriated	7,500.00	7,500.00	7,500.00		
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 (N.J.S.A. 40A:4-87 +\$8,090.45)	8,090.45	8,090.45	8,090.45		
Body Armor Fund (N.J.S.A. 40A:4-87 +\$5,032.46)	10,446.46	10,446.46	10,446.46		
Recycling Tonnage Grant (N.J.S.A. 40A:4-87 +\$29,921.21)	29,921.21	29,921.21	29,921.21		
Pedestrian Safety Grant (N.J.S.A. 40A:4-87 +\$8,543.38)	8,543.38	8,543.38	8,543.38		
Office of Emergency Management Grant	10,000.00	10,000.00	10,000.00		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 410,410.00	\$ 466,997.50	\$ 461,964.70	\$ 5,032.80	\$
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	600,000.00	600,000.00	600,000.00	\$	\$
Traffic Signal Repairs	50,000.00	50,000.00	33,001.50	16,998.50	
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 650,000.00	\$ 650,000.00	\$ 633,001.50	\$ 16,998.50	\$
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"					
Payment of Bond Principal	734,000.00	734,000.00	734,000.00	\$	\$
Payment of Bond Anticipation Notes and Capital Notes	479,000.00	479,000.00	479,000.00		
Interest on Bonds	87,573.00	87,573.00	87,573.00		
Interest on Notes	77,188.00	77,188.00	77,188.00		
NJ Environmental Infrastructure Loan	144,762.00	144,762.00	118,640.84		26,121.16
Somerset County Improvement Authority Lease Payments	35,029.00	35,029.00	35,029.00		
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	\$ 1,557,552.00	\$ 1,557,552.00	\$ 1,531,430.84	\$	\$ 26,121.16

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, 2019

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
DEFERRED CHARGES-EXCLUDED FROM "CAPS":					
Deferred Charges Unfunded:					
Ordinance 96-10	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	\$
TOTAL DEFERRED CHARGES-EXCLUDED FROM "CAPS":	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 2,627,962.00	\$ 2,684,549.50	\$ 2,636,397.04	\$ 22,031.30	\$ 26,121.16
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	\$ 29,042,060.00	\$ 29,098,647.50	\$ 28,221,981.20	\$ 850,545.14	\$ 26,121.16
	1,125,000.00	1,125,000.00	1,125,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 30,167,060.00	\$ 30,223,647.50	\$ 29,346,981.20	\$ 850,545.14	\$ 26,121.16
REF.	A-2		A-1	A-A-1	
Appropriation by 40A-4-87					
Budget	\$	56,587.50			
	A-2	30,167,060.00			
		\$	30,223,647.50		
Cash Disbursements	A-4	\$	28,919,484.68		
Reserve for Encumbrances	A-19		475,034.88		
Reserve for Grants Appropriated	A-27		321,959.50		
Reserve for Uncollected Taxes	A-2		1,125,000.00		
		\$	30,841,479.06		
Less: Refunds Cash	A-4		1,494,497.86		
		\$	29,346,981.20		

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

TRUST FUND

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-2:B-3	\$ 468,872.29	\$ 866,398.86
Assessments Receivable	B-4	3,232,961.36	3,497,493.27
Amount to be Raised by Taxation	B-5	<u>269,580.87</u>	<u>269,580.87</u>
		\$ <u>3,971,414.52</u>	\$ <u>4,633,473.00</u>
Animal Control Fund:			
Cash	B-2	\$ 20,328.90	\$ 29,085.67
Interfunds Receivable	B-11	<u>20.48</u>	<u></u>
		\$ <u>20,349.38</u>	\$ <u>29,085.67</u>
Other Funds:			
Cash	B-2	\$ <u>23,996,545.72</u>	\$ <u>21,094,149.98</u>
		\$ <u><u>27,988,309.62</u></u>	\$ <u><u>25,756,708.65</u></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</u> <u>DECEMBER</u> <u>31, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Interfunds Payable	B-7	\$ 79,705.64	\$ 394,686.01
Assessment Serial Bonds	B-9	281,000.00	309,100.00
Assessment Loans	B-10	3,441,614.22	3,729,964.85
Assessment Loans Interest	B-8	163,448.66	194,076.14
Reserve for Assessment Liens	B-6		564.60
Fund Balance	B-1	<u>5,646.00</u>	<u>5,081.40</u>
		<u>\$ 3,971,414.52</u>	<u>\$ 4,633,473.00</u>
Animal Control Fund:			
Interfunds Payable	B-11	\$ 20,349.38	\$ 2,637.89
Reserve for Animal Control Expenditures	B-13	<u>20,349.38</u>	<u>26,447.78</u>
		<u>\$ 20,349.38</u>	<u>\$ 29,085.67</u>
Other Funds:			
Encumbrances Payable	B-14	\$ 91,134.80	\$ 146,022.27
Interfunds Payable	B-15	8,404.25	4,946.59
Reserve For:			
Recreation Commission Expenditures	B-18	23,460.68	122,707.19
Various Trust Deposits	B-19	7,151,392.55	5,365,435.24
Sanitary Landfill	B-16	11,029.88	10,915.59
Township Open Space	B-17	<u>16,711,123.56</u>	<u>15,444,123.10</u>
		<u>\$ 23,996,545.72</u>	<u>\$ 21,094,149.98</u>
		<u>\$ 27,988,309.62</u>	<u>\$ 25,756,708.65</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, 2018	B	\$	5,081.40
Increased by:			
Collection of Unpledged Assessments and Liens	B-6		<u>564.60</u>
Balance, December 31, 2019	B	\$	<u><u>5,646.00</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, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
<u>ASSETS</u>			
Cash	C-2;C-3	\$ 3,723,189.41	\$ 2,047,871.72
Deferred Charges to Future Taxation - Funded	C-4	2,181,761.51	3,002,598.53
Deferred Charges to Future Taxation - Unfunded	C-5	15,540,185.33	16,029,185.33
Interfunds Receivable	C-10	419,052.16	
Accounts Receivable	C-11	398,000.00	758,000.00
N.J.E.I.T. Loan Receivable	C-16		14,058.00
		<u>\$ 22,262,188.41</u>	<u>\$ 21,851,713.58</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-13	\$ 1,270,000.00	\$ 2,004,000.00
Bond Anticipation Notes	C-14	6,093,867.00	2,572,867.00
N.J.E.I.T. Loan Payable	C-12	911,761.51	998,598.53
Improvement Authorizations:			
Funded	C-7	1,296,026.42	1,470,531.22
Unfunded	C-7	9,157,141.01	11,931,725.51
Reserve for:			
Contracts Payable	C-6	1,500,816.29	512,557.70
Various Reserves	C-15	83,873.80	83,873.80
Developers Contribution Deposits	C-9	1,734,753.42	2,033,944.72
Interfunds Payable	C-10		183,298.47
Capital Improvement Fund	C-8	121,651.83	10,594.83
Fund Balance	C-1	<u>92,297.13</u>	<u>49,721.80</u>
		<u>\$ 22,262,188.41</u>	<u>\$ 21,851,713.58</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, 2018	C	\$ 49,721.80
Increased by:		
Cash Receipts	C-2	<u>42,575.33</u>
Balance, December 31, 2019	C	<u>\$ 92,297.13</u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

"G"

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

	BALANCE DECEMBER <u>31, 2019</u>	BALANCE DECEMBER <u>31, 2018</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>13,298,455.36</u>	<u>12,846,535.00</u>
<u>Total Fixed Assets</u>	<u>\$ 97,800,655.36</u>	<u>\$ 97,348,735.00</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 97,800,655.36</u>	<u>\$ 97,348,735.00</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, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Hillsborough conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Hillsborough are organized on the basis of funds and an account group which is different from the fund structure required by GAAP.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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:

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

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

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

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Accounting (Continued)

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.

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.

The Township of Hillsborough had the following cash and cash equivalents at December 31, 2019:

<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	\$ 8,708,399.97	\$ 208,099.45	\$ 506,314.92	\$ 2,029,841.29	\$ 7,392,973.05
Grant Fund	263,754.90			25,112.56	238,642.34
Assessment Trust Fund	441,436.53		27,435.78	0.02	468,872.29
Animal Control Fund	21,823.30			1,494.40	20,328.90
Other Trust Fund	24,929,467.62		36,781.72	969,703.62	23,996,545.72
General Capital Fund	3,744,090.17	15,000.00		35,900.76	3,723,189.41
<b>TOTAL DECEMBER 31, 2019</b>	<b>\$ 38,108,972.49</b>	<b>\$ 223,099.45</b>	<b>\$ 570,532.42</b>	<b>\$ 3,062,052.65</b>	<b>\$ 35,840,551.71</b>

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, 2019, 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, \$1,010,628.02 was covered by Federal Depository Insurance and \$37,098,344.47 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.

NOTE 2: CASH AND CASH EQUIVALENTS

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2019, the Township has \$223,099.45 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: GOVERNMENTAL 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 2019</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 7,363,867.00	\$ 4,576,867.00	\$ 5,659,867.00
Loans	911,761.51	998,598.53	1,143,040.91
Assessment:			
Bonds	281,000.00	309,100.00	337,200.00
Loans	<u>3,441,614.22</u>	<u>3,729,964.85</u>	<u>4,056,883.12</u>
<u>Net Debt Issued</u>	11,998,242.73	9,614,530.38	11,196,991.03
<u>Authorized But Not Issued:</u>			
General:			
Bonds and Notes	<u>9,446,318.33</u>	<u>13,456,318.33</u>	<u>5,391,318.33</u>
Net Bonds and Notes			
Authorized But Not Issued	<u>\$ 21,444,561.06</u>	<u>\$ 23,070,848.71</u>	<u>\$ 16,588,309.36</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 .303%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School Debt	\$ 39,490,000.00	\$ 39,490,000.00	\$
General Debt	<u>21,444,561.06</u>	<u>1,611,347.65</u>	<u>19,833,213.41</u>
	<u>\$ 60,934,561.06</u>	<u>\$ 41,101,347.65</u>	<u>\$ 19,833,213.41</u>

NET DEBT \$19,833,213.41 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2 \$6,531,524,233.33 EQUALS .303%.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

EQUALIZED VALUATION BASIS

2017 Equalized Valuation Basis of Real Property	\$ 6,388,652,847.00
2018 Equalized Valuation Basis of Real Property	6,513,991,538.00
2019 Equalized Valuation Basis of Real Property	<u>6,691,928,315.00</u>
	\$ <u>6,531,524,233.33</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, 2019	\$ <u>6,531,524,233.33</u>
3-1/2% of Equalized Valuation Basis	\$ 228,603,348.17
Net Debt	<u>19,833,213.41</u>
Remaining Borrowing Power at December 31, 2019	\$ <u>208,770,134.76</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: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT

**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%.

\$ 281,000.00

**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%.

\$ 717,465.24

\$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%.

1,771,404.45

\$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%.

255,000.00

\$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%.

697,744.53

\$ 3,441,614.22

**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%.

\$ 1,270,000.00

**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%.

\$ 226,534.76

\$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%.

685,226.75

\$ 911,761.51



NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

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

DECEMBER 31, 2019

CALENDER YEAR	GENERAL		ASSESSMENT		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
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>\$ 1,270,000.00</u>	<u>\$ 75,600.00</u>	<u>\$ 281,000.00</u>	<u>\$ 70,250.00</u>	<u>\$ 1,696,850.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

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

DECEMBER 31, 2019

CALENDER YEAR	GENERAL		ASSESSMENT		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
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>\$ 911,761.51</u>	<u>\$ 56,031.34</u>	<u>\$ 3,441,614.22</u>	<u>\$ 268,548.66</u>	<u>\$ 4,677,955.73</u>

Bonds and Notes Authorized But Not Issued

At December 31, 2019, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund \$9,446,318.33

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

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 Rate</u>	<u>Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>
2011-13	2.000%	\$ 538,990.00	11/26/19	11/25/20
2013-16	2.000%	272,377.00	11/26/19	11/25/20
2014-10	2.000%	1,282,500.00	11/26/19	11/25/20
2018-14	2.750%	<u>4,000,000.00</u>	03/28/19	03/27/20
		<u>\$ 6,093,867.00</u>		

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT-TERM DEBT (CONTINUED)

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 2019.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020 were as follows:

Current Fund	\$2,500,000.00
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NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, 2019	BALANCE DECEMBER 31, 2018
Prepaid Taxes	<u>\$711,188.94</u>	<u>\$746,008.92</u>

NOTE 6: PENSION PLANS

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

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.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

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

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

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

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 2019, 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 2019, PERS provides for employee contributions of 7.50% of employees' base salary.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

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 2019, the State contributed an amount less than the actuarially determined amount. During 2019, 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>
2019	\$ 981,429.00	\$ 1,678,336.00	\$ 9,151.62
2018	\$ 872,291.00	\$ 1,541,292.00	\$ 9,367.12
2017	\$ 834,878.55	\$ 1,489,353.00	\$ 7,186.24

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

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

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, 2019. 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, 2019.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$17,234,480.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the Township's proportion was 0.0956488949 percent, which was a decrease of 0.0025541451 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$1,085,916.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2019 billing was \$976,803.00.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 309,336.00	\$ 76,134.00
Changes of assumptions	1,720,926.00	5,982,033.00
Net difference between projected and actual earnings on pension plan investments		272,053.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>962,001.00</u>	<u>528,289.00</u>
	<u>\$ 2,992,263.00</u>	<u>\$ 6,858,509.00</u>



NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	(\$410,910.60)
2021	(1,527,635.60)
2022	(1,354,802.60)
2023	(590,137.60)
2024	17,240.40
	<u>(\$3,866,246.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
Based on Years of Service	Based on Age	
Investment Rate of Return	7.00%	7.00%

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) 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, 2019 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Township's proportionate share of net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the 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, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Township's proportionate share of the pension liability	\$21,921,396.00	\$17,234,480.00	\$13,506,013.00

Pension plan fiduciary net position

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2019, the State reported a net pension liability of \$21,103,637.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

At June 30, 2019, the Township's proportion was 0.1724460675 percent, which was an increase of 0.0007751650 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$1,723,567.00. The pension expense recognized in the Township's financial statements based on the April 1, 2019 billing was \$1,678,336.00.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

		Deferred Outflow of <u>Resources</u>		Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$	178,142.00	\$	133,611.00
Changes of assumptions		723,126.00		6,820,502.00
Net difference between projected and actual earnings on pension plan investments				285,947.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions		<u>162,930.00</u>		<u>921,367.00</u>
	\$	<u>1,064,198.00</u>	\$	<u>8,161,427.00</u>

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>
2020	\$ (1,258,058.40)
2021	(2,474,136.40)
2022	(1,796,468.40)
2023	(962,452.40)
2024	<u>(606,113.40)</u>
	<u>\$ (7,097,229.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through all future years	3.25-15.25%	2.10-9.98%
	Based on years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2019 and June 30, 2018) 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, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and June 30, 2018, 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, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the 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, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Township's proportionate share of the PFRS pension liability	\$28,524,427.00	\$21,103,637.00	\$14,961,864.00



NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At June 30, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$3,332,304.00 and \$3,155,398.00, respectively.

At June 30, 2019, 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	\$21,103,637.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>3,332,304.00</u>
	<u>\$24,435,941.00</u>

Pension plan fiduciary net position

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

NOTE 7: COMPENSATED ABSENCES

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 \$1,089,288.66 at December 31, 2019. The Township has established a Trust Fund Reserve which has accumulated \$8,015.98 for this purpose.

NOTE 8: LITIGATION

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

NOTE 9: TAX APPEALS

There are a number of tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2019. 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, 2019 is \$22,763.14.

NOTE 10: 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 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Township maintains commercial insurance coverage 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 12: 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 2019 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2019 the Township does not believe that any material liabilities will result from such audits.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2019:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current	\$ 95,267.68	\$ 532,495.03
Grant	106,264.60	
Assessment Trust		79,705.64
Animal Control	20.48	
Trust Other		8,404.25
General Capital	<u>419,052.16</u>	<u></u>
TOTAL	<u>\$ 620,604.92</u>	<u>\$ 620,604.92</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 14: 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". 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.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

The Township, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

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 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, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is \$15,198,876.00 and \$17,412,621.00 respectively.

At June 30, 2019, the Township's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Township's proportionate share of the Net OPEB Liability	\$0
State of New Jersey's proportionate share of Net OPEB Liability associated with the Township	<u>15,198,876</u>
	<u><u>\$15,198,876</u></u>

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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>2019</u>	<u>2018</u>
Inflation rate	2.50%	2.50%
Salary Increases:		
Public Employees Retirement System (PERS):		
Initial fiscal Year Applied		
Rate through 2026	2.00% to 6.00%	
Rate thereafter	3.00% to 7.00%	
Police and Firemen's Retirement System (PFRS):		
Rate for all future years	3.25% to 15.25%	
All Pensions:		
Rate through 2026		1.65% to 8.98%
Rate thereafter		2.65% to 9.98%

Actuarial Assumptions and Other Inputs (Continued)

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019

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

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

NOTE 14: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, 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 15: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through August \_\_, 2020 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following subsequent events needed to be disclosed.

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Township's operations in 2020 cannot be reasonably estimated at this time but may negatively affect revenues.



TOWNSHIP OF HILLSBOROUGH  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2018	A	\$	5,896,524.25	\$ 282,871.83
Increased by Receipts:				
Property Taxes Receivable	A-9	\$	147,586,923.36	\$
Tax Overpayments	A-16		183,870.96	
Prepaid Taxes	A-21		711,188.94	
Tax Title Liens	A-10		3,633.24	
Revenue Accounts Receivable	A-12		8,378,334.18	
Miscellaneous Revenue Not Anticipated	A-2		416,474.42	
Reserve for Miscellaneous Deposits	A-14		109,183.53	
State of N.J. - Senior Citizens and Veterans Deductions	A-8		160,133.56	
Senior Citizens Disallowed	A-8		4,250.00	
Interfunds	A-13, A-30		8,612,833.18	196,182.86
Petty Cash Fund	A-5		300.00	
Grants Receivable	A-7			356,635.96
Reserve for Grants-Unappropriated	A-26			85,000.00
2018 Appropriation-Refunds	A-3		1,494,497.86	
2018 Appropriation Reserve - Refunds	A-18		3,583.85	
Refund Receivable	A-15		495,264.91	
Due State of New Jersey-Construction Code Official	A-25		95,728.00	
Due State of New Jersey-Registrar Licenses	A-26		4,250.00	
		\$	168,260,449.99	637,818.82
		\$	174,156,974.24	\$ 920,690.65
Decreased by Disbursements:				
2019 Appropriations	A-3	\$	28,919,484.68	\$
2018 Appropriation Reserves	A-18		746,913.18	
Local District School Tax	A-23		98,345,761.50	
County Taxes Payable	A-22		25,549,674.60	
Fire District Tax	A-29		2,711,665.00	
Refund of Tax Overpayments	A-16		183,870.96	
Reserve for Grants-Appropriated	A-27			560,761.53
Reserve for Grants-Unappropriated	A-28			5,671.62
Petty Cash Fund	A-5		300.00	
Interfunds	A-13, A-30		7,776,868.99	115,615.16
Municipal Open Space Tax	A-24		1,730,885.58	
Reserve for Miscellaneous Deposits	A-14		115,034.53	
Refund of Prior Year Revenue	A-1		46,059.15	
Refund of Current Year Revenue	A-2		22,342.31	
Refund Receivable	A-15		495,264.91	
Reserve for Encumbrances Payable	A-19		29,493.80	
Due State of New Jersey-Construction Code Official	A-25		88,607.00	
Due State of New Jersey-Registrar Licenses	A-26		2,350.00	
			166,764,576.19	682,048.31
Balance, December 31, 2019	A	\$	7,392,398.05	\$ 238,642.34

"A-5"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF PETTY CASH FUND

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

"A-6"

SCHEDULE OF CHANGE FUNDS

<u>DEPARTMENT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2018 AND 2019</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, 2018	ACCRUED 2019 BUDGET	RECEIVED	UNAPPROPRIATED APPLIED	CANCELED	BALANCE DECEMBER 31, 2019
	\$	\$	\$	\$	\$	\$
2002-Main Street Improvements -County	20,000.00					20,000.00
Body Armor Grant- State		10,446.46	5,413.93			5,032.53
Drive Sober or Get Pulled Over	4,800.00					4,800.00
Hang up and Just Drive	2,425.00					2,425.00
Child Passenger Safety Grant	7,452.19					7,452.19
Clean Communities Program		96,040.00	96,040.00			
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
DOJ National Crime Statistics Grant		39,556.00				39,556.00
Drunk Driving Enforcement Fund		8,090.45	8,090.45	0.60	0.18	0.00
Edward Byrne Memorial Justice Assistance Grant	0.78					11,077.00
Emergency Management Grant	11,077.00					5,000.00
H1N1 Preparedness Grant	5,000.00	10,000.00	10,000.00			21,849.90
Handicapped Recreation Opportunities Grant	21,849.90					20,000.00
Historic Preservation Grant	20,000.00					252,744.00
Municipal Alliance Drug Program	252,744.00					31,064.26
Natural Resources Inventory Grant (ANJEC)	31,064.26	28,436.00	28,316.49			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)	56,685.50		56,685.50			56,685.50
NJ Transportation Trust Fund - New Amwell Phase III (2018)	56,250.00		56,250.00			9,065.70
Obey the Signs, Pay the Fines	9,065.70					1,696.00
Pandemic Flu Preparedness Plan	1,696.00					
Pedestrian Safety Grant		8,543.38	8,543.38			518.00
Planning Assistance Grant	518.00					
Recycling Tonnage Grant	17,562.00	29,921.21	29,921.21			32,562.00
Safe and Secure Communities	111.00	60,000.00	45,000.00			111.00
Sustainable Hillsborough	10,500.00					10,500.00
Take A Hike In Hillsborough	12,664.00					12,664.00
Whip Grant	21,689.00	12,500.00	12,375.00	2,164.00	9,591.44	10,058.56
Youth Services Grant	16,070.00					16,070.00
Pedestrian Safety Grant						
	\$ 1,020,137.36	\$ 303,533.50	\$ 356,635.96	\$ 2,164.60	\$ 9,591.62	\$ 955,278.68
	A	A-2	A-4	A-28		A
Reserve for Grants Appropriated					\$ 9,591.44	
Canceled					0.18	
					\$ 9,591.62	

REF.

A-27  
A-30

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, 2018	A	\$	2,771.58
Increased by:			
Senior Citizens Deductions Per Tax Billing		\$	23,250.00
Veterans Deductions Per Tax Billing			139,000.00
Senior Citizens Deductions Allowed by Tax Collector			250.00
Veteran Deductions Allowed by Tax Collector			<u>1,750.00</u>
			164,250.00
		\$	<u>167,021.58</u>
Decreased by:			
Deductions Disallowed by Collector:			
Received in Cash From State	A-4	\$	160,133.56
Prior Year Deductions Disallowed by Tax Collector	A-4		4,250.00
Current Year Deductions Disallowed by Tax Collector			905.47
Canceled	A-1		<u>638.02</u>
			<u>165,927.05</u>
Balance, December 31, 2019	A	\$	<u><u>1,094.53</u></u>

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

Senior Citizens Deductions Per Tax Billing	\$	23,250.00
Veterans Deductions Per Tax Billing		139,000.00
Deductions Allowed by Tax Collector:		
Senior Citizens		250.00
Veterans		<u>1,750.00</u>
	\$	<u>164,250.00</u>
Less: Deductions Disallowed by Tax Collector:		
Senior Citizens		<u>905.47</u>
	A-9	\$ <u><u>163,344.53</u></u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>2019 LEVY</u>	<u>ADDED</u>	<u>CASH COLLECTIONS</u>		<u>CANCELED</u>	<u>OVERPAYMENTS APPLIED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2019</u>
				<u>2018</u>	<u>2019</u>				
2014	\$ 213.46	\$	\$	\$	213.46	\$	\$	\$	\$
2015	1,808.72				1,808.72				
2016	4,473.27				4,473.27				
2017	7,684.64				6,089.84				1,594.80
2018	893,662.97		250.00		868,946.91	4.84		1,136.32	23,824.90
	\$ 907,843.06	\$ 148,582,376.23	\$ 250.00	\$ 746,008.92	\$ 881,532.20	\$ 4.84	\$ 750.00	\$ 51,045.92	\$ 25,419.70
2018	\$ 907,843.06	\$ 148,582,376.23	\$ 250.00	\$ 746,008.92	\$ 146,868,735.69	\$ 17,490.51	\$ 750.00	\$ 51,045.92	\$ 898,345.19
					\$ 147,750,267.89	\$ 17,495.35	\$ 750.00	\$ 51,045.92	\$ 923,764.89
				A-2-A-21	A-2		A-2-A-16	A-10	A

REF.

A

REF.

A-4

A-8

Cash-Collector

State Share of Senior Citizens and Veterans Deductions

\$ 147,586,923.36

163,344.53

\$ 147,750,267.89

ANALYSIS OF 2019 PROPERTY TAX LEVY

<u>TAX YIELD</u>		
General Property Tax	\$ 147,967,650.10	
Added and Omitted Tax (54-4-63.1 et seq.)	614,726.13	\$ 148,582,376.23
<u>TAX LEVY</u>		
Local District School Tax	\$ 98,345,762.00	
County Taxes:		
County Tax	\$ 20,522,969.81	
County Library Tax	3,005,177.04	
County Open Space	1,915,451.52	
Due County for Added Taxes (54-4-63.1 et seq.)	106,076.23	
Fire District Tax	25,549,674.60	
Local Tax for Municipal Purposes	2,711,665.00	
Local Open Space	19,669,615.00	
Additional Tax Levied	1,730,885.58	
	574,774.05	
	21,975,274.63	\$ 148,582,376.23

"A-10"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	278,886.51
Increased by:			
Transfers From Taxes Receivable	A-9	\$	51,045.92
Interest and Costs			<u>25,192.89</u>
			76,238.81
		\$	<u>355,125.32</u>
Decreased by:			
Cash Receipts	A-2:A-4	\$	3,633.24
Canceled			<u>5,323.27</u>
			<u>8,956.51</u>
Balance, December 31, 2019	A	\$	<u><u>346,168.81</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance, December 31, 2018	A	\$	1,642,200.00
Balance, December 31, 2019	A	\$	<u><u>1,642,200.00</u></u>

## TOWNSHIP OF HILLSBOROUGH

## CURRENT FUND

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2018	ACCURED IN 2019	COLLECTED BY TREASURER/ COLLECTOR	BALANCE DECEMBER 31, 2019
	\$	\$	\$	\$
Clerk:				
Licenses:				
Alcoholic Beverage Licenses		37,688.00	37,688.00	
Other		36,570.00	36,570.00	
Fees and Permits		116,204.77	116,204.77	
Registrar/Board of Health:				
Fees and Permits		10,081.00	10,081.00	
Construction Code Official:				
Fees and Permits		1,751,393.05	1,751,393.05	
Zoning:				
Fees and Permits		10,899.11	10,899.11	
Municipal Court:				
Fines and Costs	22,452.44	382,673.34	377,206.57	27,919.21
Police Department:				
Fees and Permits		7,249.83	7,249.83	
Planning Board/Board of Adjustment:				
Fees and Permits		166,688.75	166,688.75	
Engineering:				
Fees and Permits		16,826.00	16,826.00	
Tax Assessor:				
Fees and Permits		9.00	9.00	
Interest on Investments and Deposits		381,305.42	381,305.42	
Interest and Costs on Taxes		232,042.94	232,042.94	
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		51,834.47	51,834.47	
Somerset County Library System		44,779.00	44,779.00	
Cell Tower Lease		91,506.56	91,506.56	
Open Space Trust Fund		713,090.00	713,090.00	
Operating Contribution - Hillsborough Promenade		42,356.12	42,356.12	
Contribution from Somerville Business Park		472,499.60	472,499.60	
Shared Service - Municipal Court - Manville		168,060.00	168,060.00	
Shared Service - Municipal Court - Montgomery		158,880.00	158,880.00	
Board of Education Rent		50,499.99	50,499.99	
Municipal Utility Authority Contribution		175,000.00	175,000.00	
	<u>22,452.44</u>	<u>8,383,800.95</u>	<u>8,378,334.18</u>	<u>27,919.21</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, 2018							
Due from A	\$ 597,309.88	\$	\$ 394,686.01	\$ 2,637.89	\$	\$ 16,687.51	\$ 183,298.47
Due to A	<u>180,147.04</u>	<u>168,406.12</u>			<u>11,740.92</u>		
Transfer A-30	\$ 18,426.00	\$ 18,426.00	\$	\$	\$	\$	\$
Treasurer-Receipts A-4	<u>8,612,833.18</u>	<u>114,594.83</u>	<u>735,076.66</u>	<u>2,658.37</u>	<u>7,157.79</u>	<u>958,393.51</u>	<u>6,794,952.02</u>
	\$ <u>8,631,259.18</u>	\$ <u>133,020.83</u>	\$ <u>735,076.66</u>	\$ <u>2,658.37</u>	\$ <u>7,157.79</u>	\$ <u>958,393.51</u>	\$ <u>6,794,952.02</u>
Treasurer-Disbursements A-4	<u>7,776,888.99</u>	<u>195,162.35</u>	<u>420,096.29</u>		<u>11,740.92</u>	<u>957,268.04</u>	<u>6,192,601.39</u>
Balance, December 31, 2019							
Due from A	\$ 95,267.68	\$	\$ 79,705.64	\$	\$	\$ 15,562.04	\$
Due to A	<u>532,495.03</u>	<u>106,264.60</u>		<u>20.48</u>	<u>7,157.79</u>		<u>419,052.16</u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2018	INCREASED BY CASH RECIEPTS	DECREASED BY CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2019
Master Plan	\$ 18,100.27	\$	\$	18,100.27
Miscellaneous Deposits	16,452.18			16,452.18
DPW Remediation	30,734.48			30,734.48
Quiet Zones	66,985.62			66,985.62
Tax Maps	6,228.14			6,228.14
Document Imaging Center	5,851.00		5,851.00	
Revaluation	31,548.00			31,548.00
State Library Aid	8,595.00	109,183.53	109,183.53	8,595.00
Sewer Payments				
Landfill Cleanup	1,000.00			1,000.00
	<u>\$ 185,494.69</u>	<u>\$ 109,183.53</u>	<u>\$ 115,034.53</u>	<u>\$ 179,643.69</u>

REF.

A

A-4

A-4

Balance, December 31, 2018  
Encumbrances Payable

\$ 179,643.69  
5,851.00

\$ 185,494.69

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF REFUNDS RECEIVABLE

REF.

Increased by:

Cash Disbursements	A-1; A-4	\$	495,264.91
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Decreased by:

Cash Receipts	A-1; A-4	\$	<u>495,264.91</u>
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"A-16"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	750.00
Increased by:			
Cash Receipts	A-4		<u>183,870.96</u>
		\$	<u>184,620.96</u>
Decreased by:			
Cash Disbursements	A-4	\$	183,870.96
Applied	A-9		<u>750.00</u>
			<u><u>184,620.96</u></u>

"A-17"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2018	A	\$	22,763.14
Balance, December 31, 2019	A	\$	<u><u>22,763.14</u></u>

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Salaries and Wages:</u>				
Administrative and Executive	\$ 250.00	\$ 250.00	\$	\$ 250.00
Mayor and Committee	291.54	291.54		291.54
Township Clerk	4,131.51	4,131.51	2,947.11	1,184.40
Assessment of Taxes	2,125.92	2,125.92	-3,583.85	5,709.77
Collection of Taxes	275.61	275.61		275.61
Information Technology	4,240.83	4,240.83	479.75	3,761.08
Engineering Services and Costs	4,312.52	4,312.52		4,312.52
Economic Development Committee	333.82	333.82		333.82
Planning Board	3,887.91	3,887.91	388.86	3,499.05
Police	77,606.17	77,606.17	14,894.94	62,711.23
Streets and Roads	37,884.94	37,884.94	3,820.81	34,064.13
Snow Removal	20,539.36	20,539.36		20,539.36
Inspection of Buildings	81,857.82	81,857.82	1,947.92	79,909.90
Solid Waste Collection (clean up)	1,694.71	1,694.71		1,694.71
Board of Health	16,938.00	16,938.00		16,938.00
Animal Control	6,463.25	6,463.25		6,463.25
Social Services	8,975.71	8,975.71		8,975.71
Municipal Court	21,935.35	21,935.35	63.37	21,871.98
Public Works (Stormwater)	4,853.09	4,853.09		4,853.09
<u>Other Expenses:</u>				
Administrative and Executive	3,114.26	3,550.34	1,061.08	2,489.26
Postage	68.44	964.35		964.35
Mayor and Committee	33.97	4,893.82	1,859.85	3,033.97
Township Clerk	252.76	9,171.76	9,104.29	67.47
Public Meeting Recording	8,500.00	8,975.00	4,000.00	4,975.00
Central Purchasing	1,591.03	1,591.03	600.00	991.03
Financial Administration	19.77	1,826.86	1,807.09	19.77
Assessment of Taxes	33,974.40	34,122.27	2,261.88	31,860.39
Collection of Taxes	7.37	146.96	139.59	7.37
Human Resources	951.25	5,275.52	4,786.53	488.99
Information Technology	128.65	39,181.34	39,052.69	128.65
Legal Services and Costs:				
Outside Services	8,264.08	53,972.76	12,061.80	41,910.96
Miscellaneous	5,301.05	9,425.73	6,406.00	3,019.73
Engineering Services and Costs	1,469.15	6,017.17	5,895.52	121.65
Economic Development Committee	206.69	206.69		206.69
Planning Board	24,205.43	26,733.63	2,718.18	24,015.45
Zoning Commission	12,994.35	14,544.55	1,498.08	13,046.47
Cultural and Arts Commission	248.95	248.95		248.95
General Liability	2,543.37	2,543.37		2,543.37
Employee Group Health	63,506.21	63,576.21	2,127.55	61,448.66
Unemployment Compensation	18,808.90	18,808.90		18,808.90

TOWNSHIP OF HILLSBOROUGH  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses (Continued)</u>				
Police Department	\$ 25,806.07	\$ 182,628.22	\$ 178,329.91	\$ 4,298.31
Emergency Management	58.06	2,959.08	2,848.97	110.11
Fire Hydrant Service	66,157.43	66,157.43	66,157.43	
Streets and Roads	2,665.18	116,200.67	108,159.04	8,041.63
Snow Removal	30,378.61	35,295.38	31,284.72	4,010.66
Public Buildings and Grounds	405.56	13,818.29	7,871.06	5,947.23
Solid Waste Flow (recycling)	211.23	170,090.82	169,879.59	211.23
Solid Waste Collection (clean-up)	37,745.46	49,603.97	12,879.39	36,724.58
Sanitary Landfill	5,060.00	5,060.00		5,060.00
Inspection of Buildings	111.52	5,976.70	4,348.85	1,627.85
Board of Health	6,614.73	20,145.32	14,184.13	5,961.19
Animal Control	2,611.10	2,611.10		2,611.10
Social Services	385.48	2,382.37	1,981.88	400.49
Parks	2,793.39	15,128.84	12,817.98	2,310.86
Celebration of Public Events	8,300.91	9,509.54	294.22	9,215.32
Wildlife Management	3,266.00	4,211.00	3,665.00	546.00
Electric	4,441.17	36,049.38	36,049.38	
Telephone	5,233.07	5,841.44	647.22	5,194.22
Natural Gas	15,638.54	16,174.29	862.86	15,311.43
Gasoline	8,688.59	8,688.59	8,278.88	409.71
Diesel Fuel	7,017.75	7,472.58	5,180.67	2,291.91
Street Lighting	2,298.83	2,298.83	2,293.06	5.77
Municipal Condo Services Act	5,357.13	18,214.17	12,857.04	5,357.13
Water	40,858.62	41,229.12	370.50	40,858.62
Google	2,294.96	3,468.17	1,173.21	2,294.96
Sick and Vacation Reserve	2,500.00	2,500.00		2,500.00
Social Security	6,521.32	6,521.32		6,521.32
Defined Contribution Retirement Program	5,632.88	5,632.88		5,632.88
Public Works (Stormwater)	562.04	15,589.38	15,113.79	475.59
Engineering (Stormwater)	3,000.00	3,000.00		3,000.00
Municipal Court	13,613.21	16,542.49	4,743.13	11,799.36
	<u>\$ 801,016.98</u>	<u>\$ 1,495,376.64</u>	<u>\$ 818,610.95</u>	<u>\$ 676,765.69</u>
REF	A A-18			A-1
Cash Disbursements	A-4		\$ 746,913.18	
Reserve for Encumbrances	A-19		75,281.62	
Less: Refunds	A-4		<u>3,583.85</u>	
			<u>\$ 818,610.95</u>	
Appropriation Reserves	A-18	\$ 801,016.98		
Reserve for Encumbrances	A-19	<u>694,359.66</u>		
		<u>\$ 1,495,376.64</u>		

"A-19"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	812,574.38
Increased by:			
Budget Appropriations	A-3	\$	475,034.88
Appropriation Reserves	A-18		<u>75,281.62</u>
			550,316.50
		\$	<u>1,362,890.88</u>
Decreased by:			
Cash Disbursements	A-4	\$	29,493.80
Transferred to Appropriation Reserves	A-18		694,359.66
Reserve for Miscellaneous Reserves	A-14		5,851.00
Canceled	A-1		<u>41,422.69</u>
			<u>771,127.15</u>
Balance, December 31, 2019	A	\$	<u><u>591,763.73</u></u>

"A-20"

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2018	A	\$	428,041.79
Increased by:			
Reserve for Grants Appropriated	A-27		<u>198,623.28</u>
		\$	<u>626,665.07</u>
Decreased by:			
Transferred to Grants Appropriated	A-27		<u>428,041.79</u>
Balance, December 31, 2019	A	\$	<u><u>198,623.28</u></u>

"A-21"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2018 (2019 Taxes)	A	\$	746,008.92
Increased by:			
Collection - 2020 Taxes	A-4		711,188.94
		\$	<u>1,457,197.86</u>
Decreased by:			
Applied to Taxes Receivable	A-9		<u>746,008.92</u>
Balance, December 31, 2019 (2020 Taxes)	A	\$	<u><u>711,188.94</u></u>

"A-22"

SCHEDULE OF COUNTY TAXES PAYABLE

Current Year Tax Levy:			
County Tax	A-1:A-9	\$	20,522,969.81
County Library Tax	A-1:A-9		3,005,177.04
County Open Space	A-1:A-9		1,915,451.52
Added County Taxes	A-1:A-9		<u>106,076.23</u>
		\$	25,549,674.60
Decreased by:			
Cash Disbursements	A-4	\$	<u><u>25,549,674.60</u></u>



"A-23"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>	
Increased by:		
Levy Calendar Year 2019	A-1:A-9	\$ 98,345,762.00
Decreased by:		
Cash Disbursements (Net)	A-4	\$ <u>98,345,761.50</u>

"A-24"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
Levy Calendar Year 2019	A-1:A-9	\$ 1,730,885.58
Decreased by:		
Cash Disbursements	A-4	\$ <u>1,730,885.58</u>

"A-25"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
CONSTRUCTION CODE OFFICIAL

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 16,193.00
Increased by:		
Cash Receipts	A-4	95,728.00
		\$ <u>111,921.00</u>
Decreased by:		
Cash Disbursements	A-4	<u>88,607.00</u>
Balance, December 31, 2019	A	\$ <u><u>23,314.00</u></u>

"A-26"

SCHEDULE OF DUE STATE OF NEW JERSEY  
REGISTRAR LICENSES

Balance, December 31, 2018	A	\$ 4,050.00
Increased by:		
Cash Receipts	A-4	4,250.00
		\$ <u>8,300.00</u>
Decreased by:		
Cash Disbursements	A-4	<u>2,350.00</u>
Balance, December 31, 2019	A	\$ <u><u>5,950.00</u></u>

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2018	ENCUMBRANCES PAYABLE	2019 BUDGET APPROPRIATIONS	PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2019
	\$	\$	\$		\$	
Body Armor Replacement Fund (State)	31.00		10,446.46	2,389.50		8,087.96
Body Armor Replacement Fund (Federal)	8,570.03			2,389.50		6,180.53
Cell Phone Safety	4,971.60					4,971.60
Clean Communities Program	68,387.61	22,281.15	96,040.00	141,919.63		44,789.13
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
DOJ National Crime Statistics Grant	45,614.63		39,556.00	39,556.00		
DCA-Smart Future Planning Grant	18,625.33		8,090.45	3,248.71		45,614.63
Drunk Driving Enforcement Fund	136.85					23,467.07
Edward Byrne Memorial Justice Assistance Grant	100.00					136.85
Energy Efficiency Conservation Block Grant	0.92					100.00
Federal Emergency Management 2003	67.64					0.92
Federal Emergency Management 2012	6,628.98			5,958.70		67.64
Office of Emergency Management			10,000.00			670.28
Office of Emergency Management	444.00					10,000.00
FM Mission Critical Services 2013	486.64					444.00
FM Mission Critical Services 2015	500.00					486.64
Green Communities	2.64					500.00
HMGP Energy Allocation Initiative (Hazardous Mitigation)	804.00					2.64
Hepatitis B Inoculations 2011 - NJDHSS	205.68					804.00
H1N1 Preparedness Grant	1,404.61					205.68
Natural Resources Inventory Grant (ANJEC) 2009	150,000.00					1,404.61
NJ Transportation Trust Fund - Bike Lanes Grant	10,000.00					150,000.00
NJ Transportation Trust Fund - Hillsborough Road		81,238.17		81,238.17		10,000.00
NJ Transportation Trust Fund - Homestead Road 2013	26,934.42					
NJ Transportation Trust Fund - Montgomery Road	108,825.26					26,934.42
NJ Transportation Trust Fund - Mountainview Road 2009	150,000.00					108,825.26
NJ Transportation Trust Fund - Wertsville Road - Restated	15,000.00					150,000.00
Local	26,952.17	5,141.25		7,058.75		15,000.00
State	1,535.56					25,034.67
Pandemic Flu Preparedness Plan	11,019.60		8,543.38			1,535.56
Pedestrian Safety Grant	18,862.30			11,019.60		8,543.38
Public Health Priority Funding	18,912.30			5,178.00		13,684.30
Recycling Tonnage Grant	50,861.05	3,879.59	29,921.21	43,023.34		9,689.76
Road Grant	15,171.84			15,171.84		50,861.05
Safe and Secure Communities 2006	5,838.41			5,838.41		
Safe and Secure Communities 2006 Township Match	60,000.00		60,000.00			60,000.00
Safe and Secure Communities 2018				5,627.03		
Safe and Secure Communities 2019						54,372.97

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>ENCUMBRANCES PAYABLE</u>	<u>2019 BUDGET APPROPRIATIONS</u>	<u>PAID OR CHARGED</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2019</u>
Safe Corridors Grant	\$ 3,358.61	\$ 35,000.00	\$	\$ 35,000.00	\$	\$ 3,358.61
SLAHEOP Grant	2,405.72					2,405.72
Somerset County Boterism 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 Grant: Township Match	18,668.67					18,668.67
Somerset County Historic Preservation 2018	6,000.00			2,247.00		3,753.00
Somerset County Historic Preservation Partnership	2,053.00	269,603.60		271,656.60		(0.00)
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		4,432.00		33.00
Somerset County Municipal Alliance 2015		3,215.00		3,215.00		
Somerset County Municipal Alliance 2017		2,375.00		2,000.00		375.00
Somerset County Municipal Alliance 2018						124.51
Somerset County Municipal Alliance 2019	124.51		28,436.00	28,436.00		
Somerset County Municipal Alliance 2019- Local Match			7,109.00	5,476.00		
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	23.51			23.51		
Somerset County Youth Services Grant 2013-2014	2,201.97	290.03		1,790.03		701.97
Somerset County Youth Services Grant 2015	5,158.72				5,158.72	
Somerset County Youth Services Grant 2017	5,256.72	553.00		3,369.00	2,440.72	
Somerset County Youth Services Grant 2018	3,492.85			1,453.91	1,992.00	46.94
Somerset County Youth Services Grant 2019	4.45		12,500.00	4,500.00		8,000.00
Sustainable Jersey Grants- NJLM Grants 2013						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	5,568.50		11,317.00	11,317.00		
Tobacco Age of Sale Grant	1,560.00					5,568.50
	\$ 992,213.87	\$ 428,041.79	\$ 321,959.50	\$ 759,384.81	\$ 9,591.44	\$ 973,238.91
	A	A-20	A-3	A-7		A

REF.

Cash Disbursements  
Encumbrances Payable

\$ 560,761.53  
198,623.28  
\$ 759,384.81

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>RECEIPTS</u>	<u>APPLIED TO RECEIVABLES</u>	<u>DISBURSED</u>	<u>BALANCE DECEMBER 31, 2019</u>
Federal Body Armor Grant	\$ 89.70	\$	\$	\$	89.70
Drunk Driving Enforcement Fund	0.60		0.60		
Emergency Management Assistance Program	9,400.00			5,671.62	3,728.38
Emergency Management Assistance Program		10,000.00			10,000.00
Clothing Bins	2,164.00		2,164.00		
Comcast Technology Grant		75,000.00			75,000.00
Safe Corridors	39,505.35				39,505.35
	<u>\$ 51,159.65</u>	<u>\$ 85,000.00</u>	<u>\$ 2,164.60</u>	<u>\$ 5,671.62</u>	<u>\$ 128,323.43</u>
<u>REF.</u>	A	A-4	A-7	A-4	A

"A-29"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF FIRE DISTRICT TAX PAYABLE

REF.

Increased by:

Fire District Tax Levied

A-1:A-9

\$ 2,711,665.00

Decreased by:

Cash Disbursements

A-4

\$ 2,711,665.00

"A-30"

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018			
Due from	A	\$ <u>168,406.12</u>	\$ <u>168,406.12</u>
Increased by:			
Treasurer-Receipts	A-4	<u>196,182.86</u>	<u>196,182.86</u>
Decreased by:			
Transfer	A-13	\$ 18,426.00	\$ 18,426.00
Treasurer-Disbursements	A-4	115,615.16	115,615.16
Canceled	A-7	0.18	0.18
		\$ <u>134,041.34</u>	\$ <u>134,041.34</u>
Balance, December 31, 2019			
Due from	A	\$ <u><u>106,264.60</u></u>	\$ <u><u>106,264.60</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, 2018	B	\$ <u>866,398.86</u>	\$ <u>29,085.67</u>	\$ <u>21,094,149.98</u>
Increased by Receipts:				
Assessments Receivable	B-4	\$ 264,531.91	\$	\$
Dog License Fees	B-13		47,157.20	
Due State of New Jersey	B-12		3,343.80	
Reserve for Recreation Fees	B-18			857,869.71
Reserve for Sanitary Landfill Escrow	B-16			114.29
Interfunds	B-7:B-11:B-15	101,571.70	446.15	109,098.11
Reserve for Various Trust Deposits	B-19			31,079,051.87
Reserve for Township Open Space	B-17			1,989,890.46
		\$ <u>366,103.61</u>	\$ <u>50,947.15</u>	\$ <u>34,036,024.44</u>
		\$ <u>1,232,502.47</u>	\$ <u>80,032.82</u>	\$ <u>55,130,174.42</u>
Decreased by Disbursements:				
Interfunds	B-7:B-11:B-15	\$ 416,552.07	\$ 3,104.52	\$ 105,640.45
Reserve for Various Trust Deposits	B-19			29,363,674.48
Due State of New Jersey	B-12		3,343.80	
Assessment Bonds Payable	B-9	28,100.00		
Assessment Loans Payable	B-10	288,350.63		
Assessment Loans Interest Payable	B-8	30,627.48		
Animal Control Fund Expenditures	B-13		53,255.60	
Recreation Commission Expenditures	B-18			941,423.77
Reserve for Township Open Space	B-17			722,890.00
		\$ <u>763,630.18</u>	\$ <u>59,703.92</u>	\$ <u>31,133,628.70</u>
Balance, December 31, 2019	B	\$ <u><u>468,872.29</u></u>	\$ <u><u>20,328.90</u></u>	\$ <u><u>23,996,545.72</u></u>



TOWNSHIP OF HILLSBOROUGH

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2019</u>
Assessment Serial Bonds:					
2007-08	Riverview Sewers	\$ 162,715.12 \$	11,540.99 \$	28,100.00 \$	146,156.11
Assessment Loans:					
2009-13	Claremont Sewers	253,734.91	213,004.52	265,453.56	201,285.87
2014-14	Sanitary Sewer	8,008.42	39,421.80	53,524.55	(6,094.33)
Due Current Fund		394,686.01	91,571.70	406,552.07	79,705.64
Due Assessment Trust Fund		42,173.00	10,000.00	10,000.00	42,173.00
Amount to be Raised by Taxation		5,081.40	564.60		5,646.00
Trust Surplus					
		\$ 866,398.86 \$	366,103.61 \$	763,630.18 \$	468,872.29
<u>REF.</u>		B	B-2	B-2	B

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ANNUAL INSTALLMENTS</u>	<u>DUE DATE</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE PLEDGED TO</u>	
							<u>ASSESSMENT SERIAL</u>	<u>BONDS/LOANS RESERVE</u>
2007-08	Installation of Sewer Lines - Riverview	20	3/01 & 9/01	\$ 140,033.16 \$	11,540.99 \$	128,492.17 \$	128,492.17 \$	
2007-20	Installation of Sewer Lines - Mountainview	5	9/01	564.60	564.60			
2007-43	Installation of Sewer Lines - Claremont	20	6/01 & 12/01	2,642,786.93	213,004.52	2,429,782.41	2,429,782.41	
2014-14	Sanitary Sewer	20	3/01, 6/01, 9/01 & 12/01	714,108.58	39,421.80	674,686.78	674,686.78	
				<u>\$ 3,497,493.27 \$</u>	<u>264,531.91 \$</u>	<u>3,232,961.36 \$</u>	<u>3,232,961.36 \$</u>	
	<u>REF.</u>			<u>B</u>	<u>B-2</u>	<u>B</u>		

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, 2018</u>		<u>BALANCE DECEMBER 31, 2019</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		<u>241,979.08</u>		<u>241,979.08</u>
		\$	<u>269,580.87</u>	\$	<u>269,580.87</u>
	<u>REF.</u>		B		B

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

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

"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>ASSESSMENT TRUST FUND</u>
Balance, December 31, 2018				
Due from	B	\$ <u>394,686.01</u>	\$ <u>394,686.01</u>	\$ <u>                    </u>
Increased by:				
Cash Receipts	B-2	<u>101,571.70</u>	<u>91,571.70</u>	<u>10,000.00</u>
		\$ <u>496,257.71</u>	\$ <u>486,257.71</u>	\$ <u>10,000.00</u>
Decreased by:				
Cash Disbursements	B-2	<u>416,552.07</u>	<u>406,552.07</u>	<u>10,000.00</u>
Balance, December 31, 2019				
Due from	B	\$ <u><u>79,705.64</u></u>	\$ <u><u>79,705.64</u></u>	\$ <u><u>                    </u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENT LOAN INTEREST PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	194,076.14
Decreased by:			
Cash Disbursements	B-2		<u>30,627.48</u>
Balance, December 31, 2019	B	\$	<u><u>163,448.66</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, 2018</u>		<u>DECREASED</u>		<u>BALANCE DECEMBER 31, 2019</u>	
			<u>DATE</u>	<u>AMOUNT</u>							
Riverview Sewer	07/22/09	\$ 562,000.00	06/01/20-29	\$ 28,100.00	5.00%	\$	309,100.00	\$	28,100.00	\$	281,000.00
						\$	309,100.00	\$	28,100.00	\$	281,000.00
					<u>REF.</u>		B		B-2		B





"B-11"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018		
Due To	B	\$ 2,637.89
Increased by:		
Cash Receipts	B-2	446.15
		\$ <u>3,084.04</u>
Decreased by:		
Cash Disbursements	B-2	<u>3,104.52</u>
Balance, December 31, 2019		
Due From	B	\$ <u><u>20.48</u></u>

"B-12"

SCHEDULE OF DUE STATE OF NEW JERSEY-ANIMAL CONTROL FUND

Increased by:		
Cash Receipts	B-2	\$ <u>3,343.80</u>
Decreased by:		
Cash Disbursements	B-2	\$ <u><u>3,343.80</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	26,447.78
Increased by:			
Dog License Fees Collected	B-2		47,157.20
		\$	<u>73,604.98</u>
Decreased by:			
Expenditures Under R.S.4:49-15.11:			
Cash Disbursements	B-2		<u>53,255.60</u>
Balance, December 31, 2019	B	\$	<u><u>20,349.38</u></u>

<u>LICENSE FEES COLLECTED</u>		
<u>YEAR</u>		<u>AMOUNT</u>
2017	\$	49,472.00
2018		<u>48,353.20</u>
	\$	<u><u>97,825.20</u></u>

"B-14"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	146,022.27
Increased by:			
Various Trust Deposits	B-19	\$	75,442.35
Recreation Commission	B-18		<u>15,692.45</u>
			91,134.80
		\$	<u>237,157.07</u>
Decreased by:			
Transfer to Reserve for Miscellaneous Trust Deposits	B-19		<u>146,022.27</u>
Balance, December 31, 2019	B	\$	<u><u>91,134.80</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, 2018			
Due from	B	\$ 4,946.59	\$ 4,946.59
Increased by:			
Cash Receipts	B-2	<u>109,098.11</u>	<u>109,098.11</u>
Decreased by:			
Cash Disbursements	B-2	<u>105,640.45</u>	<u>105,640.45</u>
Balance, December 31, 2019			
Due from	B	\$ <u><u>8,404.25</u></u>	\$ <u><u>8,404.25</u></u>

"B-16"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR SANITARY LANDFILL ESCROW

	<u>REF.</u>	
Balance, December 31, 2018	B	\$ 10,915.59
Increased by:		
Interest Earned	B-2	<u>114.29</u>
Balance, December 31, 2019	B	<u>\$ 11,029.88</u>

"B-17"

SCHEDULE OF RESERVE FOR TOWNSHIP OPEN SPACE

Balance, December 31, 2018	B	\$ 15,444,123.10
Increased by:		
Cash Receipts	B-2	<u>1,989,890.46</u>
		\$ <u>17,434,013.56</u>
Decreased by:		
Cash Disbursements	B-2	<u>722,890.00</u>
Balance, December 31, 2019	B	<u>\$ 16,711,123.56</u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION COMMISSION EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	122,707.19
Increased by:			
Cash Receipts	B-2		857,869.71
		\$	<u>980,576.90</u>
Decreased by:			
Cash Disbursements	B-2	\$	941,423.77
Encumbrances Payable	B-14		<u>15,692.45</u>
			<u>957,116.22</u>
Balance, December 31, 2019	B	\$	<u><u>23,460.68</u></u>

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

<u>RESERVE</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>ENCUMBRANCES PAYABLE</u>	<u>BALANCE DECEMBER 31, 2019</u>
Government Grant Fund	\$ 67,439.04	\$ 1,166.97	\$	\$	68,606.01
Police Law Enforcement Trust	32,160.96	268.47	5,326.34		27,103.09
Federal Forfeiture Fund	5,918.85	102.32			6,021.17
Police Services Escrow	28,185.26	731,014.37	721,475.37		37,724.26
Expert Witness Program	27,630.00				27,630.00
Self Insurance Program	309,062.00		25.00		309,037.00
COBRA Payment Program	260,111.27		50,000.00		210,111.27
Employee Benefits Program	82,801.40				82,801.40
Subdivision Deposits	3,323.00				3,323.00
Escrow Management	1,574,193.13	1,226,872.46	540,549.53	1,328.93	2,259,187.13
Flexible Spending Account	913.01				913.01
Affinity Credit Card	23,486.88	7,733.41	11,930.46		19,289.83
Miscellaneous Trust	1,453,314.45	1,299,763.39	1,195,178.93	74,113.42	1,483,785.49
Payroll Agency	1,515.11	25,209,088.71	25,208,539.60		2,064.22
Kimberwick Curb Suit	33,458.74	350.33			33,809.07
Public Assistance - Donations	94,603.68	22,696.19	9,242.99		108,056.88
Escrow/Offsite	642,122.36	1,025,109.26	171,720.67		1,495,510.95
Tax Lien Redemption	871,218.37	1,554,885.99	1,449,685.59		976,418.77
	<u>\$ 5,511,457.51</u>	<u>\$ 31,079,051.87</u>	<u>\$ 29,363,674.48</u>	<u>\$ 75,442.35</u>	<u>\$ 7,151,392.55</u>
<u>REF.</u>		<u>B-2</u>	<u>B-2</u>	<u>B-14</u>	<u>B</u>
Balance, December 31, 2018	\$ 5,365,435.24				
Encumbrances Payable	<u>146,022.27</u>				
	<u>\$ 5,511,457.51</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, 2018	C	\$	2,047,871.72
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$	600,000.00
Deferred Charge - Unfunded	C-5		10,000.00
Premium on Sale of Notes	C-1		42,575.33
Grants Receivable	C-11		391,000.00
Developers Deposits	C-9		15,000.00
Interfunds	C-10		64,674.00
N.J.E.I.T. Loans Receivable	C-16		14,058.00
Bond Anticipation Notes	C-14		<u>6,093,867.00</u>
			<u>7,231,174.33</u>
		\$	<u>9,279,046.05</u>
Decreased by Disbursements:			
Contracts Payable	C-6	\$	2,637,408.71
Bond Anticipation Notes	C-14		2,093,867.00
Developers Deposits	C-9		157,556.30
Interfunds	C-10		<u>667,024.63</u>
			<u>5,555,856.64</u>
Balance, December 31, 2019	C:C-3	\$	<u><u>3,723,189.41</u></u>



"C-3"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	BALANCE DECEMBER 31, 2019
Capital Improvement Fund	\$ 121,651.83
Fund Balance	92,297.13
Reserve for Encumbrances	1,500,816.29
Reserve for Developers Security Deposits Exhibit "C-9"	1,734,753.42
Unexpended Proceeds of Bond Anticipation Notes on "C-5"	1,271,073.83
Improvement Authorizations:	
Funded Improvements Listed on "C-7"	1,296,026.42
Improvements Expended Set Forth on "C-5"	(1,560,251.15)
Various Reserves	83,873.80
Interfunds Receivable	(419,052.16)
Grants Receivable	(398,000.00)
	<u>\$ 3,723,189.41</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2018	C	\$ 3,002,598.53
Decreased by:		
Paid by Current Year Budget Appropriation:		
Bond Principal	C-13	\$ 734,000.00
N.J.E.I.T. Loan Principal	C-12	<u>86,837.02</u>
		<u>820,837.02</u>
Balance, December 31, 2019	C	<u>\$ 2,181,761.51</u>



TOWNSHIP OF HILLSBOROUGH  
GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 512,557.70
Increased by:		
Improvement Authorizations	C-7	3,625,667.30
		\$ <u>4,138,225.00</u>
Decreased by:		
Cash Disbursements	C-2	<u>2,637,408.71</u>
Balance, December 31, 2019	C	\$ <u><u>1,500,816.29</u></u>



"C-8"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 10,594.83
Increased by:		
Current Year Budget Appropriation	C-2	600,000.00
		\$ <u>610,594.83</u>
Decreased by:		
Appropriation to Finance		
Improvement Authorizations	C-7	<u>488,943.00</u>
Balance, December 31, 2019	C	\$ <u><u>121,651.83</u></u>

"C-9"

SCHEDULE OF DEVELOPERS' CONTRIBUTION DEPOSITS

Balance, December 31, 2018	C	\$ 2,033,944.72
Increased by:		
Cash Receipts	C-2	15,000.00
		\$ <u>2,048,944.72</u>
Decreased by:		
Cash Disbursements	C-2	\$ 157,556.30
Appropriation to Finance		
Improvement Authorizations	C-7	<u>156,635.00</u>
		<u>314,191.30</u>
Balance, December 31, 2019	C:C-3	\$ <u><u>1,734,753.42</u></u>

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

"C-10"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2018 Due To	C	\$ <u>183,298.47</u>	\$ <u>183,298.47</u>
Treasurer-Disbursements	C-2	<u>667,024.63</u>	<u>667,024.63</u>
Treasurer-Receipts	C-2	<u>64,674.00</u>	<u>64,674.00</u>
Balance, December 31, 2019 Due From	C	\$ <u><u>419,052.16</u></u>	\$ <u><u>419,052.16</u></u>

TOWNSHIP OF HILLSBOROUGH  
GENERAL CAPITAL FUND  
SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 758,000.00
Increased by:		
Grants Awarded	C-7	<u>31,000.00</u>
		\$ <u>789,000.00</u>
Decreased by:		
Cash Receipts	C-2	<u>391,000.00</u>
Balance, December 31, 2019	C	\$ <u><u>398,000.00</u></u>

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF NJEIT LOANS PAYABLE

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2019		INTEREST RATE	BALANCE DECEMBER 31, 2018	DECREASED	BALANCE DECEMBER 31, 2019
			DATE	AMOUNT				
Sewer Bonds	3/10/2010	\$ 426,761.99	8/1/2020	\$ 19,709.00	5.000%	\$	\$	
	Less: Savings Credit	(55,000.00)	8/1/2021	18,709.00	3.000%			
		371,761.99	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%			
			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%	244,849.11	18,314.35	226,534.76
Sewer Bonds	3/10/2010	1,233,408.11	8/1/2020-29	68,522.67	0%	753,749.42	68,522.67	685,226.75
						\$ 998,598.53	\$ 86,837.02	\$ 911,761.51
					REF.	C	C-4	C





TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2018	INCREASED	DECREASED	BALANCE DECEMBER 31, 2019
2011-13	Various Improvements	12/09/11	11/29/18 11/26/19	11/29/19 11/25/20	3.000% 2.000%	\$ 806,990.00	\$ 538,990.00	\$ 806,990.00	\$ 538,990.00
2013-16	Various Improvements	12/12/13	11/29/18 11/26/19	11/29/19 11/25/20	3.000% 2.000%	340,877.00	272,377.00	340,877.00	272,377.00
2014-10	Various Improvements	12/08/16	11/29/18 11/26/19	11/29/19 11/25/20	3.000% 2.000%	1,425,000.00	1,282,500.00	1,425,000.00	1,282,500.00
2018-14	Road Improvements	03/28/19	03/28/19	03/27/20	2.750%		4,000,000.00		4,000,000.00
						<u>\$ 2,572,867.00</u>	<u>\$ 6,093,867.00</u>	<u>\$ 2,572,867.00</u>	<u>\$ 6,093,867.00</u>
					REF.	C	C-2		C-C-5
	Notes Paid by Budget				C-5			\$ 479,000.00	
	Disbursements				C-2			<u>2,093,867.00</u>	
								<u>\$ 2,572,867.00</u>	

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

<u>RESERVE</u>	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2019</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, 2018	C	\$	14,058.00
Decreased by:			
Cash Receipts	C-2		<u>14,058.00</u>

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2019</u>
1996-10	Various Capital Improvements	\$ 48,704.00
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>4,075,000.00</u>
		<u>\$ 9,446,318.33</u>

PART II

TOWNSHIP OF HILLSBOROUGH

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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

	YEAR 2019		YEAR 2018	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 2,350,000.00	1.45%	\$ 2,000,000.00	1.28%
Miscellaneous - From Other Than				
Local Property Tax Levies	10,791,495.28	6.68%	9,983,087.62	6.39%
Collection of Delinquent Taxes				
and Tax Title Liens	885,165.44	0.55%	781,779.93	0.50%
Collections of Current Tax Levy	147,615,494.61	91.32%	143,490,163.67	91.83%
<u>Total Revenue</u>	<u>\$ 161,642,155.33</u>	<u>100.00%</u>	<u>\$ 156,255,031.22</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 29,072,526.34	18.41%	\$ 28,952,661.85	18.84%
County Taxes	25,549,674.60	16.18%	24,638,575.16	16.03%
Local School Taxes	98,345,762.00	62.26%	95,321,180.00	62.02%
Fire District Tax	2,711,665.00	1.72%	2,621,649.00	1.71%
Township Open Space	1,730,885.58	1.10%	1,672,376.63	1.09%
Other Expenditures	541,962.08	0.34%	482,741.24	0.31%
<u>Total Expenditures</u>	<u>\$ 157,952,475.60</u>	<u>100.00%</u>	<u>\$ 153,689,183.88</u>	<u>100.00%</u>
Excess in Revenue	\$ 3,689,679.73		\$ 2,565,847.34	
Fund Balance - January 1	3,136,723.68		2,570,876.34	
	<u>\$ 6,826,403.41</u>		<u>\$ 5,136,723.68</u>	
Less: Utilization as Anticipated Revenue	2,350,000.00		2,000,000.00	
Fund Balance, December 31	<u>\$ 4,476,403.41</u>		<u>\$ 3,136,723.68</u>	

### COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$2.404</u>	<u>\$2.419</u>	<u>\$2.415</u>
Apportionments of Tax Rate:			
Municipal	\$0.319	\$0.325	\$0.330
Municipal Open Space	0.028	0.028	0.028
County	0.334	0.332	0.335
County Library	0.049	0.050	0.05
County Open Space	0.032	0.032	0.032
Regional School	1.597	1.607	1.597
Fire District	<u>0.045</u>	<u>0.045</u>	<u>0.043</u>

### ASSESSED VALUATIONS

2019	<u>\$6,155,058,469.00</u>
2018	<u>\$5,930,841,814.00</u>
2017	<u>\$5,735,581,093.00</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>
2019	\$148,582,376.23	\$147,615,494.61	99.34%
2018	\$144,495,842.83	\$143,490,163.67	99.30%
2017	\$139,307,725.86	\$138,469,859.90	99.39%



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#### 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>
2019	\$346,168.81	\$923,764.89	\$1,269,933.70	0.85%
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%

#### 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>
2019	\$1,642,200.00
2018	\$1,642,200.00
2017	\$1,642,200.00

#### COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUGET OF SUCCEEDING YEAR</u>
	2019	\$4,476,403.41	\$2,500,000.00
	2018	\$3,136,723.68	\$2,350,000.00
CURRENT FUND	2017	\$2,570,876.34	\$2,000,000.00
	2016	\$2,466,837.05	\$2,000,000.00
	2015	\$2,387,243.17	\$1,900,000.00

## 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>
Frank DelCore	Mayor	*	
Douglas Tomson	Deputy Mayor	*	
Olivia Holmes	Committeeperson	*	
Shawn Lipani	Committeeperson	*	
Gloria McCauley	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	*	
William Willard	Attorney	*	
Francesco Taddeo	Magistrate	*	
Susan Keeth	Court Administrator	*	
Nancy Horvath	Deputy Court Administrator	*	
Mike McMahon	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

### 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:

- Purchase of (1) Salt Brine Maker
- 2019 Capital Roadway Resurfacing Project
- Asphalt for 2019 Rubberized Asphalt Chip Seal Contract
- 2019 Road Maintenance Materials
- 2019-2020 Sidewalk & Curb Replacement
- Willow Road Improvements – Phase I
- Purchase of 6-wheel Granite Model 42FR with Dump Body
- Willow Road Complex Fence Removal

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, 2019 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 2019 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 12, 2019 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>
2019	50
2018	48
2017	40

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 2019 Budget.

### Departments

The Recreation department did not deposit all funds collected within 48 hours of receipts per N.J.S.A.40A:5-15.

## 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.

That all Recreation department receipts be deposited or remitted to the Treasurer within 48 hours per N.J.S.A.40A:5-15.

\*Prior Year Recommendations