

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF  
BOROUGH OF HIGHTSTOWN  
156 Bank Street  
Hightstown, New Jersey 08520  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Presented by  
Borough of Hightstown**

**George Lang  
Chief Financial Officer**

**BOROUGH OF HIGHTSTOWN**  
**TABLE OF CONTENTS**  
**YEAR ENDED DECEMBER 31, 2017**

		<u>Page</u>
 <u>INTRODUCTORY SECTION</u>		
	Letter of Transmittal	1-7
	Roster of Officials	8
 <u>FINANCIAL SECTION</u>		
	Independent Auditors' Report	9-12
	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements – Regulatory Basis Performed in Accordance With <i>Government Auditing Standards</i>	13-14
<u>Exhibit Number</u>		
 <u>FINANCIAL STATEMENTS</u>		
A	Current Fund Comparative Balance Sheet – Regulatory Basis	15-16
A-1	Current Fund Statement of Operations and Change in Fund Balance – Regulatory Basis	17
A-2	Current Fund Statement of Revenues - Regulatory Basis	18-20
A-3	Current Fund Statement of Expenditures - Regulatory Basis	21-25
B	Trust Fund Comparative Balance Sheet – Regulatory Basis	26-27
C	General Capital Fund Comparative Balance – Regulatory Basis	28
C-1	General Capital Fund Statement of Fund Balance – Regulatory Basis	29
D	Water-Sewer Utility Fund Comparative Balance Sheet – Regulatory Basis	30-31
D-1	Water-Sewer Utility Fund Comparative Statement of Operations and Change in Operating Fund Balance – Regulatory Basis	32
D-2	Water-Sewer Utility Capital Fund Statement of Capital Fund Balance – Regulatory Basis	33
D-3	Water-Sewer Utility Operating Fund Statement of Revenues - Regulatory Basis	34
D-4	Water-Sewer Utility Operating Fund Statement of Expenditures - Regulatory Basis	35
E	Statement of Governmental Fixed Assets	36
	Notes to Financial Statements	37-76

**BOROUGH OF HIGHTSTOWN**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**

Page

**SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES**

Exhibit  
Number

<u>Current Fund:</u>	
A-4	Schedule of Cash 77
A-5	Schedule of Due from State of New Jersey 78
A-6	Schedule of Taxes Receivable and Analysis of Property Tax Yield 79
A-7	Schedule of Tax Title Liens 80
A-8	Schedule of Accounts Payable 81
A-9	Schedule of Reserve for Fire Safety and Code Enforcement 81
A-10	Schedule of Revenue Accounts Receivable 82
A-11	Schedule of 2016 Appropriation Revenues 83-85
A-12	Schedule of Prepaid Taxes 86
A-13	Schedule of Tax Overpayments 87
A-14	Schedule of Regional District School Tax Payable 87
A-15	Schedule of County Taxes Payable 88
A-16	Schedule of Due to State of New Jersey 89
A-17	Schedule of Reserve for Sale of Municipal Assets 90
A-18	Schedule of Cash – Grant Fund 91
A-19	Schedule of Grants Receivable – Grant Fund 92
A-20	Schedule of Reserve for Grants – Appropriated – Grant Fund 93
A-21	Schedule of Reserve for Grants – Unappropriated – Grant Fund 94
<u>Trust Fund:</u>	
B-1	Schedule of Trust Cash – Treasurer 95
B-2	Schedule of Due to NJS Department of Health 96
B-3	Schedule of Reserve for Animal Control Fund Expenditures 97
B-4	Schedule of Deposits for Redemption of Tax Sale Certificates 98
B-5	Schedule of Regional Contribution Agreement – Manalapan 98
B-6	Schedule of due from Current Fund 99
B-7	Schedule of Reserve for Law Enforcement Fund 99
B-8	Schedule of Reserve for Public Defender 100
B-9	Schedule of Unemployment Trust Fund 100
B-10	Schedule of Reserve for Payroll Deductions 101
B-11	Schedule of Miscellaneous Trust Funds 102
B-12	Schedule of Reserve for Escrow Fees 103
B-13	Schedule of Housing Trust 104
B-14	Schedule of Length of Service Award Program [Unaudited] 105

**BOROUGH OF HIGHTSTOWN**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**

Page

**SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES**  
**(CONTINUED)**

Exhibit  
Number

	<u>General Capital Fund:</u>	
C-2	Schedule of General Capital Fund Cash – Treasurer	106
C-3	Schedule of Capital Fund Cash and Investments	107
C-4	Schedule of Deferred Charges to Future Taxation – Funded	108
C-5	Schedule of Deferred Charges to Future Taxation – Unfunded	109
C-6	Schedule of Grants Receivable	110
C-7	Schedule of Various Reserves	111
C-8	Schedule of Improvement Authorizations	112
C-9	Schedule of Reserve for Capital Improvement Fund	113
C-10	Schedule of Bond Anticipation Notes	114
C-11	Schedule of General Serial Bonds	115
C-12	Schedule of Capital Improvement Loans	116
C-13	Schedule of Reserve for Encumbrances	117
C-14	Schedule of Bonds and Notes Authorized but Not Issued	118
	<u>Water-Sewer Utility Fund:</u>	
D-5	Schedule of Utility Cash – Collector/Treasurer	119
D-6	Schedule of Utility Capital Cash	120
D-7	Analysis of Cash – Water-Sewer Utility Capital Fund	121
D-8	Schedule of Consumer Accounts Receivable	122
D-9	Schedule of Fixed Capital – Water-Sewer Utility Capital Fund	123
D-10	Schedule of Fixed Capital Authorized and Uncompleted – Water-Sewer Utility Capital Fund	124
D-11	Schedule of 2016 Appropriation Reserves	125
D-12	Schedule of Accounts Payable	126
D-13	Schedule of Overpayments	126
D-14	Schedule of Accrued Interest on Bonds and Loans	127
D-15	Schedule of Accrued Interest on Notes	127
D-16	Schedule of Sewer Serial Bonds – Water-Sewer Utility Capital Fund	128
D-17	Schedule of Loans Payable – Water-Sewer Utility Capital Fund	129-130
D-18	Schedule of Bond Anticipation Notes – Water-Sewer Utility Capital Fund	131
D-19	Schedule of Improvement Authorizations – Water-Sewer Utility Capital Fund	132
D-20	Schedule of Encumbrances Payable – Water-Sewer Utility Capital Fund	133

**BOROUGH OF HIGHTSTOWN**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**

Page

**SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES**  
**(CONTINUED)**

Exhibit  
Number

Water-Sewer Utility Fund: (Continued)

D-21	Schedule of Reserve for Amortization – Water-Sewer Utility Capital Fund	134
D-22	Schedule of Deferred Reserve for Amortization – Water-Sewer Utility Capital Fund	134
D-23	Schedule of Capital Improvement Fund – Water-Sewer Utility Capital Fund	135
D-24	Schedule of Bonds and Notes Authorized but Not Issued – Water-Sewer Utility Capital Fund	136

**SUPPLEMENTARY & STATISTICAL DATA**

Combined Balance Sheet – All Funds	137-138
Comparative Statement of Operations and Change in Fund Balance – Current Fund	139
Comparative Statement of Operations and Change in Fund Balance – Water and Sewer Utility Operating Fund	140
Comparative Schedule of Tax Rate Information	141
Comparison of Tax Levies and Current Collection	141
Delinquent Taxes and Tax Title Liens	141
Property Acquired by Tax Title Lien Liquidation	142
Comparison of Water and Sewer Utility Levies	142
Comparative Schedule of Fund Balances	142
Summary of Municipal Debt	143
Summary of Statutory Debt condition – Annual Debt Statement	144
Borrowing Power Under NJSA 40A:2-6	144
Calculation of Self-Liquidating Purpose Water-Sewer Utility per NJSA 40A:2-45	144

**BOROUGH OF HIGHTSTOWN**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**

Page

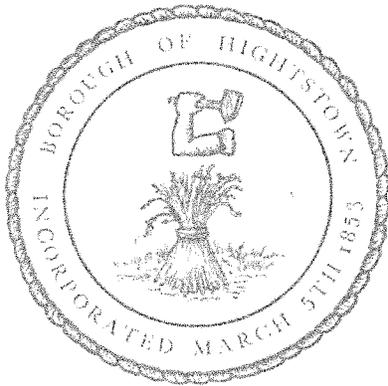
SINGLE AUDIT SECTION

Independent Auditor's Report on Compliance for Each Major Federal and Report on Internal Control over Compliance Required by the Uniform Guidance	145-147
Schedule I – Expenditure of Federal Awards	148
Notes to the Schedule of Expenditures of Federal Awards	149-150
Schedule of Findings and Questioned Costs	151-152
Summary Schedule of Prior Year Findings	153

AUDITOR'S COMMENTS AND RECOMMENDATIONS

General Comments:	
Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4	154
Collection of Interest on Delinquent Taxes, Utility Charges and Assessments	155
Delinquent Taxes and Tax Title Liens	155
Water-Sewer Utility Operating Fund	156
Cash Balances	156
Revenues	156
Expenditures	156
Payroll	156
Miscellaneous Comments:	
Interfunds	157
Construction Code Official	157
Reserves	157
Technical Directives – State of New Jersey	157
Review of Procedures	158
Computerization	158
Other Matters	158
Appreciation	158
Follow-up on Prior Year Recommendations	158
Recommendations	159

## INTRODUCTORY SECTION



# Borough of Hightstown

156 Bank Street, Hightstown, NJ 08520  
(609) 490-5100 Fax: (609) 371-0267

Website: [www.hightstownborough.com](http://www.hightstownborough.com)

August 24, 2018

Honorable Mayor and Members  
of the Borough Council  
Borough of Hightstown  
County of Mercer, New Jersey

The Annual Financial Report for the Borough of Hightstown, County of Mercer, State of New Jersey, for the year ended December 31, 2017 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designated to set forth fairly the financial position and results of operations of the Borough of Hightstown as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Annual Report is presented in five (5) sections: Introductory, Financial, Supplementary and Statistic Data, Single Audit and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditor's report. The Supplementary and Statistical Data Section includes selected financial detailed schedules. The Single Audit Section includes the auditor's report on the internal control structure and compliance with applicable laws and regulation, the schedule of expenditures of Federal awards, and findings and recommendations. The fifth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Gerard Stankiewicz, Certified Public Accountant, Registered Municipal Accountant of Samuel Klein and Company, Freehold, New Jersey, independent certified public accountants whose opinion is expressed in the Financial Section. Please note that the auditor's report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## PRESENT AND FUTURE CHALLENGES

The Borough operates two (2) distinct funds for the benefits of its tax and utility rate payers.

### Current Fund

The Current Fund, which finances most of the operational areas of our local government, had total revenues of \$7,231,028.95, exclusive of fund balance and total expenditures of \$6,943,668.06 and a Fund Balance increase of \$249,128.48 as of December 31, 2017. The following schedule summarizes revenues and expenses for 2017 and 2016.

<u>Revenues</u>	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fund Balance	\$ 1,028,000.00	\$ 610,000.00	\$ 418,000.00	68.52 %
Miscellaneous Revenue Realized	379,869.62	361,697.54	18,172.08	5.02
State Aid	503,550.00	503,550.00	0.00	0.00
Grants	72,400.18	193,353.61	(120,953.43)	(62.56)
Interlocal Service Agreement	92,714.59	129,973.99	(37,259.40)	(28.67)
Uniform Construction Code	114,954.00	96,745.00	18,209.00	18.82
Municipal Court Fees	384,035.54	375,627.48	8,408.06	2.24
Delinquent Tax Receipts	256,987.01	303,522.77	(46,535.76)	(15.33)
Receipts from Current Taxes	5,054,008.98	4,831,819.62	222,189.36	4.60
Nonbudget Revenue	56,066.30	54,908.50	1,157.80	2.11
Other Credits to Income:				
Unexpended Balance of				
Appropriation Reserves	315,967.73	318,647.88	(2,680.15)	(0.84)
Grant Reserve Canceled	475.00	922.08	(447.08)	(48.49)
	<u>\$ 8,259,028.95</u>	<u>\$ 7,780,768.47</u>	<u>\$ 478,260.48</u>	<u>6.15 %</u>

1. Real Estate Taxes - These are the taxes levied on all real property within the Borough.
2. Delinquent Tax Receipts - This represents receipts from delinquent taxes and tax title liens.
3. Intergovernmental Revenue - This represents funds received from the State of New Jersey and the Federal Government in the form of grants or direct aid.
4. Miscellaneous Anticipated Revenues - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct user charges, except those detailed separately above.

**Current Fund (Continued)**

The increase in budgetary expenditures in 2017 over 2016 was as follows:

<u>Expenditures</u>	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 1,000,125.00	\$ 681,542.00	\$ 318,583.00	46.74 %
Public Safety	1,905,027.00	1,737,125.00	167,902.00	9.67
Municipal Court	156,962.00	142,863.00	14,099.00	9.87
Public Works	853,183.00	810,562.00	42,621.00	5.26
Utility Expense and Bulk Purchases	200,000.00	212,515.00	(12,515.00)	(5.89)
Landfill	200,000.00	200,000.00	0.00	0.00
Other Common Function	69,100.00	63,500.00	5,600.00	8.82
Land Use	54,215.00	53,215.00	1,000.00	1.88
Insurance	691,000.00	751,500.00	(60,500.00)	(8.05)
Health and Human Services	160,090.00	164,378.00	(4,288.00)	(2.61)
Parks and Recreation	57,550.00	60,200.00	(2,650.00)	(4.40)
Construction Code	175,134.00	171,509.00	3,625.00	2.11
Education - School	41,637.00	41,558.00	79.00	0.19
Deferred Charges and Statutory Expenditures	535,118.00	564,626.00	(29,508.00)	(5.23)
Grants	42,945.59	193,353.61	(150,408.02)	(77.79)
Capital Improvements	80,000.00	40,000.00	40,000.00	100.00
Debt Service	771,582.00	612,075.85	159,506.15	26.06
Reserve for Uncollected Taxes	485,000.00	475,000.00	10,000.00	2.11
	<u>\$ 7,478,668.59</u>	<u>\$ 6,975,522.46</u>	<u>\$ 503,146.13</u>	<u>7.21 %</u>

Planning for the budget begins late in the preceding year and is further developed by the Chief Financial Officer, Deputy Chief Financial Officer and the Borough Administrator in conjunction with the Governing Body. In addition, the Capital Budget is reviewed annually in accordance with the budget law.

The Borough operates a Water-Sewer Utility. The utility is separate budgetary entity that allows for the segregation of the revenue and expenses related to the function. The utility is under the operational control of the Mayor and Council. The Borough provides a sewer collection system as well as a treatment plant to the residents for sewerage flow.

**Water-Sewer Utility Fund**

The Water-Sewer Utility serves the entire Borough, which encompasses approximately 2,900 accounts. Revenues exclusive of fund balance were \$3,237,127.13 and expenditures were \$3,182,109.37. Fund balance increased \$55,017.76. The Water-Sewer Utility Fund was considered to be self-liquidating for 2017 and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenues and expenses for 2017 and 2016.

	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 146,169.00	\$ 100,000.00	\$ 46,169.00	46.17 %
Water-Sewer Rents	2,541,893.07	2,573,507.26	(31,614.19)	(1.23)
Gray Water Fees	548,787.80	493,280.65	55,507.15	11.25
Miscellaneous Revenues	55,357.31	49,197.28	6,160.03	12.52
Other Credits to Income	91,088.95	97,590.71	(6,501.76)	(6.66)
	<u>\$ 3,383,296.13</u>	<u>\$ 3,313,575.90</u>	<u>\$ 69,720.23</u>	<u>2.10 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 2,124,015.00	\$ 2,110,115.00	\$ 13,900.00	0.66 %
Debt Service	908,778.37	893,703.47	15,074.90	1.69
Deferred Charges	149,316.00	146,172.00	3,144.00	2.15
	<u>\$ 3,182,109.37</u>	<u>\$ 3,149,990.47</u>	<u>\$ 32,118.90</u>	<u>1.02 %</u>

## **MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS**

The Borough of Hightstown encompasses 1.2 square miles. The Borough is a fully developed mature community comprised of mostly residential dwellings.

The Borough Council has, in recent years, become aggressive in their Capital Program of improvements. The Borough, annually, has appropriated monies for Parks and Recreation Equipment, Roadway Resurfacing and Improvements to the Infrastructure.

## **PROSPECTS FOR THE FUTURE**

The 2017 Municipal Budget as adopted reflects a rate of \$1.224 representing an increase from the prior year in the Local Purpose Tax Rate. The 2018 Budget as adopted will have increase of 6.6¢, to \$1.290 and appropriations will increase \$53,749.07 or .71%.

In 2017, the Borough is continuing a several year plan of beautifying the downtown area. In addition, park improvements are in process using a combination of grants and local funds.

## **LOCAL INITIATIVE EVENTS**

Major infrastructure improvements were undertaken in a number of areas including:

- Road resurfacing and intersection improvements with local funds as well as a variety of other governmental sources to reduce the local financial burden of such work. Being a crossroads community in such a busy part of the region, Hightstown has an unusually large infrastructure renewal burden for a community our size. By taking advantage of multiple sources and continuing to maintain our existing programs, Hightstown is responsibly tending to the transportation needs of our citizens and visitors.
- Improvements to the Borough's parks and recreational facilities continue.
- Various equipments are being purchased for all departments in order to provide a better level of service to the residents.
- Improvements to Sunset Avenue and North Main Street, partially funded by the NJDOT, are projected to be completed in late 2018 or early 2019.
- The Governing Body is in constant pursuit of grants from the federal, state and county governments in order to improve the Borough at minimal cost to the local residents.
- The Governing Body recently adopted a bond ordinance to acquire the old YMCA to renovate and become the Borough Hall.
- Efforts are continuing to bring the redevelopment area to some conclusion.
- The Borough utilizes the NJ I-Bank (*formerly the NJEIT*) to finance environmental projects. The I-Bank utilizing federal and state funds offers financing at favorable rates.
- The Borough has substantially completed treatment plant improvements in the form of an ultraviolet disinfected system which is expected to reduce chemical costs. Water main and sewer main improvements are ongoing.

## LOCAL ECONOMIC EVENTS

For 2017 the Borough continued to demonstrate important indicators of continued financial strength as follows:

- A Current Fund fund balance of \$1,160,794.50, a decrease of \$249,128.48 or 17.69% caused primarily by higher level of fund balance utilized to support a higher level of expenses.
- The Borough has continued to maintain an excellent credit rating. Presently, the Borough's latest (August 2018) bond rating is "A1" by Moody's Investor's Services.

During 2017, total real estate tax revenues increased by \$222,188.56 or 4.60% to \$5,054,008.18. The current collection rate (cash basis) of real estate tax revenue (an important indicator of fiscal health) was 98.39% in 2017 and has averaged 98.26% for the prior three years. Although the Borough has maintained a stable collection rate, certain taxpayers were unable to remit their taxes on a current basis.

Revenues from other sources remained relatively flat in 2017 and the Borough has not experienced any major growth in development. Assessed values have increased slightly in the past year, approximating \$392,180,396.00. Consequently, any increased costs for operations must be funded by increases in real estate taxes.

The last revaluation was completed and effective for 2009 and a reassessment was done in 2013 and the current assessed valuation is at approximately 95.54% of full estimated valuation.

## CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2017, funds were deposited in interest bearing accounts.

## DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$8,486,100.00, which represents 2.094% of its average equalized value. Debt Service appropriations for 2017 were \$1,680,359.84 for both Borough funds.

**RISK MANAGEMENT**

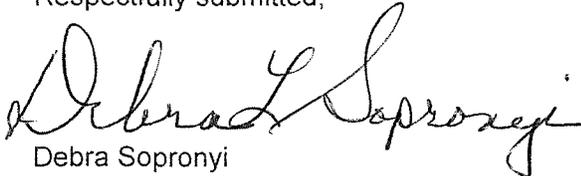
The Borough is a member of the Statewide Joint Insurance Fund along with the Statewide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund. The Borough is well insured. These funds provide professional risk management, legal defense, loss prevention, claims management and actuarial services and are regulated by the New Jersey Department of Insurance.

The Borough is a member of the New Jersey State Health Benefits Program.

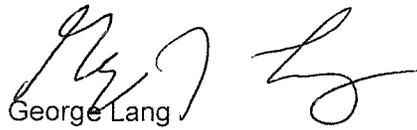
**ACKNOWLEDGMENTS**

The preparation of this report on a timely basis could not be accomplished without the help and dedicated services of the entire staff of the Finance Department and the Administration of the Borough.

Respectfully submitted,



Debra Sopronyi  
Borough Administrator/Borough Clerk



George Lang  
Chief Financial Officer

**BOROUGH OF HIGHTSTOWN**

**ROSTER OF OFFICIALS**

**DECEMBER 31, 2017**

**Governing Body**

Lawrence Quattrone, Mayor  
Charles "Lee" Stults, Council President  
Susan Bluth, Councilperson  
Denise Hansen, Councilperson  
Steven Misura, Councilperson  
Connor Montferrat, Councilperson  
Dimitri Musing, Councilperson

**Other Officials**

Debra Sopronyi, Borough Administrator, Qualified Purchase Agent, Borough Clerk,  
Registrar of Vital Statistics  
George Lang, Chief Financial Officer  
Monika Patel, Deputy Chief Financial Officer, Tax and Water-Sewer Collector  
Ken Pacera, Tax Assessor  
Peggie Riggio, Deputy Borough Clerk, Deputy Registrar of Vital Statistics  
James Newman, Magistrate [*Through* October 1, 2017]  
Seth Kurs, Magistrate [*Effective* October 2, 2017]  
Kristy Gilesnan, Court Administrator  
Gretchen Gilroy, Deputy Court Administrator  
Robert Yosterbski, Prosecutor  
Carmela Roberts of *Roberts Engineering Group*, Borough Engineer  
Frederick Raffetto of *Ansell Grimm & Aaron Inc.*, Borough Attorney  
Elizabeth Garcia of *Parker McCay*, Borough Labor Counsel Attorney  
Edward McManimon of *McManimon, Scotland & Baumann, LLC*, Bond Counsel

## **FINANCIAL SECTION**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Hightstown  
County of Mercer  
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

### Report on the Financial Statements

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of Hightstown, County of Mercer, State of New Jersey as of December 31, 2017, and the related statement of operations and change in fund balance – regulatory basis for the year then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the year then ended. The audit of the financial statements – regulatory basis for the year ended December 31, 2016 were performed by another firm whose opinion dated February 26, 2018 was unmodified with respect to the regulatory basis of accounting.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – regulatory basis, in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"); this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements – regulatory basis, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and auditing standards prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 entity'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 entity'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 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 financial statements – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of Jersey which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State 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 matters discussed in the "Basis for Adverse Opinion on the United States 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 each fund of the Borough of Hightstown, County of Mercer, State of New Jersey as of December 31, 2017, and change in financial position or cash flows thereof for the year then ended.

**Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 36.67% and 30.60% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2017 and 2016.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion of the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of Hightstown, County of Mercer, State of New Jersey, as of December 31, 2017, and the results of its operations and change in fund balance of such funds – regulatory basis for the year then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds and account groups for the year ended December 31, 2017 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Hightstown, County of Mercer, New Jersey. The information included in Supplementary Fund and Account Schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Hightstown, County of Mercer, New Jersey. The information included in Supplementary Fund and Account Schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

The information contained Supplementary and Statistical Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion, or provide any assurance on them.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2018, on our consideration of the Borough of Hightstown'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 the 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 Borough of Hightstown's internal control over financial reporting and compliance.



Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
August 24, 2018

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## **INDEPENDENT AUDITORS 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 Borough Council  
Borough of Hightstown  
County of Mercer  
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), the financial statements – regulatory basis of the Borough of Hightstown (herein referred to as "the Borough"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's financial statements – regulatory basis, and have issued our report thereon dated August 24, 2018. Our report expressed a qualified opinion on the financial statements in conformity with this regulatory basis because we did not audit the Length of Service Award Program (LOSAP). Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 1.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements – regulatory basis, we considered the Borough's internal 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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

**INDEPENDENT AUDITORS 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 (CONTINUED)**

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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted one instance of material non-compliance that we have reported to the management of the Borough in the "General Comments and Recommendations" section of this report.

We also noted other matters involving compliance and internal control over financial reporting that we have reported to management of the Borough of Hightstown in the General Comments section of the Report of Audit.

**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 Borough'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 Borough's internal control and compliance, accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
August 24, 2018

## **FINANCIAL STATEMENTS**

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Cash	A-4	\$ 2,671,565.95	\$ 2,269,755.77
Change Fund		<u>205.00</u>	<u>205.00</u>
		<u>\$ 2,671,770.95</u>	<u>\$ 2,269,960.77</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	\$ 224,325.00	\$ 267,561.21
Tax Title Liens Receivable	A-7	201,865.40	153,605.36
Revenue Accounts Receivable	A-10	<u>22,078.10</u>	<u>26,487.15</u>
	A	<u>\$ 448,268.50</u>	<u>\$ 447,653.72</u>
		<u>\$ 3,120,039.45</u>	<u>\$ 2,717,614.49</u>
Grant Fund:			
Cash	A-18	\$ 28,275.85	\$ 81,555.16
Grants Receivable	A-19	<u>162,752.79</u>	<u>163,015.26</u>
		<u>\$ 191,028.64</u>	<u>\$ 244,570.42</u>
		<u>\$ 3,311,068.09</u>	<u>\$ 2,962,184.91</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS**

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Liabilities:			
Appropriations Reserves	A-3, A-11	\$ 587,543.20	\$ 481,601.12
Reserve for Encumbrances	A-3, A-11	119,779.26	124,688.43
Prepaid Taxes	A-12	649,128.44	116,957.10
Accounts Payable	A-8	67,554.92	60,748.41
Tax Overpayments	A-13	3,603.34	12,222.32
Due County for Added Taxes	A-15	5,696.70	8,485.49
Reserve for Fire Safety & Code Enforcement	A-9	19,901.00	10,267.00
Reserve for Sale of Municipal Assets	A-17	42,174.90	42,174.90
Due to State of New Jersey (Ch. 20, P.L. 1971)	A-5	871.05	745.02
Interfunds:			
Other Trust Fund	A-4	13,428.64	-
Animal Control	A-4	28.00	-
Due to State of New Jersey	A-16	<u>1,267.00</u>	<u>2,148.00</u>
		\$ 1,510,976.45	\$ 860,037.79
Reserve for Receivables and Other Assets	A	448,268.50	447,653.72
Fund Balance	A-1	<u>1,160,794.50</u>	<u>1,409,922.98</u>
		<u>\$ 3,120,039.45</u>	<u>\$ 2,717,614.49</u>
Grant Fund:			
Reserve for Grants, Appropriated	A-20	\$ 184,867.84	\$ 242,896.42
Reserve for Encumbrances	A-20	136.50	-
Reserve for Grants, Unappropriated	A-21	<u>6,024.30</u>	<u>1,674.00</u>
		<u>\$ 191,028.64</u>	<u>\$ 244,570.42</u>
		<u><u>\$ 3,311,068.09</u></u>	<u><u>\$ 2,962,184.91</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2017	Year 2016
Fund Balance Anticipated	A-2	\$ 1,028,000.00	\$ 610,000.00
Miscellaneous Revenue Realized	A-2	1,547,523.93	1,660,947.59
Receipts from Delinquent Taxes	A-2	256,987.01	303,522.77
Receipts from Current Taxes	A-2	15,937,265.41	15,723,603.99
Non-Budget Revenue	A-2	56,066.30	54,908.50
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	315,967.73	318,647.88
Grant Reserve Canceled	A-20	475.00	922.08
		<u>\$19,142,285.38</u>	<u>\$18,672,552.81</u>
<b>Total Income</b>			
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	\$ 2,642,463.00	\$ 2,452,820.00
Other Expenses	A-3	2,964,505.59	2,831,070.61
Capital Improvements	A-3	80,000.00	40,000.00
Municipal Debt Service	A-3	771,581.47	612,075.85
Deferred Charges and Statutory Expenditures	A-3	535,118.00	564,626.00
		<u>\$ 6,993,668.06</u>	<u>\$ 6,500,592.46</u>
<b>Total Budget</b>			
Regional School Taxes	A-14	8,587,396.00	8,576,754.00
County Taxes	A-15	2,780,860.43	2,790,030.37
Grant Receivables Canceled	A-19	475.00	797.08
Tax Overpayment Adjustment	A-13	989.37	
Prior Year Refund	A-16	5.00	95.00
Miscellaneous	A-1	20.00	-
		<u>\$18,363,413.86</u>	<u>\$17,868,268.91</u>
<b>Total Expenditures</b>	A-1		
Excess in Expenditures/Revenues		\$ 778,871.52	\$ 804,283.90
Fund Balance, January 1	A	<u>1,409,922.98</u>	<u>1,215,639.08</u>
		\$ 2,188,794.50	\$ 2,019,922.98
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>1,028,000.00</u>	<u>610,000.00</u>
Balance, December 31	A	<u>\$ 1,160,794.50</u>	<u>\$ 1,409,922.98</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS

Ref.	Anticipated		Realized	Excess or (Deficit)	
	Budget Revenues	Special NJS 40A:4-87			
Surplus Anticipated	A-1	\$ 1,028,000.00	\$ -	\$ 1,028,000.00	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	\$ 7,500.00	\$ -	\$ 7,500.00	\$ -
Other	A-10	22,000.00	-	17,930.00	(4,070.00)
Fees and Permits	A-10	27,000.00	-	61,487.35	34,487.35
Fines and Costs:					
Municipal Court	A-10	280,000.00	-	384,035.54	104,035.54
Interest and Costs on Taxes	A-10	68,000.00	-	64,825.82	(3,174.18)
Interest on Investments and Deposits	A-10	20,000.00	-	26,694.70	6,694.70
Lease of Borough Owned Property	A-10	58,000.00	-	65,123.42	7,123.42
Consolidated Municipal Property Tax Relief Aid	A-10	59,130.00	-	59,130.00	-
Energy Receipts Tax	A-10	444,420.00	-	444,420.00	-
Uniform Construction Code Fees	A-10	60,000.00	-	114,954.00	54,954.00
Shared Services Agreement - Roosevelt Borough					
Trash Collection	A-10	64,260.00	-	64,260.00	-
Shared Services Agreement - Roosevelt Borough					
Trash Collection -Tipping Fees	A-10	35,000.00	-	29,454.59	(5,545.41)
Recycling Tonnage Grant	A-10	8,208.25	-	8,208.25	-
Clean Communities Program	A-10	9,625.29	-	9,625.29	-
Sustainable NJ Green Team	A-10	500.00	-	500.00	-
Alcohol Education Rehabilitation Fund	A-10	3,538.69	-	3,538.69	-
Distracted Driving Grant	A-10	5,500.00	-	5,500.00	-
Body Armor Grant	A-10	-	1,544.49	1,544.49	-
US Dept of Justice - Bulletproof Vests	A-10	-	854.87	854.87	-
Drive Sober or Get Pulled Over-Labor Day	A-10	-	5,500.00	5,500.00	-
Drive Sober or Get Pulled Over-Holiday End of Year	A-10	-	5,500.00	5,500.00	-
Mercer County NJSCA Local Arts Program	A-10	1,000.00	-	1,000.00	-
JIF Safety Grant	A-10	1,174.00	-	1,174.00	-
Uniform Fire Safety Act	A-10	8,000.00	-	7,383.68	(616.32)
CATV - Franchise Fee	A-10	31,607.00	-	31,607.65	0.65
The Peddie School - Gift	A-10	23,000.00	-	23,000.00	-
Verizon Franchise Fee	A-10	37,856.00	-	37,856.61	0.61
Capital Fund Balance	A-10	30,000.00	-	30,000.00	-
FEMA - Hurricane Irene	A-10	39,400.00	-	-	(39,400.00)
Hightstown Housing Authority - Payment in Lieu of Taxes	A-10	27,000.00	-	34,914.98	7,914.98
Total Miscellaneous Revenues	A-1	\$ 1,371,719.23	\$ 13,399.36	\$ 1,547,523.93	\$ 162,405.34
Receipts from Delinquent Taxes	A-1, A-2	\$ 265,000.00	\$ -	\$ 256,987.01	\$ (8,012.99)
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	\$ 4,800,550.00	\$ -	\$ 5,054,008.98	\$ 253,458.98
Budget Totals		\$ 7,465,269.23	\$ 13,399.36	\$ 7,886,519.92	\$ 407,851.33
Non-Budget Revenues	A-1, A-2	-	-	56,066.30	
		\$ 7,465,269.23	\$ 13,399.36	\$ 7,942,586.22	
Ref.	A-3		A-3		

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS

<b>Analysis of Realized Revenues:</b>	<u>Ref.</u>	<u>Dec. 31, 2017</u>
Allocation of Current Taxes:		
Prepaid Prior Year	A-6	\$ 116,957.10
Collected Current Year	A-6	15,794,577.08
Overpayments Applied	A-6	4,107.26
Senior Citizens' and Veterans' Deductions	A-6	<u>21,623.97</u>
	A-1	\$ 15,937,265.41
Allocated to:		
School and County Taxes	A-14, A-15	<u>11,368,256.43</u>
Balance for Support of Municipal Budget Appropriations		\$ 4,569,008.98
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>485,000.00</u>
Amount for Support of Municipal Budget	A-2	<u>\$ 5,054,008.98</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2, A-6	\$ 256,311.15
Overpayments Applied	A-6	<u>675.86</u>
	A-2	<u>\$ 256,987.01</u>

The accompanying notes to financial statements are  
an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
 COUNTY OF MERCER  
 STATE OF NEW JERSEY**

CURRENT FUND  
 STATEMENT OF REVENUES  
 REGULATORY BASIS

<b>Analysis of Nonbudget Revenues:</b>	<u>Ref.</u>	<u>Dec. 31, 2017</u>
Tax Map/Ordinance Copies		\$ 10.50
Refunds		22,229.95
Court Motor Vehicle Inspections		14,643.34
Owners List		80.00
Tax Collector Fees		395.00
Senior Citizens and Veterans Administration Fee		435.00
Homestead Rebate mailing reimbursement		180.60
Miscellaneous Fees - Notary fees		47.50
Police Accident Reports		1,476.90
Fire Code Other		2,897.00
Shared Services Public Works - Roosevelt		150.00
Shared Services Clerk Services - Roosevelt		9,103.51
Americana Lease		3,495.40
Construction Code Miscellaneous Fees		<u>921.60</u>
	A-2, A-4	<u>\$ 56,066.30</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS**

<u>OPERATIONS - WITHIN "CAPS"</u>	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Expended</u>				<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>GENERAL GOVERNMENT</b>							
General Administration:							
Salaries and Wages	\$ 44,200.00	\$ 44,200.00	\$ 28,263.15	\$ -	\$ 28,263.15	\$ 15,936.85	\$ -
Other Expenses	5,600.00	5,600.00	1,425.93	-	1,425.93	4,174.07	-
Mayor and Council:							
Salaries and Wages	26,400.00	26,400.00	26,400.00	-	26,400.00	-	-
Other Expenses	2,350.00	2,350.00	2,203.80	-	2,203.80	146.20	-
Municipal Clerk:							
Salaries and Wages	114,463.00	114,463.00	102,377.20	-	102,377.20	12,085.80	-
Other Expenses	18,050.00	18,050.00	8,536.88	2,025.00	10,561.88	7,488.12	-
Elections:							
Other Expenses	5,500.00	5,500.00	2,030.00	-	2,030.00	3,470.00	-
Office Supplies and Paper Products							
Other Expenses	9,500.00	10,500.00	8,050.24	2,354.78	10,405.02	94.98	-
Financial Administration:							
Salaries and Wages	104,022.00	104,022.00	100,283.35	-	100,283.35	3,738.65	-
Other Expenses	11,750.00	11,750.00	10,560.99	-	10,560.99	1,189.01	-
Audit Services:							
Other Expenses	14,000.00	14,000.00	-	-	-	14,000.00	-
Grant Writing and Administration:							
Other Expenses	10,000.00	10,000.00	9,144.50	-	9,144.50	855.50	-
Central Computer (Data Processing/ Info Tech):							
Salaries and Wages	5,200.00	5,200.00	5,200.00	-	5,200.00	-	-
Other Expenses	37,000.00	45,000.00	41,119.62	3,423.69	44,543.31	456.69	-
Collection of Taxes:							
Salaries and Wages	64,140.00	64,140.00	62,369.38	-	62,369.38	1,770.62	-
Other Expenses	7,900.00	7,900.00	5,616.32	-	5,616.32	2,283.68	-
Assessment of Taxes:							
Salaries and Wages	17,850.00	17,850.00	17,843.31	-	17,843.31	6.69	-
Other Expenses	11,500.00	6,500.00	2,520.00	895.86	3,415.86	3,084.14	-
Interest on Tax Appeals:							
Other Expenses	100.00	100.00	-	-	-	100.00	-
Legal Services and Costs:							
Other Expenses	150,000.00	155,600.00	101,313.38	175.00	101,488.38	54,111.62	-
Legal Settlements:							
Other Expenses	292,000.00	292,000.00	292,000.00	-	292,000.00	-	-
Engineering Services and Costs:							
Other Expenses	33,000.00	35,000.00	32,952.50	-	32,952.50	2,047.50	-
Historical Commission:							
Other Expenses	4,000.00	4,000.00	-	3,999.80	3,999.80	0.20	-
Municipal Land Use Law (N.J.S.A. 40:55D-1) Planning Board:							
Salaries and Wages	22,965.00	22,965.00	22,594.78	-	22,594.78	370.22	-
Other Expenses	31,250.00	31,250.00	25,837.51	-	25,837.51	5,412.49	-
Insurance:							
Insurance Deductibles	3,000.00	3,000.00	28.00	-	28.00	2,972.00	-
Unemployment Compensation Insurance	5,000.00	5,000.00	-	-	-	5,000.00	-
General Liability	51,000.00	51,000.00	45,550.00	-	45,550.00	5,450.00	-
Workers Compensation Insurance	82,000.00	82,000.00	81,347.00	-	81,347.00	653.00	-
Employee Group Health Insurance	540,000.00	530,000.00	513,428.41	-	513,428.41	16,571.59	-
Health Benefit Waiver	10,000.00	20,000.00	12,500.00	-	12,500.00	7,500.00	-
<b>PUBLIC SAFETY FUNCTIONS</b>							
Police Department:							
Salaries and Wages	1,402,760.00	1,402,760.00	1,395,100.57	-	1,395,100.57	7,659.43	-
Other Expenses	173,252.00	169,652.00	103,834.30	32,759.81	136,594.11	33,057.89	-
Office of Emergency Management:							
Salaries and Wages	2,000.00	2,000.00	2,000.00	-	2,000.00	-	-
Other Expenses	4,000.00	4,000.00	1,695.00	-	1,695.00	2,305.00	-

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS**

OPERATIONS - WITHIN "CAPS" (Continued)	Budget	Budget After Modifications	Expended				Unexpended Balance Cancelled
			Paid or Charged	Encumbered	Paid or Charged	Reserved	
<b>PUBLIC SAFETY FUNCTIONS (Continued)</b>							
Fire Department:							
Other Expenses	\$ 36,000.00	\$ 30,400.00	\$ 18,251.07	\$ 11,177.00	\$ 29,428.07	\$ 971.93	\$ -
Aid to Fire Department:							
Other Expenses	5,000.00	5,000.00	-	-	-	5,000.00	-
Uniform Fire Safety Act (P.L. 1983, Ch. 383):							
Salaries and Wages	14,000.00	14,000.00	9,878.00	-	9,878.00	4,122.00	-
Other Expenses	10,800.00	10,800.00	6,474.65	4,058.50	10,533.15	266.85	-
First Aid Organization:							
Other Expenses	30,000.00	30,000.00	9,494.60	-	9,494.60	20,505.40	-
First Aid Contribution:							
Other Expenses	1,500.00	1,500.00	-	-	-	1,500.00	-
Municipal Prosecutor:							
Other Expenses	14,600.00	14,600.00	13,500.00	-	13,500.00	1,100.00	-
<b>PUBLIC WORKS FUNCTIONS</b>							
Streets and Road Maintenance:							
Salaries and Wages	205,000.00	199,000.00	129,396.61	-	129,396.61	69,603.39	-
Other Expenses	48,100.00	48,100.00	23,643.63	12,011.98	35,655.61	12,444.39	-
Snow Removal:							
Salaries and Wages	4,000.00	4,000.00	-	-	-	4,000.00	-
Other Expenses	5,000.00	5,000.00	-	-	-	5,000.00	-
Sanitation/Solid Waste Collection:							
Salaries and Wages	51,700.00	51,700.00	49,249.17	-	49,249.17	2,450.83	-
Other Expenses	54,600.00	54,600.00	34,508.58	9,427.19	43,935.77	10,664.23	-
Public Buildings and Grounds:							
Salaries and Wages	50,500.00	50,500.00	48,613.60	-	48,613.60	1,886.40	-
Other Expenses	122,323.00	127,723.00	111,776.39	837.08	112,613.47	15,109.53	-
Recycling:							
Salaries and Wages	98,000.00	98,000.00	90,796.68	-	90,796.68	7,203.32	-
Other Expenses	74,900.00	74,900.00	53,014.12	16,319.95	69,334.07	5,565.93	-
Vehicle Maintenance:							
Other Expenses	40,100.00	40,100.00	31,696.85	1,157.60	32,854.45	7,245.55	-
Community Condominium Services Act:							
Other Expenses	40,000.00	40,000.00	27,823.00	-	27,823.00	12,177.00	-
<b>HEALTH AND HUMAN SERVICES</b>							
Board of Health:							
Salaries and Wages	41,457.00	41,457.00	26,308.32	-	26,308.32	15,148.68	-
Other Expenses	13,950.00	13,950.00	10,488.34	483.60	10,971.94	2,978.06	-
Environmental Commission (N.J.S.A. 40:56A-1):							
Other Expenses	3,410.00	3,410.00	3,410.00	-	3,410.00	-	-
Child Care Centers - Contracts (N.J.S.A. 40:223-8:14):							
Other Expenses:							
Better Beginnings	4,000.00	4,000.00	4,000.00	-	4,000.00	-	-
Hightstown/East Windsor	1,500.00	1,500.00	1,500.00	-	1,500.00	-	-
<b>PARK AND RECREATION</b>							
Maintenance of Parks:							
Salaries and Wages	31,400.00	31,400.00	29,026.36	-	29,026.36	2,373.64	-
Other Expenses	4,300.00	4,300.00	4,299.42	-	4,299.42	0.58	-
Recreation & Open Space (Parks Commission):							
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	10,000.00	-	-
Other Expenses	10,350.00	10,350.00	7,904.45	-	7,904.45	2,445.55	-
Cultural Arts Commission							
Other Expenses	1,500.00	1,500.00	1,327.63	-	1,327.63	172.37	-

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS**

OPERATIONS - WITHIN "CAPS" (Continued)	Budget	Budget After Modifications	Expended				Unexpended Balance Cancelled
			Paid or Charged	Encumbered	Paid or Charged	Reserved	
<b>OTHER COMMON OPERATING FUNCTIONS (UNCLASSIFIED)</b>							
Celebration of Public Events:							
Other Expenses	\$ 5,900.00	\$ 5,900.00	\$ 2,341.00	\$ -	\$ 2,341.00	\$ 3,559.00	\$ -
Accumulated Sick and Vacation:							
Other Expenses	55,000.00	55,000.00	55,000.00	-	55,000.00	-	-
Postage and Shipping Charges:							
Other Expenses	8,200.00	8,200.00	6,539.60	12.54	6,552.14	1,647.86	-
<b>UTILITY EXPENSE AND BULK PURCHASES</b>							
Gasoline and Diesel Fuel	73,000.00	73,000.00	40,176.60	-	40,176.60	32,823.40	-
Electricity	50,000.00	50,000.00	42,350.42	-	42,350.42	7,649.58	-
Telephone	29,000.00	29,000.00	28,739.90	-	28,739.90	260.10	-
Natural Gas	14,000.00	14,000.00	8,143.93	-	8,143.93	5,856.07	-
Street Lighting	35,000.00	34,000.00	27,237.56	-	27,237.56	6,762.44	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>							
Landfill Disposal Costs:							
Other Expenses	200,000.00	200,000.00	165,196.04	-	165,196.04	34,803.96	-
<b>MUNICIPAL COURT</b>							
Municipal Court:							
Salaries and Wages	143,537.00	143,537.00	142,450.47	-	142,450.47	1,086.53	-
Other Expenses	14,225.00	13,425.00	12,140.19	778.89	12,919.08	505.92	-
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</b>							
State Uniform Construction Code (N.J.S.A. 52:270-120D et seq.):							
Salaries and Wages	126,819.00	126,819.00	119,066.57	-	119,066.57	7,752.43	-
Other Expenses	5,615.00	5,615.00	2,850.00	621.67	3,471.67	2,143.33	-
Housing Code Enforcement:							
Salaries and Wages	40,000.00	40,000.00	39,040.71	-	39,040.71	959.29	-
Other Expenses	2,700.00	2,700.00	29.97	65.94	95.91	2,604.09	-
Total Operations within "CAPS"	<u>\$ 5,146,738.00</u>	<u>\$ 5,146,738.00</u>	<u>\$ 4,511,810.55</u>	<u>\$ 102,585.88</u>	<u>\$ 4,614,396.43</u>	<u>\$ 532,341.57</u>	<u>\$ -</u>
Contingent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operations Including Contingent - within "CAPS"	<u>\$ 5,146,738.00</u>	<u>\$ 5,146,738.00</u>	<u>\$ 4,511,810.55</u>	<u>\$ 102,585.88</u>	<u>\$ 4,614,396.43</u>	<u>\$ 532,341.57</u>	<u>\$ -</u>
Detail:							
Salaries and Wages	\$ 2,620,413.00	\$ 2,614,413.00	\$ 2,456,258.23	\$ -	\$ 2,456,258.23	\$ 158,154.77	\$ -
Other Expenses (Including Contingent)	\$ 2,526,325.00	\$ 2,532,325.00	\$ 2,055,552.32	\$ 102,585.88	\$ 2,158,138.20	\$ 374,186.80	\$ -
<b>Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>							
STATUTORY EXPENDITURES:							
Public Employees' Retirement System of N.J.	\$ 150,000.00	\$ 150,000.00	\$ 147,302.00	\$ -	\$ 147,302.00	\$ 2,698.00	\$ -
Social Security System (O.A.S.I.)	133,300.00	133,300.00	117,405.58	-	117,405.58	15,894.42	-
Police and Firemen's Retirement System of N.J.	246,818.00	246,818.00	246,818.00	-	246,818.00	-	-
Defined Contribution Benefit Plan	5,000.00	5,000.00	-	-	-	5,000.00	-
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>\$ 535,118.00</u>	<u>\$ 535,118.00</u>	<u>\$ 511,525.58</u>	<u>\$ -</u>	<u>\$ 511,525.58</u>	<u>\$ 23,592.42</u>	<u>\$ -</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>\$ 5,681,856.00</u>	<u>\$ 5,681,856.00</u>	<u>\$ 5,023,336.13</u>	<u>\$ 102,585.88</u>	<u>\$ 5,125,922.01</u>	<u>\$ 555,933.99</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS**

OPERATIONS - EXCLUDED FROM "CAPS"	Budget	Budget After Modifications	Expended				Unexpended Balance Cancelled
			Paid or Charged	Encumbered	Paid or Charged	Reserved	
Length of Service Award Program (LOSAP)							
Other Expenses	\$ 36,000.00	\$ 36,000.00	\$ 26,850.00	\$ -	\$ 26,850.00	\$ 9,150.00	\$ -
Recycling Tax (P.L. 2007, C.311)	6,000.00	6,000.00	4,540.21	-	4,540.21	1,459.79	-
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>\$ 42,000.00</b>	<b>\$ 42,000.00</b>	<b>\$ 31,390.21</b>	<b>\$ -</b>	<b>\$ 31,390.21</b>	<b>\$ 10,609.79</b>	<b>\$ -</b>
<b>Shared Service Agreements</b>							
Dispatch Services East Windsor Township							
Other Expenses	171,675.00	\$ 171,675.00	\$ 171,430.00	\$ -	\$ 171,430.00	\$ 245.00	\$ -
Senior Citizens - Program Service Center:							
Other Expenses	36,179.00	36,179.00	36,178.89	-	36,178.89	0.11	-
Senior Citizens Transportation- East Windsor:							
Other Expenses	2,180.00	2,180.00	2,180.00	-	2,180.00	-	-
Health Services-West Windsor Township:							
Salaries and Wages	28,050.00	28,050.00	28,050.00	-	28,050.00	-	-
Other Expenses	29,364.00	29,364.00	29,164.00	-	29,164.00	200.00	-
Emergency Medical Services:							
Other Expenses	10,500.00	10,500.00	10,500.00	-	10,500.00	-	-
Landfill Disposal Costs (Roosevelt):							
Other Expenses	35,000.00	35,000.00	27,503.95	-	27,503.95	7,496.05	-
Mercer County EMS Dispatch							
Other Expenses	2,140.00	2,140.00	2,140.00	-	2,140.00	-	-
Vehicle Maintenance Services:							
Other Expenses	18,560.00	18,560.00	5,068.15	2,198.38	7,266.53	11,293.47	-
<b>Total Shared Service Agreements</b>	<b>\$ 333,648.00</b>	<b>\$ 333,648.00</b>	<b>\$ 312,214.99</b>	<b>\$ 2,198.38</b>	<b>\$ 314,413.37</b>	<b>\$ 19,234.63</b>	<b>\$ -</b>
<b>Public and Private Programs Offset by Revenues</b>							
Clean Communities Program	\$ 9,625.29	\$ 9,625.29	\$ 9,625.29	\$ -	\$ 9,625.29	\$ -	\$ -
Body Armor Replacement Grant	-	1,544.49	1,544.49	-	1,544.49	-	-
Recycling Tonnage Grant	8,208.25	8,208.25	8,208.25	-	8,208.25	-	-
Alcohol Education and Rehabilitation Fund	3,538.69	3,538.69	3,538.69	-	3,538.69	-	-
Drive Sober or Get Pulled Over-Labor Day	-	5,500.00	5,500.00	-	5,500.00	-	-
Drive Sober or Get Pulled Over-End of Year	-	5,500.00	5,500.00	-	5,500.00	-	-
U.S. Dept. of Justice-Bulletproof	-	854.87	854.87	-	854.87	-	-
Vest Partnership Program	-	854.87	854.87	-	854.87	-	-
Distracted Driving Grant	5,500.00	5,500.00	5,500.00	-	5,500.00	-	-
JIF Safety Program	1,174.00	1,174.00	1,174.00	-	1,174.00	-	-
Mercer County NJSCA Local Arts Program	1,000.00	1,000.00	1,000.00	-	1,000.00	-	-
Sustainable NJ Green Team	500.00	500.00	500.00	-	500.00	-	-
<b>Total Public and Private Programs Offset by Revenues</b>	<b>\$ 29,546.23</b>	<b>\$ 42,945.59</b>	<b>\$ 42,945.59</b>	<b>\$ -</b>	<b>\$ 42,945.59</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Operations - Excluded from "CAPS"</b>	<b>\$ 405,194.23</b>	<b>\$ 418,593.59</b>	<b>\$ 386,550.79</b>	<b>\$ 2,198.38</b>	<b>\$ 388,749.17</b>	<b>\$ 29,844.42</b>	<b>\$ -</b>
<b>Detail:</b>							
Salaries and Wages	\$ 28,050.00	\$ 28,050.00	\$ 28,050.00	\$ -	\$ 28,050.00	\$ -	\$ -
Other Expenses	\$ 377,144.23	\$ 390,543.59	\$ 358,500.79	\$ 2,198.38	\$ 360,699.17	\$ 29,844.42	\$ -

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**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS**

OPERATIONS - EXCLUDED FROM "CAPS" (Continued)	Budget	Budget After Modifications	Expended				Unexpended Balance Cancelled
			Paid or Charged	Encumbered	Paid or Charged	Reserved	
<b>Capital Improvements - Excluded from "CAPS"</b>							
Capital Improvement Fund	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ -
Municipal Facility Improvements/Feasibility	55,000.00	55,000.00	38,240.21	14,995.00	53,235.21	1,764.79	-
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>\$ 80,000.00</b>	<b>\$ 80,000.00</b>	<b>\$ 63,240.21</b>	<b>\$ 14,995.00</b>	<b>\$ 78,235.21</b>	<b>\$ 1,764.79</b>	<b>\$ -</b>
<b>Municipal Debt Service - Excluded from "CAPS"</b>							
Payment of Bond Principal	\$ 360,000.00	\$ 360,000.00	\$ 360,000.00	\$ -	\$ 360,000.00	\$ -	\$ -
Payment of Bond Anticipation Notes and Capital Notes	243,966.00	243,966.00	243,966.00	-	243,966.00	-	-
Interest on Bonds	70,950.00	70,950.00	70,950.00	-	70,950.00	-	-
Interest on Notes	86,740.00	86,740.00	86,740.00	-	86,740.00	-	-
Dam Restoration Loan	9,926.00	9,926.00	9,925.47	-	9,925.47	-	0.53
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>\$ 771,582.00</b>	<b>\$ 771,582.00</b>	<b>\$ 771,581.47</b>	<b>\$ -</b>	<b>\$ 771,581.47</b>	<b>\$ -</b>	<b>\$ 0.53</b>
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	\$ 41,637.00	\$ 41,637.00	\$ 41,637.00	\$ -	\$ 41,637.00	\$ -	\$ -
<b>Total General Appropriations for Municipal Purposes - Excluded from "CAPS"</b>	<b>\$ 1,298,413.23</b>	<b>\$ 1,311,812.59</b>	<b>\$ 1,263,009.47</b>	<b>\$ 17,193.38</b>	<b>\$ 1,280,202.85</b>	<b>\$ 31,609.21</b>	<b>\$ 0.53</b>
<b>Total General Appropriations - Excluded from "CAPS"</b>	<b>\$ 1,298,413.23</b>	<b>\$ 1,311,812.59</b>	<b>\$ 1,263,009.47</b>	<b>\$ 17,193.38</b>	<b>\$ 1,280,202.85</b>	<b>\$ 31,609.21</b>	<b>\$ 0.53</b>
Subtotal General Appropriations	\$ 6,980,269.23	\$ 6,993,668.59	\$ 6,286,345.60	\$ 119,779.26	\$ 6,406,124.86	\$ 587,543.20	\$ 0.53
Reserve for Uncollected Taxes	485,000.00	485,000.00	485,000.00	-	485,000.00	-	-
<b>Total General Appropriations</b>	<b>\$ 7,465,269.23</b>	<b>\$ 7,478,668.59</b>	<b>\$ 6,771,345.60</b>	<b>\$ 119,779.26</b>	<b>\$ 6,891,124.86</b>	<b>\$ 587,543.20</b>	<b>\$ 0.53</b>
Ref.				A		A	
Detail:							
Original Budget	A-2	\$ 7,465,269.23					
Added by N.J.S.A. 40A:4-87	A-2	<u>13,399.36</u>					
		<u>\$ 7,478,668.59</u>					
Disbursed	A-4				\$ 6,286,345.60		
Reserve for Encumbrances	A				119,779.26		
Reserve for Uncollected Taxes	A-2				<u>485,000.00</u>		
	A-1				<u>\$ 6,891,124.86</u>		

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

ASSETS	<u>Ref.</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>
Animal Control Fund:			
Cash and Investments	B-1	\$ 7,045.35	\$ 8,262.85
Due From Current Fund	B-3	28.00	-
		<u>7,073.35</u>	<u>8,262.85</u>
Other Trust Funds:			
Cash and Investments	B-1	\$ 716,591.87	\$ 983,875.91
Due From Current Fund	B-6	13,428.64	-
		<u>\$ 730,020.51</u>	<u>\$ 983,875.91</u>
Escrow Trust Funds:			
Cash and Investments	B-1	<u>\$ 535,785.52</u>	<u>\$ 526,862.55</u>
Length of Service Awards Program Fund: (LOSAP) - Unaudited:			
Funds Held by Trustee	B-14	<u>\$ 736,780.10</u>	<u>\$ 669,871.91</u>
		<u><u>\$ 2,009,659.48</u></u>	<u><u>\$ 2,188,873.22</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref.</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>
Animal Control Fund:			
Due to N.J. State Department of Health	B-2	\$ -	\$ 1.20
Reserve for Encumbrances	B-3	500.00	1,000.00
Reserve for Expenditures	B-3	<u>6,573.35</u>	<u>7,261.65</u>
		<u>\$ 7,073.35</u>	<u>\$ 8,262.85</u>
Other Trust Funds:			
Reserve for:			
Redemption of Tax Title Liens	B-4	\$ 27,335.67	\$ 27,455.89
Regional Contribution Agreement - Manalapan	B-5	125,677.94	125,388.43
Law Enforcement Fund	B-7	20,345.55	16,476.01
Public Defender	B-8	10,503.47	9,071.97
Unemployment	B-9	37,934.41	53,871.19
Payroll Deductions	B-10	44,407.71	84,064.84
Miscellaneous Trust Funds	B-11	383,970.41	405,162.76
Housing Trust	B-13	<u>79,845.35</u>	<u>262,384.82</u>
		<u>\$ 730,020.51</u>	<u>\$ 983,875.91</u>
Escrow Trust Funds:			
Escrow Fees	B-12	<u>\$ 535,785.52</u>	<u>\$ 526,862.55</u>
Length of Service Awards Program Fund: (LOSAP) - Unaudited:			
Reserve for Length of Service Awards Program (LOSAP)	B-14	<u>\$ 736,780.10</u>	<u>\$ 669,871.91</u>
		<u>\$ 2,009,659.48</u>	<u>\$ 2,188,873.22</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS**

ASSETS	<u>Ref.</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>
Cash - Treasurer	C-2	\$ 377,863.08	\$ 211,638.79
Grants Receivable	C-6	1,462,500.00	906,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	1,714,295.05	2,081,920.05
Unfunded	C-5	<u>6,771,805.27</u>	<u>5,935,911.27</u>
		<u>\$ 10,326,463.40</u>	<u>\$ 9,135,470.11</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 1,605,000.00	\$ 1,965,000.00
Loan Payable	C-12	109,295.05	116,920.05
Bond Anticipation Notes	C-10	4,441,000.00	4,409,000.00
Reserve for Encumbrances	C-13	762,675.79	38,765.66
Improvement Authorizations:			
Funded	C-8	600,065.31	342,222.52
Unfunded	C-8	2,122,789.14	1,574,995.81
Capital Improvement Fund	C-9	442.50	9,082.50
Reserve for Grants Receivable	C-6	606,000.00	606,000.00
Various Reserves	C-7	247.00	247.00
Fund Balance	C-1	<u>78,948.61</u>	<u>73,236.57</u>
		<u>\$ 10,326,463.40</u>	<u>\$ 9,135,470.11</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$2,330,805.27 and December 31, 2016 of \$1,526,911.27 (C-14).

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$ 73,236.57	\$ 88,209.57
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2	13,900.33	15,027.00
Canceled Improvement Authorizations	C-8	<u>21,811.71</u>	<u>-</u>
		<u>35,712.04</u>	<u>15,027.00</u>
		\$ 108,948.61	\$ 103,236.57
Decreased by:			
Anticipated as Revenue Current Fund	C-2	30,000.00	-
Appropriated to Finance Capital Ordinances	C-8	<u>-</u>	<u>30,000.00</u>
		<u>30,000.00</u>	<u>30,000.00</u>
Balance, December 31	C	<u>\$ 78,948.61</u>	<u>\$ 73,236.57</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

ASSETS	<u>Ref.</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>
Operating Fund:			
Cash and Investments	D-5	\$ 474,650.65	\$ 448,405.64
Interfunds:			
Water-Sewer Capital Fund	D-5	30,250.00	-
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-8	<u>151,267.81</u>	<u>125,857.73</u>
Total Operating Fund		<u>\$ 656,168.46</u>	<u>\$ 574,263.37</u>
Capital Fund:			
Cash	D-6	\$ 1,628.77	\$ 159,875.22
Loan Receivable		166,542.00	-
Fixed Capital	D-9	15,336,516.65	15,336,516.65
Fixed Capital Authorized and Uncompleted	D-10	<u>8,661,400.00</u>	<u>7,036,400.00</u>
Total Capital Fund		<u>\$ 24,166,087.42</u>	<u>\$ 22,532,791.87</u>
		<u>\$ 24,822,255.88</u>	<u>\$ 23,107,055.24</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4, D-11	\$ 142,519.94	\$ 122,197.42
Encumbrances Payable	D-4, D-11	62,762.46	89,362.81
Accounts Payable	D-12	16,783.97	7,383.97
Overpayments	D-13	2,672.51	3,284.20
Accrued Interest on Bonds and Loans	D-14	30,297.75	34,819.34
Accrued Interest on Notes	D-15	5,860.67	2,372.31
		<u>                    </u>	<u>                    </u>
		\$ 260,897.30	\$ 259,420.05
Reserve for Receivables		151,267.81	125,857.73
Fund Balance	D-1	<u>244,003.35</u>	<u>188,985.59</u>
Total Operating Fund		<u>\$ 656,168.46</u>	<u>\$ 574,263.37</u>
Capital Fund:			
Serial Bonds Payable	D-16	\$ 1,310,000.00	\$ 1,880,000.00
Loans Payable	D-17	2,958,333.05	2,996,936.61
Bond Anticipation Notes	D-18	879,100.00	900,000.00
Interim Financing - NJEIT	D-5	869,750.00	-
Interfund - Water-Sewer Operating Fund	D-6	30,250.00	-
Improvement Authorization - Unfunded	D-19	2,356,650.08	1,797,511.34
Down Payments on Improvements		200.00	200.00
Reserve for Encumbrances	D-20	164,671.61	159,808.38
Reserve for Amortization	D-21	15,201,812.60	14,426,667.04
Deferred Reserve for Amortization	D-22	269,500.00	248,600.00
Capital Improvement Fund	D-23	25,516.95	25,516.95
Fund Balance	D-2	<u>100,303.13</u>	<u>97,551.55</u>
Total Capital Fund		<u>\$ 24,166,087.42</u>	<u>\$ 22,532,791.87</u>
		<u>\$ 24,822,255.88</u>	<u>\$ 23,107,055.24</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$2,336,336.00 and on December 31, 2016 of \$1,920,713.00 (D-24)

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN OPERATING FUND BALANCE  
REGULATORY BASIS

Revenue and Other Income Realized	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
Fund Balance Utilized	D-3	\$ 146,169.00	\$ 100,000.00
Water-Sewer Rents	D-3	2,541,893.07	2,573,507.26
Miscellaneous	D-3	604,145.11	542,477.93
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	<u>91,088.95</u>	<u>97,590.71</u>
 Total Income		 <u>\$ 3,383,296.13</u>	 <u>\$ 3,313,575.90</u>
 Expenditures			
Budget:			
Operating		\$ 2,124,015.00	\$ 2,110,115.00
Debt Service		908,778.37	893,703.47
Deferred Charges and Statutory Expenditures		<u>149,316.00</u>	<u>146,172.00</u>
 Total Expenditures	D-4	 <u>\$ 3,182,109.37</u>	 <u>\$ 3,149,990.47</u>
 Excess in Revenue		 \$ 201,186.76	 \$ 163,585.43
 Fund Balance, January 1	D	 <u>188,985.59</u>	 <u>125,400.16</u>
		\$ 390,172.35	\$ 288,985.59
Less: Utilized as Anticipated Revenue - Utility	D-3	<u>146,169.00</u>	<u>100,000.00</u>
Fund Balance, December 31	D	<u>\$ 244,003.35</u>	<u>\$ 188,985.59</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 97,551.55
Increased by:		
Premium on Sale of Bond Anticipation Notes		<u>2,751.58</u>
Balance, December 31, 2017	D	<u>\$ 100,303.13</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 146,169.00	\$ 146,169.00	\$ -
Water-Sewer Rents	D-1,3	2,510,000.00	2,541,893.07	31,893.07
Miscellaneous	D-1,3	540,000.00	604,145.11	64,145.11
		<u>\$ 3,196,169.00</u>	<u>\$ 3,292,207.18</u>	<u>\$ 96,038.18</u>

**Analysis of Realized Revenues**

	<u>Ref.</u>	
Water-Sewer Rents:		
2017 Collections	D-8	\$ 2,539,277.79
Water-Sewer Overpayments - Applied	D-8	<u>2,615.28</u>
	D-3	<u>\$ 2,541,893.07</u>

**Analysis of Miscellaneous Revenues**

Gray Water Fees		\$ 548,119.88
Gray Water Fees - Overpayments Applied		668.92
Interest on Investments		6,466.39
Interest on Delinquent Charges		11,492.85
Water Connection Fees		8,664.00
Sewer Connection Fees		4,354.00
Fire Service		20,556.43
Manual Meter Reading		975.00
Sale of Meters		640.00
Miscellaneous Revenue		<u>2,207.64</u>
	D-3	<u>\$ 604,145.11</u>
Cash Receipts	D-5	\$ 603,476.19
Overpayments Applied	D-8	<u>668.92</u>
	D-3	<u>\$ 604,145.11</u>

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 819,118.00	\$ 819,118.00	\$ 814,621.32	\$ -	\$ 4,496.68	\$ -
Other Expenses	1,304,897.00	1,304,897.00	1,109,642.40	62,762.46	132,492.14	-
Debt Service:						
Payment of Bond Principal	570,000.00	570,000.00	570,000.00	-	-	-
Payment of Anticipation Notes	20,900.00	20,900.00	20,900.00	-	-	-
Interest on Bonds	71,580.00	71,580.00	71,577.08	-	-	2.92
Interest on Bond Anticipation Notes	25,978.00	25,978.00	21,079.25	-	-	4,898.75
Water and Waste Water Supply Loan	234,380.00	234,380.00	225,222.04	-	-	9,157.96
Statutory Expenditures:						
Public Employees' Retirement System	79,316.00	79,316.00	79,315.80	-	0.20	-
Social Security System (O.A.S.I.)	68,000.00	68,000.00	64,469.08	-	3,530.92	-
Unemployment Insurance	2,000.00	2,000.00	-	-	2,000.00	-
	<u>\$ 3,196,169.00</u>	<u>\$ 3,196,169.00</u>	<u>\$ 2,976,826.97</u>	<u>\$ 62,762.46</u>	<u>\$ 142,519.94</u>	<u>\$ 14,059.63</u>

	<u>Ref</u>	D-1		D	D	D-1
Disbursements	D-5		\$ 2,864,094.16			
Accrued Interest on Bonds and Loans	D-14		91,653.56			
Accrued Interest on Notes	D-15		<u>21,079.25</u>			
			<u>\$ 2,976,826.97</u>			

The accompanying notes to financial statements are an integral part of the financial statements.

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

STATEMENT OF GOVERNMENTAL FIXED ASSETS

	Balance December 31, 2017	Balance December 31, 2016
	<u>                    </u>	<u>                    </u>
Governmental Fixed Assets:		
Land	\$ 90,835.99	\$ 90,835.99
Buildings and Improvements	124,464.00	124,464.00
Equipment	1,618,869.30	1,618,869.30
Motor Vehicles and Equipment	<u>3,755,903.07</u>	<u>3,747,467.07</u>
	<u>\$ 5,590,072.36</u>	<u>\$ 5,581,636.36</u>
Investment in Governmental Fixed Assets	<u>\$ 5,590,072.36</u>	<u>\$ 5,581,636.36</u>
	<u>\$ 5,590,072.36</u>	<u>\$ 5,581,636.36</u>

## **Notes to financial statements**

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the Borough of Hightstown, County of Mercer, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, First Aid organization or Fire Company which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2017.

**B. Descriptions of Funds**

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles. GASB Codification establishes seven major fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles ("GAAP").

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. 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 Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by GAAP:

**Current Fund** - revenues and expenditures for governmental operations of a general nature, including Federal and State grant funds.

**Animal Control Trust Fund** - animal license revenues and expenditures.

**Other Trust Fund** - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

**General Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Descriptions of Funds** (Continued)

**Water-Sewer Utility Operating Fund** - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

**Water-Sewer Utility Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

**General Fixed Assets Account Group** - used to account for fixed assets used in general government operations.

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

**Property Taxes and Other Revenues** - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant Revenues** - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures** - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Encumbrances** - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Basis of Accounting** (Continued)

**Appropriation Reserves** - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Deferred Charges** - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2017 is set forth in Note 4.

**Deferred Charges to Future Taxation Funded and Unfunded**

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

**Compensated Absences** - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2017 is set forth in Note 4.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Basis of Accounting** (Continued)

**Property Acquired for Taxes** - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

**Sale of Municipal Assets** - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

**Interfunds** - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies** - The costs 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 that the cost of inventories be reflected on the balance sheet until utilized and expended.

**General Fixed Assets** - In accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system based on an inspection and historic cost analysis.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. 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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Basis of Accounting** (Continued)

**Utility Fixed Assets** - Accounting for utility fund "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

**D. Total Columns on Combined Balance Sheet for all Funds** - Supplementary and Statistical Data - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**E. Financial Statements**

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with an other comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

**F. Budgets and Budgetary Accounting**

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

**G. Subsequent Event**

Management has reviewed and evaluated all events and transactions from December 31, 2017 through August 24, 2018, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**H. Other Accounting Standards**

The Borough is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Borough does not expect this Statement to have an impact its financial statements.

- *GASB Statement No. 82. Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Borough does not expect this Statement to impact its financial statements.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**H. Other Accounting Standards** (Continued)

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 85. Omnibus 2017.* This objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**H. Other Accounting Standards** (Continued)

- *GASB Statement No. 87.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

- *GASB Statement No. 88. Certain Disclosures Related to Debt, including Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information and is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

- *GASB Statement No. 89. Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 2. CASH AND CASH EQUIVALENTS**

**A. Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Borough's deposits was \$4,813,612 and the bank balance amount was \$3,978,838. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$3,728,838.

**B. Investments**

1. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:
  - (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
  - (b) Government money market mutual funds.
  - (c) 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.
  - (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 2. CASH AND CASH EQUIVALENTS** (Continued)

**B. Investments** (Continued)

- (e) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
  - (f) Municipal investment pools.
  - (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
  - (h) Agreements for the repurchase of fully collateralized securities, if:
    - (1) the underlying securities are permitted investments pursuant to paragraphs (a) and (c) of this section;
    - (2) the custody of collateral is transferred to a third party;
    - (3) the maturity of the agreement is not more than 30 days;
    - (4) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
    - (5) a master repurchase agreement providing for the custody and security of collateral is executed.
2. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
3. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

At year-end, the carrying value of the Borough's investments and the investment balance was \$ - 0 -.

**C. Cash Management Plan**

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 2. CASH AND CASH EQUIVALENTS (Continued)**

**D. Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

Category 1	Deposits covered by federal depository insurance, or by collateral held by the Borough or its agent, in the Borough's name.	\$ 4,924,287
Category 2	Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Borough's name.	\$ -
Category 3	Deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the Borough's name.	\$ -

**NOTE 3. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 4. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, there were no deferred charges to be raised.

**NOTE 5. GENERAL FIXED ASSETS**

During 2017 the following changes occurred in the fixed assets of the Borough:

	Balance <u>Dec. 31, 2016</u>	Additions	Deletions	Balance <u>Dec. 31, 2017</u>
General Fixed Assets:				
Land	\$ 90,835.99	\$ -	\$ -	\$ 90,835.99
Buildings and Improvements	124,464.00		-	124,464.00
Equipment	1,618,869.30	-	-	1,618,869.30
Motor Vehicles and Equipment	<u>3,747,467.07</u>	<u>8,436.00</u>	-	<u>3,755,903.07</u>
	<u>\$ 5,581,636.36</u>	<u>\$ 8,436.00</u>	<u>\$ -</u>	<u>\$ 5,590,072.36</u>

**NOTE 6. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE**

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance, December 31</u>	
	<u>2017</u>	<u>2016</u>
Prepaid Taxes	\$ 649,128.44	\$ 116,957.10

**NOTE 7. DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds, in anticipation of which such notes were issued, be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT (Continued)**

**A. Long-Term Debt**

The Borough's long-term debt is summarized as follows:

**General Capital Fund**

3.50% to 3.75% General Improvement Bonds Issued February 1, 2008, installment maturities to October 1, 2021	\$ 1,605,000 **
	\$ 1,605,000

**Water-Sewer Utility Capital Fund**

4.625% to 4.75% Water-Sewer Utility Bonds Issued March 1, 2002, installment maturities to March 1, 2028	\$ 1,100,000 *
3.50% Water-Sewer Utility Bonds Issued February 1, 2008, installment maturities to October 1, 2018	210,000 **
	\$ 1,310,000

**Redemption**

\* The 2002 Bonds of this issue maturing prior to March 1, 2010 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after March 1, 2010 are redeemable at the option of the Borough in whole or in part on any date on or after March 1, 2009 upon notice as required herein at the respective prices expressed as percentages of principal amount set forth from March 1, 2011 and thereafter at 100%, plus in each case accrued interest to the date fixed for redemption.

\*\* The 2008 General Improvement Bonds issued February 1, 2008 maturing prior to October 1, 2019 are not subject to optional redemption prior to maturity. The Bonds maturing on or after October 1, 2019 are subject to redemption on or after October 1, 2018 at 100% of the principal amount, plus in each case accrued interest to the date fixed for redemption.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT (Continued)**

**A. Long-Term Debt (Continued)**

The General Capital Fund Bonds and Loans and Water-Sewer Utility Capital Fund Bonds mature serially in installments to the year 2047. Aggregate annual debt service requirements are as follows:

**BONDS:**

<b>Year</b>	<b>General Capital</b>		<b>Water-Sewer Utility Capital</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 375,000.00	59,250.00	\$ 310,000.00	\$ 57,037.50	\$ 685,000.00	\$ 116,287.50
2019	390,000.00	46,125.00	100,000.00	45,062.50	490,000.00	91,187.50
2020	410,000.00	31,500.00	100,000.00	40,375.00	510,000.00	71,875.00
2021	430,000.00	16,125.00	100,000.00	35,625.00	530,000.00	51,750.00
2022			100,000.00	30,875.00	100,000.00	30,875.00
2023			100,000.00	26,125.00	100,000.00	26,125.00
2024			100,000.00	21,375.00	100,000.00	21,375.00
2025			100,000.00	16,625.00	100,000.00	16,625.00
2026			100,000.00	11,875.00	100,000.00	11,875.00
2027			100,000.00	7,125.00	100,000.00	7,125.00
2028			100,000.00	2,375.00	100,000.00	2,375.00
<b>Total</b>	<b>\$ <u>1,605,000.00</u></b>	<b>\$ <u>153,000.00</u></b>	<b>\$ <u>1,310,000.00</u></b>	<b>\$ <u>294,475.00</u></b>	<b>\$ <u>2,915,000.00</u></b>	<b>\$ <u>447,475.00</u></b>

**LOAN:**

Peddle Lake Dam Restoration Loan

<b>Year</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 7,778.26	\$ 2,147.21
2019	7,934.61	1,990.86
2020	8,094.09	1,831.37
2021	8,256.78	1,668.68
2022	8,422.74	1,502.72
2023	8,592.04	1,333.43
2024	8,764.74	1,160.73
2025	8,940.92	984.56
2026	9,120.63	804.84
2027	9,303.95	621.51
2028	9,490.96	434.50
2029	9,681.73	243.74
2030	4,913.60	49.14
<b>Total</b>	<b>\$ <u>109,295.05</u></b>	<b>\$ <u>14,773.29</u></b>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**A. Long-Term Debt** (Continued)

The Borough authorized a General Obligation Bond Sale to be held on September 11, 2018 in the total amount of \$6,057,000 to pay off the General Capital Bond Anticipation Notes in the amount of \$4,654,000 and Water-Sewer Capital Bond Anticipation Notes \$853,000 and to provide new money in the General Capital Fund of \$500,000 and new money in the Water-Sewer Capital of \$50,000.

**New Jersey Environmental Infrastructure Trust**

In March 2011, the Borough received loans from the State of New Jersey to fund the replacement of Water Mains. The Borough has a no interest federal (fund) loan in the amount of \$1,451,250 and a state (trust) loan for \$495,000 at interest rates from 3.00% to 5.00%. The Borough must repay the loan in semi-annual installments over twenty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>	<u>State (Trust)</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 77,745.52	\$ 25,000.00	\$ 14,475.00
2019	77,745.52	25,000.00	13,225.00
2020	77,745.52	25,000.00	12,225.00
2021	77,745.52	25,000.00	10,975.00
2022	77,745.52	30,000.00	10,225.00
2023	77,745.52	30,000.00	9,025.00
2024	77,745.52	30,000.00	7,825.00
2025	77,745.52	30,000.00	6,625.00
2026	77,745.52	35,000.00	5,425.00
2027	77,745.52	35,000.00	4,200.00
2028	77,745.52	35,000.00	2,800.00
2029	77,745.81	35,000.00	1,400.00
Total	<u>\$ 932,946.53</u>	<u>\$ 360,000.00</u>	<u>\$ 98,425.00</u>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**A. Long-Term Debt** (Continued)

**New Jersey Environmental Infrastructure Trust**

In May 2012, the Borough received loans from the State of New Jersey to fund Water Treatment Facility Improvements. The Borough has a no interest federal (fund) loan in the amount of \$685,482 and a state (trust) loan for \$238,918 at interest rates from .99% to 3.140%. The Borough must repay the loan in semi-annual installments over twenty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>	<u>State (Trust)</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2018	36,078.00	11,556.00	4,127.64
2019	36,078.00	11,670.00	4,013.22
2020	36,078.00	11,811.00	3,872.00
2021	36,078.00	11,985.00	3,698.36
2022	36,078.00	12,186.00	3,497.00
2023	36,078.00	12,410.00	3,272.76
2024	36,078.00	12,657.00	3,025.80
2025	36,078.00	12,924.00	2,758.72
2026	36,078.00	13,213.00	2,470.50
2027	36,078.00	13,521.00	2,162.62
2028	36,078.00	13,907.00	1,775.90
2029	36,078.00	14,317.00	1,365.64
2030	36,078.00	14,751.00	931.82
2031	36,078.00	15,206.00	477.48
Total	<u>\$ 505,092.00</u>	<u>\$ 182,114.00</u>	<u>\$ 37,449.46</u>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**A. Long-Term Debt** (Continued)

**New Jersey Environmental Infrastructure Trust**

In May 2012, the Borough received loans from the State of New Jersey to fund Advanced Waste Water Treatment Plant Improvements. The Borough has a no interest federal (fund) loan in the amount of \$813,055 and a state (trust) loan for \$283,382 at interest rates from .99% to 3.140%. The Borough must repay the loan in semi-annual installments over twenty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>		<u>State (Trust)</u>			
		<u>Principal</u>	<u>Principal</u>	<u>Interest</u>		
2018	\$	42,792.36	\$	13,706.00	\$	4,895.72
2019		42,792.36		13,842.00		4,760.02
2020		42,792.36		14,009.00		4,592.52
2021		42,792.36		14,215.00		4,386.58
2022		42,792.36		14,454.00		4,147.76
2023		42,792.36		14,720.00		3,881.80
2024		42,792.36		15,013.00		3,588.86
2025		42,792.36		15,330.00		3,272.08
2026		42,792.36		15,672.00		2,930.22
2027		42,792.36		16,037.00		2,565.06
2028		42,792.36		16,495.00		2,106.40
2029		42,792.36		16,982.00		1,619.78
2030		42,792.36		17,497.00		1,105.22
2031		42,792.52		18,035.00		566.30
Total	\$	<u>599,093.20</u>	\$	<u>216,007.00</u>	\$	<u>44,418.32</u>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**A. Long-Term Debt** (Continued)

**New Jersey Environmental Infrastructure Trust**

In May 2017, the Borough received loans from the State of New Jersey to fund Water-Sewer Plant Improvements. The Borough has a no interest federal (fund) loan in the amount of \$259,627 with principal forgiveness of 173,085 and a state (trust) loan for \$80,000 at interest rates from 3.125% to 5.00%. The Borough must repay the loan in semi-annual installments over sixteen years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>		<u>State (Trust)</u>	
	<u>Principal</u>		<u>Principal</u>	<u>Interest</u>
2018	\$ 5,192.52		\$ 5,000.00	\$ 3,206.26
2019	5,192.52		5,000.00	2,956.26
2020	5,192.52		5,000.00	2,706.26
2021	5,192.52		5,000.00	2,456.26
2022	5,192.52		5,000.00	2,206.26
2023	5,192.52		5,000.00	1,956.26
2024	5,192.52		5,000.00	1,706.26
2025	5,192.52		5,000.00	1,456.26
2026	5,192.52		5,000.00	1,206.26
2027	5,192.52		5,000.00	1,056.26
2028	5,192.52		5,000.00	906.26
2029	5,192.52		5,000.00	756.26
2030	5,192.52		5,000.00	606.26
2031	5,192.52		5,000.00	456.26
2032	5,192.52		5,000.00	306.26
2033	5,192.52		5,000.00	156.26
Total	<u>\$ 83,080.32</u>		<u>\$ 80,000.00</u>	<u>\$ 24,100.16</u>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**A. Long-Term Debt** (Continued)

**New Jersey Environmental Infrastructure Trust**

In May 2018, the Borough received loans from the State of New Jersey to fund Water-Sewer Plant Improvements. The Borough has a no interest federal (fund) loan in the amount of \$963,975 and a state (trust) loan for \$330,000 at interest rates from 3.00% to 5.00%. The Borough must repay the loan in semi-annual installments over thirty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>		<u>State (Trust)</u>	
	<u>Principal</u>		<u>Principal</u>	<u>Interest</u>
2018	\$ 21,662.35		\$ 5,000.00	\$ 3,356.72
2019	32,493.52		5,000.00	12,206.24
2020	32,493.52		5,000.00	11,956.24
2021	32,493.52		5,000.00	11,706.24
2022	32,493.52		5,000.00	11,456.24
2023	32,493.52		10,000.00	11,206.24
2024	32,493.52		10,000.00	10,706.24
2025	32,493.52		10,000.00	10,206.24
2026	32,493.52		10,000.00	9,706.24
2027	32,493.52		10,000.00	9,206.24
2028	32,493.52		10,000.00	8,706.24
2029	32,493.52		10,000.00	8,406.24
2030	32,493.52		10,000.00	8,106.24
2031	32,493.52		10,000.00	7,806.24
2032	32,493.52		10,000.00	7,506.24
2033	32,493.52		10,000.00	7,193.74
2034	32,493.52		10,000.00	6,881.24
2035	32,493.52		10,000.00	6,556.24
2036	32,493.52		10,000.00	6,231.24
2037	32,493.52		10,000.00	5,893.74
2038	32,493.52		15,000.00	5,387.50
2039	32,493.52		15,000.00	4,881.24
2040	32,493.52		15,000.00	4,375.00
2041	32,493.52		15,000.00	3,850.00
2042	32,493.52		15,000.00	3,325.00
2043	32,493.52		15,000.00	2,800.00
2044	32,493.52		15,000.00	2,275.00
2045	32,493.52		15,000.00	1,750.00
2046	32,493.52		15,000.00	1,225.00
2047	32,494.09		20,000.00	700.00
Total	<u>\$ 963,975.00</u>		<u>\$ 330,000.00</u>	<u>\$ 205,569.02</u>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**A. Long-Term Debt** (Continued)

Summary of the total for all NJEIT loans is as follows:

<b>Year</b>	<b>Federal (Fund)</b>	<b>State (Trust)</b>		<b>Total</b>
	<b>Principal</b>	<b>Principal</b>	<b>Interest</b>	
2018	\$ 183,470.75	\$ 60,262.00	\$ 30,061.34	\$ 273,794.09
2019	194,301.92	60,512.00	37,160.74	291,974.66
2020	194,301.92	60,820.00	35,352.02	290,473.94
2021	194,301.92	61,200.00	33,222.44	288,724.36
2022	194,301.92	66,640.00	31,532.26	292,474.18
2023	194,301.92	72,130.00	29,342.06	295,773.98
2024	194,301.92	72,670.00	26,852.16	293,824.08
2025	194,301.92	73,254.00	24,318.30	291,874.22
2026	194,301.92	78,885.00	21,738.22	294,925.14
2027	194,301.92	79,558.00	19,190.18	293,050.10
2028	194,301.92	80,402.00	16,294.80	290,998.72
2029	194,302.21	81,299.00	13,547.92	289,149.13
2030	116,556.40	47,248.00	10,749.54	174,553.94
2031	116,556.56	48,241.00	9,306.28	174,103.84
2032	37,686.04	15,000.00	7,812.50	60,498.54
2033	37,686.04	15,000.00	7,350.00	60,036.04
2034	32,493.52	10,000.00	6,881.24	49,374.76
2035	32,493.52	10,000.00	6,556.24	49,049.76
2036	32,493.52	10,000.00	6,231.24	48,724.76
2037	32,493.52	10,000.00	5,893.74	48,387.26
2038	32,493.52	15,000.00	5,387.50	52,881.02
2039	32,493.52	15,000.00	4,881.24	52,374.76
2040	32,493.52	15,000.00	4,375.00	51,868.52
2041	32,493.52	15,000.00	3,850.00	51,343.52
2042	32,493.52	15,000.00	3,325.00	50,818.52
2043	32,493.52	15,000.00	2,800.00	50,293.52
2044	32,493.52	15,000.00	2,275.00	49,768.52
2045	32,493.52	15,000.00	1,750.00	49,243.52
2046	32,493.52	15,000.00	1,225.00	48,718.52
2047	32,494.09	20,000.00	700.00	53,194.09
<b>Total</b>	<b><u>\$3,084,187.05</u></b>	<b><u>\$1,168,121.00</u></b>	<b><u>\$ 409,961.96</u></b>	<b><u>\$ 4,662,270.01</u></b>

Reconciliation to Exhibits D/D-17:		<b>Federal</b>	<b>State</b>
Balance per Notes to Financial Statements		\$ 3,084,187.05	\$ 1,168,121.00
Less Loan Issued in 2018		963,975.00	330,000.00
Balance per Exhibits D/D-17		<b><u>\$ 2,120,212.05</u></b>	<b><u>\$ 838,121.00</u></b>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**B. Short-Term Debt**

On December 31, 2017 the Borough's outstanding bond anticipation notes were as follows:

**General Capital Fund**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Rate</u>	<u>Dec. 31, 2017</u>
05-24, 09-13	Peddie Lake Dam Improvements	2.00%	\$ 41,000.00
07-26	Police Department Equipment	2.00%	9,900.00
08-01	Westerlea Avenue Improvements	2.00%	32,000.00
09-01	Reconstruction of Morrison Avenue	2.00%	39,100.00
09-10	Improvements to Memorial Parking Lot	2.00%	34,600.00
09-20	Stockton St. Historic District Improvements	2.00%	68,200.00
10-02	Reconstruction of Leshin Lane	2.00%	10,000.00
10-16	Summit Street Sidewalk Improvements	2.00%	33,000.00
11-05	Milling and Paving of Various Roads	2.00%	97,500.00
11-11	DPW Vehicles and DPW/Police Equipment	2.00%	244,500.00
12-04	Hurricane Irene Damage Emergency	2.00%	628,800.00
12-13	Various Capital Improvements	2.00%	236,800.00
12-15	Communication Equip.-Fire Dept., First Aid	2.00%	29,700.00
13-04	Road Imp. Grape Run and Pershing Ave	2.00%	143,800.00
13-07	Peddie Lake Dam Walking Bridge Imp.	2.00%	186,000.00
13-22	Public Safety Equipment	2.00%	143,200.00
13-23	Road Imp. Park Ave., Greeley St. and Glen Brook Place	2.00%	583,534.00
14-06	Various Capital Improvements including Document Restoration	2.00%	200,166.00
14-13	Various Capital Improvements	2.00%	161,900.00
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	2.00%	180,000.00
15-11	Acquisition of Aerial Ladder Truck	2.00%	952,000.00
15-20	Acquisition of Automated Garbage Truck	2.00%	309,500.00
16-08	Police Vehicles, Public Safety Equipment	2.00%	75,800.00
			<u>\$ 4,441,000.00</u>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**B. Short-Term Debt** (Continued)

**Water-Sewer Utility Capital Fund**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Rate</u>	<u>Dec. 31, 2017</u>
08-10,08-19	Water Sewer Improvements	2.00%	106,000.00
09-02	Morrison Avenue Improvements	2.00%	30,000.00
09-15	Water Main Extension	2.00%	200,000.00
11-03	Water Sewer Improvements	2.00%	160,000.00
11-04	Refurbishment of Water Tanks	2.00%	94,000.00
12-14	Water-Sewer Improvements	2.00%	113,400.00
	Water-Sewer Improvements -		
13-19	Grape Run Rd and Pershing Avenue	2.00%	75,700.00
14-12	Improvements to Water-Sewer Plants	2.00%	<u>100,000.00</u>
			<u>\$ 879,100.00</u>

The Bond Anticipation Notes were renewed on February 1 and again May 1, 2018. It is anticipated that the BAN's will be paid off with 2018 General Obligation Bond Sale proceeds expected to close in late September 2018. (See Note on Long-Term Debt (7A)).

**C. Bonds and Notes Authorized but not Issued**

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

General Capital Fund	\$ 2,330,805.27
Water-Sewer Utility Capital Fund	\$ 2,336,336.00

**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3½% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2017 was 2.094%. The Borough's remaining borrowing power is 1.407%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the statistical section of this report.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. DEBT** (Continued)

**E. Summary of Debt Activity**

During 2017 the following changes occurred in the debt of the Borough:

	Balance <u>Dec. 31, 2016</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>Dec. 31, 2017</u>
General Capital Fund:				
Serial Bonds	\$ 1,965,000.00	\$ -	\$ 360,000.00	\$ 1,605,000.00
Peddie Lake Dam				
Restoration Loan	116,920.05	-	7,625.00	109,295.05
Bond Anticipation Notes	4,409,000.00	8,882,000.00	8,850,000.00	4,441,000.00
Water-Sewer Utility Capital Fund:				
Serial Bonds	1,880,000.00	-	570,000.00	1,310,000.00
Bond Anticipation Notes	900,000.00	1,758,200.00	1,779,100.00	879,100.00
Loans Payable	2,996,936.61	166,542.00	205,145.56	2,958,333.05
	<u>\$ 12,267,856.66</u>	<u>\$ 10,806,742.00</u>	<u>\$ 11,771,870.56</u>	<u>\$ 11,302,728.10</u>

**NOTE 8. PENSION PLANS**

Description of Systems

Substantially all of the Borough's full-time employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS).

Public Employees' Retirement System

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after twenty-five (25) years of service or under the disability provisions of PERS.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Public Employees' Retirement System (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reach the service retirement age for the respective tier.

Police and Firemen's Retirement System

The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefit. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Police and Firemen's Retirement System (Continued)

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions Required to be Made

The contribution policy for PERS is set by N.J.S.A. 43:15A and for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Employee contributions for 2017 were seven and 20/100th present (7.20%) and effective July 1, 2017, employee contributions were increased to seven and 34/100th percent (7.34%) for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 an option for local employers of PERS and PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS (Continued)**

Contributions Required to be Made (Continued)

The Borough's contributions to the plan for the past three (3) years are as follows:

	PERS		
	2017	2016	2015
Covered Payroll	\$ 1,587,077	\$ 1,551,245	\$ 1,617,734
Actuarial Contribution Requirements	204,612	209,457	204,791
Total Contributions Employer Share	204,612	209,457	204,791
Percent of Covered Employee - Payroll	12.89 %	13.50 %	12.66 %
Employee's Share	115,426	110,617	113,066
Percent of Covered Payroll	7.27 %	7.13 %	6.98 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Due to the employee contribution percent changing July 1<sup>st</sup> of every year; the percent of covered payroll is an average of the first two quarters and the last two quarters of the year.

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2018 would be needed in the amount of \$213,657 since the obligation relates to the period December 31, 2017 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Contributions Required to be Made (Continued)

	PFRS		
	2017	2016	2015
Covered Payroll	\$ 1,108,037	\$ 939,823	\$ 891,986
Actuarial Contribution Requirements	227,335	260,330	228,288
Total Contributions Employer Share	227,335	260,330	228,288
Percent of Covered Employee - Payroll	20.52 %	27.70 %	25.59 %
Employee's Share	110,804	93,983	89,198
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2018 would be needed in the amount of \$256,450 since the obligation relates to the period December 31, 2017 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2017 and June 30, 2016 Independent Auditor's Report dated April 27, 2018 and April 6, 2017 and respectively.

The Borough's reported liability of \$5,368,772 and \$6,821,384 for its proportionate share of the net pension liability at December 31, 2017 and December 31, 2016 respectively. The net pension liability was measured as of June 30, 2017 and June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Public Employees Retirement System (PERS) (Continued)

	June 30, (Measurement Date)	
	2017	2016
Local Group Share	\$ 23,278,401,588	\$ 29,617,131,759
Borough Proportionate Percentage	0.0230633169 %	0.0230318876 %
Difference - Increase	0.0000314293 %	

For the year ended December 31, 2017, the Borough's recognizable pension expense was \$317,548. At December 31, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,081,622	\$ 1,077,657
Net difference between expected and actual experience	126,416	
Net difference between projected and actual investment earnings on pension plan investment	36,558	
Changes in proportion	5,602	237,321
Borough contributions subsequent to yearend	213,657	
Total	\$ 1,463,855	\$ 1,314,978

The \$213,657 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2017, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 126,386
2019	190,720
2020	115,566
2021	(153,704)
2022	(112,029)

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information:

Collective (local employers) balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's proportion (of Local Group)	0.0230633169 %	0.0230318876 %

Actuarial Assumptions:

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

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65 - 4.15 Percent (based on age)
Thereafter	2.65 - 5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rates:

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

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates: (Continued)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates; the larger the impact on future financial statements.

Long-Term Rate of Return:

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2017 and June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	December 31, 2017		
	At Current		
	1% Decrease <u>4.00%</u>	Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$ 6,660,325	\$ 5,368,772	\$ 4,292,747
	December 31, 2016		
	At Current		
	1% Decrease <u>2.98%</u>	Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Borough's proportionate share of the pension liability	\$ 8,358,810	\$ 6,821,384	\$ 5,552,106

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

Police and Firemen's Retirement System (PFRS):

The information for PFRS was abstracted from State of New Jersey Police and Firemen's Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2017 and June 30, 2016 Independent Auditor's Report dated April 27, 2018 and April 6, 2017, respectively.

The Borough reported liability net of the Special Funding situation, is \$4,473,457 and \$5,326,216 for its proportionate share of the net pension liability at December 31, 2017 and December 31, 2016, respectively. The net pension liability was measured as of June 30, 2017 and June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (Measurement Date)	
	2017	2016
Local Group Share	\$ 15,438,066,691	\$ 19,102,557,969
Borough Proportionate Percentage	0.0289767968 %	0.0278822129 %
Difference - Increase	0.0010945839	

For the year ended December 31, 2017, the Borough's recognizable pension expense was \$353,661. At December 31, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 551,627	\$ 732,621
Net difference between expected and actual experience	29,021	26,255
Net difference between projected and actual investment earnings on pension plan investment	85,364	
Changes in proportion	278,180	445,585
Borough contributions subsequent to yearend	256,450	
Total	\$ 1,200,642	\$ 1,204,461

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

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

The \$256,450 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2017, the *plan measurement date* is June 30, 2017) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 54,434
2019	147,424
2020	30
2021	(204,312)
2022	(90,441)

Additional Information:

Collective (local employers) balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 2,941,952,753	\$ 4,547,316,543
Collective deferred inflows of resources	3,262,432,093	688,197,590
Collective net pension liability		
Local Group	\$ 17,167,260,198	\$ 20,706,699,056
Less: Special Funding Situation (1)	<u>1,729,193,507</u>	<u>1,604,141,087</u>
	<u>\$ 15,438,066,691</u>	<u>\$ 19,102,557,969</u>
Borough's proportion (of Local Group)	0.0289767968 %	0.0278822129 %

(1) Special Funding Situation – A special funding situation exists for the local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2017 State special funding situation net pension liability amount of \$1,729,193,507, is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. Since the local employers do not contribute under this legislation directly to the plan (except for employer required contribution amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local employers related to this legislation. However, the notes to the financial statements of the local employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (Continued)

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

Actuarial Assumptions:

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

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10 – 8.98 Percent (based on age)
Thereafter	3.10 – 9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rates:

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS** (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% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 8. PENSION PLANS (Continued)**

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the *Bond Buyer Go 20-Bond Municipal Bond Index* which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability inclusive of the Special Funding situation of the participating employers as of (*measurement dates*) June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

		December 31, 2017		
		1% Decrease	At Current Discount Rate	1% Increase
		<u>5.14%</u>	<u>6.14%</u>	<u>7.14%</u>
Borough's proportionate share of the pension liability	\$	6,554,343	\$ 4,974,522	\$ 3,676,520
		December 31, 2016		
		1% Decrease	At Current Discount Rate	1% Increase
		<u>4.55%</u>	<u>5.55%</u>	<u>6.55%</u>
Borough's proportionate share of the pension liability	\$	7,444,487	\$ 5,773,486	\$ 4,410,885

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 or by visiting their website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 9. FUND BALANCES**

The fund balances at December 31, 2017 which have been appropriated and included as anticipated revenue in the year ending December 31, 2018 are as follows:

Current Fund	\$ 804,400.00
Water-Sewer Utility Fund	\$ 240,000.00

**NOTE 10. POST EMPLOYMENT RETIREMENT BENEFITS**

The Borough does not provide post-retirement healthcare benefits for employees who retire.

**NOTE 11. RISK MANAGEMENT**

Property and Liability Insurance

The Borough, together with other governmental units, are members of the State-wide Municipal Joint Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ended December 31, 2017, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

New Jersey Unemployment Compensation Insurance

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

<u>Year Ended December 31,</u>	<u>Employer Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 5,321.39	\$ 143.60	\$ 21,401.77	\$ 37,934.41
2016	5,194.37	320.38	24,147.14	53,871.19
2015	15,515.21	367.97	5,481.49	72,503.58

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 12. CONTINGENT LIABILITIES**

A. Accrued Sick and Vacation Benefits

The Borough of Hightstown has contractual agreements with two unions, which allow employees, upon retirement, to be compensated for unused sick time. Employees who retire will receive a lump sum payment for unused sick time at the latest daily rate for every full day earned and unused in an amount not to exceed \$15,000, credited on their employment records and certified by the Borough on the effective date of their retirement, at the prevailing rate of pay at the time of retirement.

Other union employees, upon retirement and depending upon their respective agreement, will be compensated at the rate of one day for every full day earned and unused, at the current rate of pay at the time of retirement, but not to exceed \$15,000. A similar policy exists for non-union employees.

All vacation time earned by employees can be carried over subject to a five (5) day limit and is to be paid to the employee, upon termination with the Borough, at the current rate of pay. The Borough's estimated total liability for unused sick and unused vacation time at December 31, 2017 totaling \$184,477.50. Management believes this amount approximates the calculation as required by GASB #16; however, the actual potential liability could ultimately be lower than the reported amount.

The Borough has not earmarked funds for the ultimate payout of compensated absences upon retirement; however, provisions are made annually for actual retirement.

B. State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017, the Borough estimates that no material liabilities will result from such audits.

C. Major Tax Assessments

Taxpayers in 2017 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>Assessed Value</u>
Presbyterian Homes at Meadow Lake	\$ 11,200,000.00	2.86%
Hightstown Development Assoc. LLC	9,552,000.00	2.44%
Mercer St Warehouse/Bruckner Southern	5,640,000.00	1.44%

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 12. CONTINGENT LIABILITIES** (Continued)

D. Pending Litigation

There are actions, which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 13,456.64
Trust Fund	13,428.64	-
Animal Control Fund	28.00	-
Water-Sewer Operating Fund	30,250.00	-
Water-Sewer Capital Fund	-	30,250.00
	<u>\$ 43,706.64</u>	<u>\$ 43,706.64</u>

**BOROUGH OF HIGHTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. LENGTH OF SERVICE AWARD PLAN**

On December 17, 2001, the Division approved the Borough's Length of Service Award Plan, provided by Lincoln National Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln National Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150 to each eligible volunteer who accumulates a minimum of 75 service points, based on criteria established by Borough Ordinance No. 99-20. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participant volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

	Total		Per Member	
2017	\$ 26,850.00	\$ 750.00	-	\$ 1,150.00
2016	30,200.00	400.00	-	2,300.00
2015	30,800.00	400.00	-	2,250.00

**NOTE 15. SUBSEQUENT EVENT - DEBT AUTHORIZED**

The Borough adopted the following ordinances subsequent to 2017:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
General Capital Fund:		
2018-12	Acquisition of YMCA Building and Land for Municipal Offices	\$ 500,000.00
2018-18	Various Capital Improvements	180,500.00

**SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES**

## **Current Fund**

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF CASH

		Current Fund
Balance, December 31, 2016		\$ 2,269,755.77
Increased by Receipts:		
Taxes Receivable	\$ 16,050,888.23	
Revenue Accounts Receivable	1,547,523.93	
Miscellaneous Revenue Not Anticipated	56,066.30	
Prepaid Taxes	640,699.87	
Due from State of N.J. (Ch. 20, P.L. 1971)	21,750.00	
Due from Other Trust Fund	13,428.64	
Due to Animal Control Trust Fund	28.00	
Tax Overpayments	6,761.07	
Grant Reserve Canceled	475.00	
Reserve for Fire Safety and Code Enforcement	9,634.00	
Due to State of New Jersey	5,519.00	
		18,352,774.04
		\$ 20,622,529.81
Decreased by Disbursements:		
2016 Appropriation Reserves	\$ 271,936.34	
2017 Appropriations	6,286,345.60	
Accounts Payable	11,578.97	
County Taxes	2,783,649.22	
Regional School District Tax	8,587,396.00	
Tax Overpayments	3,157.73	
Miscellaneous	20.00	
Grant Receivables Canceled	475.00	
Due to State of New Jersey	6,405.00	
		17,950,963.86
Balance, December 31, 2017		\$ 2,671,565.95

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
(CH. 20, P.L. 1971)

Balance, December 31, 2016 (Due to)		\$ (745.02)
Increased by:		
Senior Citizens Deductions Per Tax Billings	\$ 3,500.00	
Veterans Deductions Per Tax Billings	18,250.00	
Veterans Deductions Allowed by Collector	500.00	
	<u>22,250.00</u>	
		\$ 21,504.98
Decreased by:		
Senior Citizens Deductions Disallowed by Collector:		
Current Year	\$ 626.03	
Received in Cash from State of N.J.	21,750.00	
	<u>22,376.03</u>	
Balance, December 31, 2017 (Due to)		<u>\$ (871.05)</u>

**Analysis of Amount for Taxes Receivable Schedule**

Increased by:		
Deductions Per Tax Billings	\$ 21,750.00	
Deductions Allowed	500.00	
	<u>22,250.00</u>	
		\$ 22,250.00
Decreased by:		
Deductions Disallowed		<u>626.03</u>
Taxes Receivable		<u>\$ 21,623.97</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX YIELD

Year	Balance	2017 Levy	Added Taxes	Collections		Overpayments Applied	Chap. 20 P.L. 1971	Adjusted or Canceled	Transfers To Tax Title Liens	Balance
	Dec. 31, 2016			2016	2017					Dec. 31, 2017
2015	\$ 2,233.00	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 2,233.00
2016	265,328.21	-	1,183.49	-	256,311.15	675.86	-	194.12	7,083.27	2,247.30
	267,561.21	-	1,183.49	-	256,311.15	675.86	-	194.12	7,083.27	4,480.30
2017	-	16,198,829.58	-	116,957.10	15,794,577.08	4,107.26	21,623.97	1,987.52	39,731.95	219,844.70
	<u>\$ 267,561.21</u>	<u>\$ 16,198,829.58</u>	<u>\$ 1,183.49</u>	<u>\$ 116,957.10</u>	<u>\$ 16,050,888.23</u>	<u>\$ 4,783.12</u>	<u>\$ 21,623.97</u>	<u>\$ 2,181.64</u>	<u>\$ 46,815.22</u>	<u>\$ 224,325.00</u>

**Analysis of 2017 Property Tax Levy:**

Tax Yield:

General Property Tax \$ 16,165,676.57  
 Added and Omitted Taxes 33,153.01

Total Tax Yield \$ 16,198,829.58

Tax Levy:

Regional School District Taxes \$ 8,587,396.00  
 County Taxes:  
 General County Levy \$ 2,434,474.88  
 County Library 237,559.12  
 County Open Space Preservation 103,129.73  
 Due County for Added and Omitted Taxes 5,696.70  
2,780,860.43  
 11,368,256.43

Local Tax for Municipal Purposes \$ 4,800,550.00  
 Add: Additional Taxes Levied 30,023.15  
 Local Taxes for Municipal Purposes Levied 4,830,573.15

\$ 16,198,829.58

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

Balance, December 31, 2016		\$ 153,605.36
Increased by:		
Transfer from Taxes	\$ 46,815.22	
Interest and Costs	<u>1,444.82</u>	
		<u>48,260.04</u>
Balance, December 31, 2017	A	<u>\$ 201,865.40</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit A-8

CURRENT FUND  
SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2016		\$	60,748.41
Increased by:			
Charged to Appropriation Reserves	-		<u>18,385.48</u>
		\$	79,133.89
Decreased by:			
Disbursements			<u>11,578.97</u>
Balance, December 31, 2017		\$	<u><u>67,554.92</u></u>

Exhibit A-9

SCHEDULE OF RESERVE FOR FIRE SAFETY AND CODE ENFORCEMENT

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Code Enforcement - Property Maintenance Registration Fees	\$ 4,767.00	\$ 9,634.00	\$ -	\$ 14,401.00
Fire Safety Fees	<u>5,500.00</u>	<u>-</u>	<u>-</u>	<u>5,500.00</u>
	<u><u>\$ 10,267.00</u></u>	<u><u>\$ 9,634.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,901.00</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued in</u> <u>2017</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 7,500.00	\$ 7,500.00	\$ -
Other	-	17,930.00	17,930.00	-
Fees and Permits	-	61,487.35	61,487.35	-
Fines and Costs:				
Municipal Court	26,487.15	379,626.49	384,035.54	22,078.10
Interest and Costs on Taxes	-	64,825.82	64,825.82	-
Interest on Investments and Deposits	-	26,694.70	26,694.70	-
Lease of Borough Owned Property	-	65,123.42	65,123.42	-
Consolidated Municipal Property Tax				-
Relief Aid	-	59,130.00	59,130.00	-
Energy Receipts Tax	-	444,420.00	444,420.00	-
Uniform Construction Code Fees	-	114,954.00	114,954.00	-
Shared Services Agreement - Roosevelt Borough				-
Trash Collection	-	64,260.00	64,260.00	-
Shared Services Agreement - Roosevelt Borough				-
Trash Collection - Tipping Fees	-	29,454.59	29,454.59	-
Distracted Driving Grant	-	5,500.00	5,500.00	-
Clean Communities Program	-	9,625.29	9,625.29	-
Sustainable NJ Green Team	-	500.00	500.00	-
Alcohol Education Rehabilitation Fund	-	3,538.69	3,538.69	-
Body Armor Grant	-	1,544.49	1,544.49	-
US Dept of Justice - Bulletproof Vests	-	854.87	854.87	-
Drive Sober or Get Pulled Over Labor Day	-	5,500.00	5,500.00	-
Drive Sober or Get Pulled Over - End of Year	-	5,500.00	5,500.00	-
Recycling Tonnage Grant	-	8,208.25	8,208.25	-
Mercer County NJSCA Local Arts Program	-	1,000.00	1,000.00	-
JIF Safety Grant	-	1,174.00	1,174.00	-
Uniform Fire Safety Act	-	7,383.68	7,383.68	-
CATV - Franchise Fee	-	31,607.65	31,607.65	-
The Peddie School - Gift	-	23,000.00	23,000.00	-
Verizon Franchise Fee	-	37,856.61	37,856.61	-
Capital fund Balance	-	30,000.00	30,000.00	-
Hightstown Housing Authority -				
Payment in Lieu of Taxes	-	34,914.98	34,914.98	-
	<u>\$ 26,487.15</u>	<u>\$ 1,543,114.88</u>	<u>\$ 1,547,523.93</u>	<u>\$ 22,078.10</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES**

	2016 <u>Unexpended</u>	<u>Encumbered</u>	<u>transfers</u>	Balance After Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
General Administration						
Salaries and Wages	\$ 1,332.66	\$ -		\$ 1,332.66	\$ 1,300.00	\$ 32.66
Other Expenses	745.93	20.00		765.93	20.00	745.93
Mayor and Council						
Other Expenses	382.28	-		382.28	-	382.28
Municipal Clerk						
Salaries and Wages	2,747.21	-		2,747.21	2,596.00	151.21
Other Expenses	4,407.51	443.56		4,851.07	738.61	4,112.46
Elections						
Other Expenses	1,770.00	-		1,770.00	-	1,770.00
Office Supplies and Paper Products						
Other Expenses	23.92	2,012.38	2,000.00	4,036.30	2,475.26	1,561.04
Financial Administration						
Salaries and Wages	5,679.39	-		5,679.39	1,771.00	3,908.39
Other Expenses	105.47	-	500.00	605.47	-	605.47
Audit Services						
Other Expenses	-	14,000.00		14,000.00	14,000.00	-
Grant Writing and Administration						
Other Expenses	9,522.50	477.50		10,000.00	9,977.50	22.50
Central Computer (Data Processing Tech)						
Salaries and Wages	-	-		-	-	-
Other Expenses	4,401.07	8,591.38		12,992.45	9,255.13	3,737.32
Tax Collection						
Salaries and Wages	3,467.09	-		3,467.09	1,151.00	2,316.09
Other Expenses	1,558.18	-		1,558.18	-	1,558.18
Tax Assessment						
Salaries and Wages	7.61	-		7.61	-	7.61
Other Expenses	8,351.15	1,096.85	(5,000.00)	4,448.00	876.51	3,571.49
Interest on Tax Appeals						
Other Expenses	100.00	-		100.00	-	100.00
Legal Services and Costs						
Other Expenses	28,611.41	150.00		28,761.41	5,342.77	23,418.64
Engineering Services						
Other Expenses	747.10	240.00	7,000.00	7,987.10	1,894.25	6,092.85
Historical Commission						
Other Expenses	1,400.00	-		1,400.00	690.00	710.00
Planning Board						
Salaries and Wages	733.39	-		733.39	481.00	252.39
Other Expenses	7,485.69	2,440.50		9,926.19	3,340.50	6,585.69
Insurance						
Insurance Deductibles	2,000.00	-		2,000.00	546.00	1,454.00
General Liability	251.00	-		251.00	-	251.00
Workers Compensation Insurance	750.00	-		750.00	-	750.00
Employee Group Health Insurance	39,761.51	-		39,761.51	583.08	39,178.43
Unemployment Insurance	5,000.00	-		5,000.00	-	5,000.00
Health Benefit Waiver	3,750.00	-		3,750.00	3,750.00	-

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES

	2016 <u>Unexpended</u>	<u>Encumbered</u>	<u>transfers</u>	Balance After Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Police Department						
Salaries and Wages	\$ 49,275.05	\$ -		\$ 49,275.05	\$ 48,083.12	\$ 1,191.93
Other Expenses	14,779.23	10,099.83		24,879.06	14,098.81	10,780.25
Police - Fire Radio Communications						
Other Expenses	143.54	868.00	3,000.00	4,011.54	3,868.00	143.54
Emergency Management						
Other Expenses	2,305.00	-		2,305.00	-	2,305.00
Fire Department						
Other Expenses	223.53	12,011.57		12,235.10	9,813.57	2,421.53
Uniform Fire Safety Act						
Salaries and Wages	3,064.00	-		3,064.00	-	3,064.00
Other Expenses	3,213.89	-		3,213.89	-	3,213.89
First Aid Organization:						
Other Expenses	9,700.04	7,681.01		17,381.05	4,756.01	12,625.04
Municipal Prosecutor						
Salaries and Wages	1,400.00	1,200.00		2,600.00	2,400.00	200.00
Streets and Roads						
Salaries and Wages	9,592.14	-		9,592.14	2,271.00	7,321.14
Other Expenses	6,568.86	5,459.08		12,027.94	6,426.69	5,601.25
Snow Removal						
Other Expenses	-	5,000.00	8,000.00	13,000.00	13,000.00	-
Sanitation/Solid Waste Collection						
Salaries and Wages	2,996.00	-		2,996.00	1,950.00	1,046.00
Other Expenses	279.56	3,242.59		3,522.15	3,162.73	359.42
Public Buildings and Grounds						
Salaries and Wages	5,636.94	-		5,636.94	1,032.50	4,604.44
Other Expenses	7,712.26	4,000.56		11,712.82	4,188.00	7,524.82
Recycling						
Salaries and Wages	3,625.28	-		3,625.28	1,613.00	2,012.28
Other Expenses	6,813.38	6,051.84		12,865.22	3,651.84	9,213.38
Vehicle Maintenance						
Other Expenses	7,956.21	241.82	500.00	8,698.03	4,581.66	4,116.37
Community Services / Condominium Act						
Other Expenses	15,080.00	-		15,080.00	15,079.24	0.76
Board of Health						
Salaries and Wages	2,483.66	-		2,483.66	1,830.00	653.66
Other Expenses	862.44	469.80		1,332.24	469.80	862.44
Environmental Commission						
Other Expenses	70.00	65.00		135.00	65.00	70.00
Maintenance of Parks						
Salaries and Wages	1,623.33	-		1,623.33	1,155.00	468.33
Other Expenses	317.65	-		317.65	-	317.65
Recreation & Open Space (Parks Commission)						
Other Expenses	6,490.04	-		6,490.04	2,624.72	3,865.32
Cultural Arts Commission						
Other Expenses	608.07	-		608.07	-	608.07
Celebration of Public Events:						
Other Expenses	5,469.14	-		5,469.14	-	5,469.14
Accumulated Sick and Vacation						
Other Expenses	6,070.54	-		6,070.54	6,070.54	-
Postage and Shipping Charges						
Other Expenses	2,041.74	408.05		2,449.79	408.05	2,041.74

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES**

	2016 <u>Unexpended</u>	<u>Encumbered</u>	<u>transfers</u>	Balance After Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
<b>Utilities</b>						
Gasoline and Diesel Fuel	\$ 39,174.08	\$ 6,819.88	\$ (18,000.00)	\$ 27,993.96	\$ 10,806.32	\$ 17,187.64
Electricity	6,458.16	2,481.67	2,000.00	10,939.83	3,538.92	7,400.91
Telephone	6,605.84	341.92		6,947.76	946.95	6,000.81
Natural Gas and Heating Oil	7,936.19	1,380.27		9,316.46	1,380.27	7,936.19
Street Lighting	6,978.42	322.75		7,301.17	4,145.23	3,155.94
<b>Landfill Disposal Costs</b>						
Other Expenses	34,375.05	16,698.09		51,073.14	30,952.44	20,120.70
<b>Municipal Court</b>						
Salaries and Wages	2,928.43	-		2,928.43	2,900.00	28.43
Other Expenses	769.16	432.30		1,201.46	576.14	625.32
<b>Construction Official</b>						
Salaries and Wages	2,740.74	-		2,740.74	2,670.00	70.74
Other Expenses	1,166.73	469.48		1,636.21	469.48	1,166.73
<b>Housing Code Enforcement</b>						
Salaries and Wages	976.50	-		976.50	878.00	98.50
Other Expenses	56.01	510.08		566.09	510.08	56.01
<b>Contribution to:</b>						
Public Employees' Retirement System	4,027.83	-		4,027.83	-	4,027.83
Social Security System	14,319.97	-		14,319.97	-	14,319.97
Defined Contribution Benefit Plan	5,000.00	-		5,000.00	-	5,000.00
Length of Service Awards Program	5,800.00	-		5,800.00	3,000.00	2,800.00
Recycling Tax	1,473.90	435.60		1,909.50	807.45	1,102.05
<b>Senior Citizen Program</b>						
Other Expenses	3.82	-		3.82	-	3.82
<b>Health Services</b>						
Other Expenses	75.00	25.00		100.00	25.00	75.00
<b>Emergency Medical Services</b>						
Other Expenses	4,375.00	6,125.00		10,500.00	10,500.00	-
<b>Landfill Disposal Costs (Roosevelt)</b>						
Other Expenses	4,907.29	1,920.56		6,827.85	1,920.56	4,907.29
<b>Borough Clerk Services (Roosevelt)</b>						
Salaries and Wages	2,466.10	-		2,466.10	452.58	2,013.52
Other Expenses	2,000.00	-		2,000.00	-	2,000.00
<b>Mercer County EMS Dispatch</b>						
Other Expenses	200.00	-		200.00	-	200.00
<b>Vehicle Maintenance Services</b>						
Other Expenses	15,293.31	454.51		15,747.82	454.51	15,293.31
	-	-		-	-	-
	<u>\$ 481,601.12</u>	<u>\$ 124,688.43</u>	<u>-</u>	<u>\$ 606,289.55</u>	<u>\$ 290,321.82</u>	<u>\$ 315,967.73</u>
<b>Encumbrances</b>	<u>124,688.43</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 606,289.55</u>	<u>\$ 124,688.43</u>	<u>-</u>	<u>\$ 606,289.55</u>	<u>\$ 290,321.82</u>	<u>\$ 315,967.73</u>

Disbursements \$ 271,936.34  
Accounts Payable 18,385.48  
\$ 290,321.82

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF PREPAID TAXES

Balance, December 31, 2016		\$ 116,957.10
Increased by:		
Transferred from Tax Overpayments	\$ 8,428.57	
Receipts	<u>640,699.87</u>	
		<u>649,128.44</u>
		\$ 766,085.54
Decreased by:		
Applied to 2017 Taxes		<u>116,957.10</u>
Balance, December 31, 2017		<u><u>\$ 649,128.44</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit A-13

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2016		\$ 12,222.32
Increased by:		
Receipts	\$ 6,761.07	
Adjustment	989.37	
		7,750.44
		\$ 19,972.76
Decreased by:		
Payments - Refunds	\$ 3,157.73	
Applied Taxes	4,783.12	
Applied Prepaid Taxes	8,428.57	
		16,369.42
Balance, December 31, 2017		\$ 3,603.34

Exhibit A-14

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2016		\$ -
Increased by:		
Levy Calendar year 2017		8,587,396.00
		\$ 8,587,396.00
Decreased by:		
Payments		8,587,396.00
Balance, December 31, 2017		\$ -

**BOROUGH OF HIGHTSTOWN  
 COUNTY OF MERCER  
 STATE OF NEW JERSEY**

CURRENT FUND  
 SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2016		\$	8,485.49
Increased by:			
General County Levy	\$ 2,434,474.88		
County Library	237,559.12		
County Open Space Preservation	103,129.73		
Due County for Added and Omitted Taxes	<u>5,696.70</u>		
			<u>2,780,860.43</u>
		\$	2,789,345.92
Decreased by:			
Payments			<u>2,783,649.22</u>
Balance, December 31, 2017		\$	<u><u>5,696.70</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	Balance <u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Adjustment</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2017</u>
State Training Fees	\$ 1,973.00	\$ 4,494.00	\$ -	\$ 5,475.00	\$ 992.00
Marriage Licenses	175.00	1,025.00	-	925.00	275.00
Burial Permit Fees	-	-	5.00	5.00	-
	<u>\$ 2,148.00</u>	<u>\$ 5,519.00</u>	<u>\$ 5.00</u>	<u>\$ 6,405.00</u>	<u>\$ 1,267.00</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

CURRENT FUND  
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

Balance, December 31, 2016 and 2017

\$ 42,174.90

**BOROUGH OF HIGHTSTOWN  
 COUNTY OF MERCER  
 STATE OF NEW JERSEY**

GRANT FUND  
 SCHEDULE OF CASH

Balance, December 31, 2016		\$ 81,555.16
Receipts:		
Grants Receivable	\$ 41,059.06	
Due from Current Fund-Receiveable Canceled	475.00	
Reserve for Grants, Unappropriated	<u>6,024.30</u>	
		<u>47,558.36</u>
		\$ 129,113.52
Disbursements:		
Reserve for Grants, Appropriated	\$ 100,362.67	
Due to Current Fund-Grant Reserve canceled	<u>475.00</u>	
		<u>100,837.67</u>
Balance, December 31, 2017		<u><u>\$ 28,275.85</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE**

	Balance Dec. 31, 2016	2017 Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2017
Clean Communities	\$ -	\$ 9,625.29	\$ 9,625.29	\$ -	\$ -
Green Communities Grant	3,000.00	-			3,000.00
Municipal Court Alcohol Education and Rehabilitation Fund	-	3,538.69	3,538.69	-	-
Small Cities CDBG Block Grant	150,000.00	-			150,000.00
Sustainable NJ Capacity Building Stipend		500.00	500.00		-
Drive Sober or Get Pulled Over Labor Day Holiday Crackdown	-	5,500.00	5,225.00	275.00	-
Recycling Tonnage Grant	-	8,208.25	8,208.25	-	-
Body Armor Grant - State	-	1,544.49	1,544.49	-	-
Body Armor Grant - Federal	4,890.26	854.87	1,742.34	-	4,002.79
JIF Safety Grant	-	1,174.00	1,174.00	-	-
Drive Sober or Get Pulled Over End of Year Holiday Crackdown	-	5,500.00			5,500.00
Drive Sober or Get Pulled Over End of Year Holiday Crackdown-2016	5,000.00	-	4,800.00	200.00	-
Distracted Driving Grant	-	5,500.00	5,500.00		-
Mercer County NJSCA Local Arts Prog.	125.00	1,000.00	875.00		250.00
	<u>\$ 163,015.26</u>	<u>\$ 42,945.59</u>	<u>\$ 42,733.06</u>	<u>\$ 475.00</u>	<u>\$ 162,752.79</u>

Transferred from Unappropriated Reserve	\$ 1,674.00
Cash Receipts	<u>41,059.06</u>
	<u>\$ 42,733.06</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GRANT FUND  
SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2016	Transferred from 2017 Budget Appropriations		Disbursed	Current Year Encumbrances	Canceled	Balance Dec. 31, 2017
		Budget	Appropriation By 40A:4-87				
Drunk Driving Enforcement Fund	\$ 23,298.77	\$ -	\$ -	\$ 10,670.46	\$ 75.50	\$ -	\$ 12,552.81
Clean Communities	5,071.57	9,625.29	-	11,920.00	-	-	2,776.86
Green Communities Grant	3,000.00	-	-	2,980.00	-	-	20.00
Municipal Court Alcohol Education and Rehabilitation Fund	-	5,246.17	3,538.69	5,720.00	61.00	-	3,003.86
Small Cities CDBG Block Grant	150,000.00	-	-	31,240.00	-	-	118,760.00
Recycling Tonnage Grant	45,542.18	8,208.25	-	16,016.51	-	-	37,733.92
Distracted Driving Grant	-	5,500.00	-	5,500.00	-	-	-
Body Armor Grant	2,534.71	-	1,544.49	2,323.10	-	-	1,756.10
Body Armor Grant - Federal	3,147.92	-	854.87	2,323.10	-	-	1,679.69
Drive Sober or Get Pulled Over Labor Day Holiday Crackdown-2017	-	-	5,500.00	5,225.00	-	275.00	-
Drive Sober or Get Pulled Over End of Year Holiday Crackdown-2017	-	-	5,500.00	3,300.00	-	-	2,200.00
Drive Sober or Get Pulled Over End of Year Holiday Crackdown-2016	2,400.00	-	-	2,200.00	-	200.00	-
Mercer County NJSCA Local Arts Prog.	500.00	1,000.00	-	550.00	-	-	950.00
JIF Safety Grant	2,155.10	1,174.00	-	-	-	-	3,329.10
Sustainable NJ Capacity Building Stipend	-	500.00	-	394.50	-	-	105.50
	<u>\$ 242,896.42</u>	<u>\$ 29,546.23</u>	<u>\$ 13,399.36</u>	<u>\$ 100,362.67</u>	<u>\$ 136.50</u>	<u>\$ 475.00</u>	<u>\$ 184,867.84</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GRANT FUND  
SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Transferred to 2017 Budget Appropriations Budget</u>	<u>Received</u>	<u>Balance Dec. 31, 2017</u>
Recycling Tonnage Grant	\$ -	\$ -	\$ 4,897.95	\$ 4,897.95
Sustainable NJ Capacity				
Building Stipend	500.00	500.00	-	-
JIF Safety Grant	1,174.00	1,174.00	1,126.35	1,126.35
	<u>\$ 1,674.00</u>	<u>\$ 1,674.00</u>	<u>\$ 6,024.30</u>	<u>\$ 6,024.30</u>

**Trust Fund**

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
SCHEDULE OF TRUST CASH - TREASURER

	Animal Control	Other Trust	Escrow Trust
Balance, December 31, 2016	\$ 8,262.85	\$ 983,875.91	\$ 526,862.55
Increased by Receipts:			
Due to State of New Jersey	\$ 441.20	\$ -	\$ -
Reserve for Animal Control	3,944.20	-	-
Redemption of Tax Title Liens	-	283,733.87	-
Regional Contribution Agreement - Manalapan	-	289.51	-
Law Enforcement Fund	-	4,714.54	-
Public Defender	-	6,231.50	-
Unemployment Trust Fund	-	143.60	-
Payroll Deductions	-	4,312,735.28	-
Miscellaneous Trust Funds	-	180,983.73	-
Housing Trust	-	3,460.53	-
Escrow Fees	-	-	128,619.17
	<u>4,385.40</u>	<u>4,792,292.56</u>	<u>128,619.17</u>
	\$ 12,648.25	\$ 5,776,168.47	\$ 655,481.72
Decreased by Disbursements:			
N.J. State Dept. of Health	\$ 442.40	\$ -	\$ -
Expenditures Per R.S. 4:19-15.11	4,160.50	-	-
Encumbrances	1,000.00	-	-
Redemption of Tax Title Liens	-	283,854.09	-
Law Enforcement Fund	-	845.00	-
Public Defender	-	4,800.00	-
Unemployment Trust Fund	-	21,401.77	-
Payroll Deductions	-	4,347,071.02	-
Miscellaneous Trust Funds	-	202,176.08	-
Housing Trust	-	186,000.00	-
Interfunds:			
Current Fund	-	13,428.64	-
Escrow Fees	-	-	119,696.20
	<u>5,602.90</u>	<u>5,059,576.60</u>	<u>119,696.20</u>
Balance, December 31, 2017	<u>\$ 7,045.35</u>	<u>\$ 716,591.87</u>	<u>\$ 535,785.52</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
SCHEDULE OF DUE TO N.J. STATE DEPARTMENT OF HEALTH

Balance, December 31, 2016	\$	1.20
Increased by:		
State Registration Fees - 2017		<u>441.20</u>
	\$	442.40
Decreased by:		
Disbursed to State		<u>442.40</u>
Balance, December 31, 2017	\$	<u><u>-</u></u>

**BOROUGH OF HIGHTSTOWN  
 COUNTY OF MERCER  
 STATE OF NEW JERSEY**

TRUST FUND  
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Balance, December 31, 2016		\$ 7,261.65
Increased by:		
License Fees Collected - 2017 Licenses	\$ 3,604.20	
Replacement Tags	3.00	
Late Fees	<u>365.00</u>	
		<u>3,972.20</u>
		\$ 11,233.85
Decreased by:		
Expenditures Per R.S. 4:19-15.11		
Disbursed	\$ 4,160.50	
Encumbrances payable	<u>500.00</u>	
		<u>4,660.50</u>
Balance, December 31, 2017		<u><u>\$ 6,573.35</u></u>

**Municipal Fees Collected**

<u>Year</u>	<u>Amount</u>
2015	\$ 4,904.00
2016	<u>4,418.00</u>
	<u><u>\$ 9,322.00</u></u>
Cash Receipts	\$ 3,944.20
Due From Current Fund	<u>28.00</u>
Total	<u><u>\$ 3,972.20</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit B-4

TRUST FUND  
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

Balance, December 31, 2016		\$	27,455.89
Increased by:			
Deposits for Redemption			<u>283,733.87</u>
		\$	311,189.76
Decreased by:			
Redemption of Tax Title Liens			<u>283,854.09</u>
Balance, December 31, 2017		\$	<u><u>27,335.67</u></u>

Exhibit B-5

SCHEDULE OF REGIONAL CONTRIBUTION AGREEMENT - MANALAPAN

Balance, December 31, 2016		\$	125,388.43
Increased by:			
Interest Earned	B-1		<u>289.51</u>
		\$	125,677.94
Decreased by:			
Disbursements	B-1		<u>-</u>
Balance, December 31, 2017	B	\$	<u><u>125,677.94</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit B-6

TRUST FUND  
SCHEDULE OF DUE FROM CURRENT FUND

Balance, December 31, 2016		\$ -
Decreased by:		
Disbursements		<u>13,428.64</u>
Balance, December 31, 2017 (Due From)		<u><u>\$ 13,428.64</u></u>

Exhibit B-7

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND

Balance, December 31, 2016		\$ 16,476.01
Increased by:		
Received from County of Mercer	\$ 4,584.50	
Interest Earned	<u>130.04</u>	
		<u>4,714.54</u>
		\$ 21,190.55
Decreased by:		
Disbursements		<u>845.00</u>
Balance, December 31, 2017		<u><u>\$ 20,345.55</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit B-8

TRUST FUND  
SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

Balance, December 31, 2016		\$ 9,071.97
Increased by:		
Receipts		<u>6,231.50</u>
		\$ 15,303.47
Decreased by:		
Disbursements		<u>4,800.00</u>
Balance, December 31, 2017		<u><u>\$ 10,503.47</u></u>

Exhibit B-9

SCHEDULE OF UNEMPLOYMENT TRUST FUND

Balance, December 31, 2016		\$ 53,871.19
Increased by Receipts:		
Interest on Investments	\$ 143.60	
Employee Payroll Deductions	<u>5,321.39</u>	
		<u>5,464.99</u>
		\$ 59,336.18
Decreased by:		
Paid to N.J. Employment Security Agency/ N.J. Unemployment Compensation Fund		<u>21,401.77</u>
Balance, December 31, 2017		<u><u>\$ 37,934.41</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

Balance, December 31, 2016		\$ 84,064.84
Increased by:		
Receipts		<u>4,312,735.28</u>
		\$ 4,396,800.12
Decreased by:		
Employee Unemployment Deductions due		
Unemployment Trust Fund	\$ 5,321.39	
Disbursements	<u>4,347,071.02</u>	
		<u>4,352,392.41</u>
Balance, December 31, 2017		<u><u>\$ 44,407.71</u></u>
Detail:		
NJ State Taxes	\$ 4,832.30	
Federal Taxes	32,040.19	
PERS	-	
PFRS	99.30	
State	1,275.49	
Penn Taxes	38.31	
Excess	<u>6,122.12</u>	
		<u><u>\$ 44,407.71</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
SCHEDULE OF MISCELLANEOUS TRUST FUNDS

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Celebration of Public Events:				
Memorial Day Parade Donation	\$ 2,140.94	\$ 2,000.00	\$ 1,099.45	\$ 3,041.49
October Fair Donations	-	2,512.14	2,512.14	-
D & M Property Drainage	462.75	-	-	462.75
Donations:				
Animal Welfare	4,813.93	350.00	3,874.65	1,289.28
Community Garden Project	30.96	-	-	30.96
Historical Site	748.71	-	-	748.71
K-9 Unit Police Department	12.49	-	-	12.49
National Night Out	3,313.26	850.00	-	4,163.26
Revitalization	69.36	-	-	69.36
Well Baby	70.00	-	-	70.00
Peddie Dam Footbridge	1,059.48	-	-	1,059.48
Franklin St. Project Lighting	6,062.93	-	-	6,062.93
Skatepark	19,345.87	-	-	19,345.87
Cultural Arts	-	6,300.82	307.49	5,993.33
Environmental Commission	4,651.16	627.00	3,148.00	2,130.16
Other Escrows	3,763.70	2,300.00	-	6,063.70
Parking Offense				
Adjudication Act	963.00	30.00	-	993.00
Parks and Recreation Donations:				
General	425.38	-	-	425.38
Triathlon	45,232.86	17,030.11	10,904.06	51,358.91
Shakespeare in the Park	2,207.17	8,575.00	9,994.24	787.93
Dawes	18,376.17	14,248.00	11,348.10	21,276.07
Recaptured Funds Housing Rehabilitation	3,703.00	-	2,000.00	1,703.00
Recycling	26,254.08	2,643.95	-	28,898.03
Recycling-Grass Collection Program	7,044.24	60.00	-	7,104.24
Storm Recovery Fund	26,221.76	13,000.00	1,600.00	37,621.76
Special Duty Police	28,124.10	11,740.00	8,770.71	31,093.39
Tax Sale Premium	190,592.73	68,100.00	140,000.00	118,692.73
Uniform Fire Safety Act	2,975.03	4,000.00	-	6,975.03
Enchantment Reserve Escrow	2,621.01	-	-	2,621.01
Reserve for Insurance Refunds	3,876.69	26,616.71	6,617.24	23,876.16
	<u>\$ 405,162.76</u>	<u>\$ 180,983.73</u>	<u>\$ 202,176.08</u>	<u>\$ 383,970.41</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
SCHEDULE OF RESERVE FOR ESCROW FEES

Balance, December 31, 2016	\$ 526,862.55
Increased by:	
Receipts	<u>128,619.17</u>
	\$ 655,481.72
Decreased by:	
Disbursements	<u>119,696.20</u>
Balance, December 31, 2017	<u><u>\$ 535,785.52</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
SCHEDULE OF HOUSING TRUST

Balance, December 31, 2016		\$ 262,384.82
Increased by:		
Payments in Lieu of Construction	\$ 2,500.00	
Interest Earned	<u>960.53</u>	
		<u>3,460.53</u>
		\$ 265,845.35
Decreased by:		
Payments		<u>186,000.00</u>
Balance, December 31, 2017		<u><u>\$ 79,845.35</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

TRUST FUND  
SCHEDULE OF LOSAP  
(LENGTH OF SERVICE AWARD PROGRAM)  
(UNAUDITED)

Balance, December 31, 2016		\$ 669,871.91
Increased by:		
Contributions:		
Year 2017	\$ 26,100.00	
Earnings on Contributions	<u>108,294.40</u>	
		<u>134,394.40</u>
		\$ 804,266.31
Decreased by:		
Withdrawals	\$ 66,136.21	
Account Charge	<u>1,350.00</u>	
		<u>67,486.21</u>
Balance, December 31, 2017		<u>\$ 736,780.10</u>

## **General Capital Fund**

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL CAPITAL FUND CASH-TREASURER

Balance, December 31, 2016		\$ 211,638.79
Increased by Receipts:		
Current Fund Appropriations:		
Capital Improvement Fund	\$ 25,000.00	
Payment of BAN Principal	243,966.00	
Premium on Sale of Bond Anticipation Notes	13,900.33	
Bond Anticipation Notes	<u>8,882,000.00</u>	
		<u>9,164,866.33</u>
		\$ 9,376,505.12
Decreased by Disbursements:		
Improvement Authorizations	\$ 118,642.04	
Interfunds:		
Anticipated as Revenue - Current Fund	30,000.00	
Bond Anticipation Notes	<u>8,850,000.00</u>	
		<u>8,998,642.04</u>
Balance, December 31, 2017		<u><u>\$ 377,863.08</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL FUND CASH AND INVESTMENTS

	Receipts					Disbursements					Balance Dec. 31, 2017	
	Balance Dec. 31, 2016	Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Prior Year Encumbrances	Improvement Authorizations	Bond Anticipation Notes/Miscellaneous	Current Year Encumbrances	From	To		
Fund Balance	\$ 73,236.57	\$ -	\$ -	\$ 13,900.33	-	\$ -	\$ 30,000.00	\$ -	\$ -	\$ 21,811.71	\$ 78,948.61	
Capital Improvement Fund	9,082.50	25,000.00	-	-	-	-	-	-	33,640.00	-	442.50	
Reserve for Encumbrances	38,765.66	-	-	-	\$ (38,765.66)	-	-	762,675.79	-	-	762,675.79	
Various Reserves	247.00	-	-	-	-	-	-	-	-	-	247.00	
Ord.	-	-	-	-	-	-	-	-	-	-	-	
<u>No.</u>	<u>Improvement Authorizations</u>	-	-	-	-	-	-	-	-	-	-	
	Purpose	-	-	-	-	-	-	-	-	-	-	
00-05	Housing Rehabilitation	0.72	-	-	-	-	-	-	0.72	-	-	
00-10	Greenways	21,810.99	-	-	-	-	-	-	21,810.99	-	-	
04-17	Acquisition of Capacity Rights - JCP&L	16,784.33	-	-	-	-	-	-	-	-	16,784.33	
05-04	Mercer Street Revitalization Project	17,182.52	-	-	-	-	-	-	-	-	17,182.52	
05-24/		-	-	-	-	-	-	-	-	-	-	
09-13	Peddle Lake Dam Improvements	(231.26)	2,000.00	82,000.00	-	-	84,000.00	-	-	-	(231.26)	
05-34	Streetscape/Main Street Redevelopment Area	11,936.46	-	-	-	-	-	-	-	-	11,936.46	
07-04	Automated Garbage Truck and Containers	-	50,846.00	-	-	-	50,846.00	-	-	-	-	
07-21	Acquisition of Ambulance	-	18,600.00	-	-	-	18,600.00	-	-	-	-	
07-26	Police Department Equipment	618.17	7,000.00	19,800.00	-	-	26,800.00	-	-	-	618.17	
08-01	Westerlea Avenue Improvements	2,149.22	3,000.00	64,000.00	-	26.88	67,000.00	-	-	-	2,122.34	
09-01	Reconstruction of Morrison Avenue	2,082.18	3,100.00	78,200.00	-	61.80	81,300.00	-	-	-	2,049.34	
09-10	Improvements to Memorial Park Parking Lot	-	5,400.00	69,200.00	-	-	74,600.00	-	-	-	-	
09-20	Stockton Street Historic District Improvements	5,865.10	1,800.00	136,400.00	-	102.51	138,200.00	-	-	-	5,807.82	
10-02	Reconstruction of Leshin Lane	648.86	12,000.00	20,000.00	-	32.22	32,000.00	-	-	-	640.46	
10-16	Summit Street Sidewalk Improvements	3,908.72	2,000.00	66,000.00	-	51.25	68,000.00	-	-	-	3,881.00	
11-05	Milling and Paving Various Roads	32,728.50	7,500.00	195,000.00	-	153.76	202,500.00	-	-	-	32,646.61	
11-11	DPW Vehicles and DPW/Police Equipment	-	20,400.00	489,000.00	-	-	509,400.00	-	-	-	-	
12-04	Hurricane Irene Damage Emergency	(625.25)	39,400.00	1,257,600.00	-	-	1,297,000.00	-	-	-	(625.25)	
12-13	Various Capital Improvements	73,718.36	12,200.00	473,600.00	-	364.63	485,800.00	-	-	-	73,314.13	
12-15	Communication Equipment-Fire Dept, First Aid	1,876.86	1,800.00	59,400.00	-	46.13	61,200.00	-	-	-	1,851.92	
13-04	Road Improvements Grape Run & Pershing Ave	7,872.51	10,600.00	287,600.00	-	735.60	298,200.00	(509.50)	-	-	7,751.73	
13-07/	Peddle Lake Dam Walking Bridge	-	-	-	-	-	-	-	-	-	-	
15-14	Improvements	139,837.86	7,000.00	372,000.00	-	30,373.12	379,000.00	(30,090.50)	-	-	116,989.30	
13-22	Public Safety Equipment	13,893.27	6,900.00	286,400.00	-	219.80	293,300.00	-	-	-	13,773.00	
13-23/	Road Improvements to Park Avenue,	-	-	-	-	-	-	-	-	-	-	
15-06	Greeley St. and Glen Brook Place	(46.61)	32,420.00	1,167,068.00	-	901.99	1,199,488.00	-	-	-	(4,526.71)	
14-06	Various Capital Improvements including	-	-	-	-	-	-	-	-	-	-	
	Document Restoration	(182,383.28)	-	400,332.00	-	3,374.89	3,543.01	200,166.00	-	-	17,614.60	
14-13	Various Capital Improvements	3,853.14	-	323,800.00	-	237.08	323,800.00	-	-	-	3,717.16	
15-07	Road Improvements to Park Way, Grant St.	-	-	-	-	-	-	-	-	-	-	
	and Hutchison Street	1,677.73	-	360,000.00	-	263.59	1,611.77	360,000.00	-	-	329.55	
15-11	Acquisition of Aerial Ladder Truck	9,900.92	-	1,904,000.00	-	1,394.08	2,491.78	1,904,000.00	-	-	8,803.22	
15-15	Improvements to Stockton St. and Joseph St.	(11,090.00)	-	-	-	-	48,601.91	-	(58,086.95)	-	(117,778.86)	
15-20	Acquisition of Automated Garbage Truck	10,241.04	-	619,000.00	-	453.21	713.15	619,000.00	-	-	9,981.10	
16-08	Police Vehicles, Public Safety Equipment	(68,411.50)	-	151,600.00	-	-	63.66	75,800.00	-	-	7,324.84	
16-12	Rehabilitation of East Ward Street	(25,492.50)	-	-	-	-	4,219.50	-	(428,013.13)	-	(457,725.13)	
17-09	Retaining Wall, First Ave Improvements	-	-	-	-	-	16,838.00	-	-	21,000.00	4,162.00	
17-12	Police, Fire, DPW Court Equipment	-	-	-	-	-	9,509.50	-	(245,975.71)	12,640.00	(242,845.21)	
17-17	Improvements to Maple Avenue and	-	-	-	-	-	-	-	-	-	-	
	Sunset Avenue	-	-	-	-	-	-	-	-	-	-	
		<u>\$ 211,638.79</u>	<u>\$ 268,966.00</u>	<u>\$ 8,882,000.00</u>	<u>\$ 13,900.33</u>	<u>\$ -</u>	<u>\$ 118,642.04</u>	<u>\$ 8,880,000.00</u>	<u>\$ -</u>	<u>\$ 55,451.71</u>	<u>\$ 55,451.71</u>	<u>\$ 377,863.08</u>

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**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2016		\$ 2,081,920.05
Decreased by:		
2017 Budget Appropriation to Pay Serial Bonds	\$ 360,000.00	
2017 Budget Appropriation to Pay Loans	<u>7,625.00</u>	
		<u>367,625.00</u>
Balance, December 31, 2017		<u><u>\$ 1,714,295.05</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance Dec. 31, 2016	Authorized 2017	Canceled	Budget Appropriation Note Principal	Balance Dec. 31, 2017	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Balance of Improvement Authorizations
05-24,09-13	Peddie Lake Dam Improvements	\$ 43,550.00	\$ -	\$ -	\$ 2,000.00	\$ 41,550.00	\$ 41,000.00	\$ 231.26	\$ 318.74
07-04	Automated Garbage Truck and Containers	50,846.00	-	-	50,846.00	-	-	-	-
07-21	Acquisition of Ambulance	18,600.00	-	-	18,600.00	-	-	-	-
07-26	Various Police Equipment	16,900.00	-	-	7,000.00	9,900.00	9,900.00	-	-
08-01	Westerlea Avenue Improvements	35,000.00	-	-	3,000.00	32,000.00	32,000.00	-	-
09-01	Reconstruction of Morrison Avenue	42,200.00	-	-	3,100.00	39,100.00	39,100.00	-	-
09-10	Improvements to Memorial Park Parking Lot	40,000.00	-	-	5,400.00	34,600.00	34,600.00	-	-
09-20	Stockton Street Historic District Improvements	86,899.57	-	-	1,800.00	85,099.57	68,200.00	-	16,899.57
10-02	Reconstruction of Leshin Lane	35,000.00	-	-	12,000.00	23,000.00	10,000.00	-	13,000.00
10-16	Summit Street Sidewalk Improvements	35,526.45	-	-	2,000.00	33,526.45	33,000.00	-	526.45
11-05	Milling and Paving Various Roads	119,500.00	-	-	7,500.00	112,000.00	97,500.00	-	14,500.00
11-11	DPW Vehicles and DPW/Police Equipment	264,900.00	-	-	20,400.00	244,500.00	244,500.00	-	-
12-04	Hurricane Irene Damage Emergency	668,825.25	-	-	39,400.00	629,425.25	628,800.00	625.25	-
12-13	Various Capital Improvements	249,500.00	-	-	12,200.00	237,300.00	236,800.00	-	500.00
12-15	Communication Equipment - Fire Dept., First Aid	31,500.00	-	-	1,800.00	29,700.00	29,700.00	-	-
13-04	Road Improvements Grape Run and Pershing Ave	154,400.00	-	-	10,600.00	143,800.00	143,800.00	-	-
13-07	Peddie Lake Dam Walking Bridge Improvements	524,000.00	-	-	7,000.00	517,000.00	186,000.00	-	331,000.00
13-22	Public Safety Equipment	150,100.00	-	-	6,900.00	143,200.00	143,200.00	-	-
13-23	Road Improvements to Park Avenue, Greeley St. and Glen Brook Place	644,164.00	-	-	32,420.00	611,744.00	583,534.00	4,526.71	23,683.29
14-06	Various Capital Improvements including Document Restoration	209,500.00	-	-	-	209,500.00	200,166.00	-	9,334.00
14-13	Various Capital Improvements	161,900.00	-	-	-	161,900.00	161,900.00	-	-
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	335,500.00	-	120,000.00	-	215,500.00	180,000.00	-	35,500.00
15-11	Acquisition of Aerial Ladder Truck	952,300.00	-	-	-	952,300.00	952,000.00	-	300.00
15-15	Improvements to Stockton Street and Joseph Street	430,000.00	132,000.00	-	-	562,000.00	-	117,778.86	444,221.14
15-20	Acquisition of Automated Garbage Truck	309,500.00	-	-	-	309,500.00	309,500.00	-	-
16-08	Police Vehicles, Public Safety Equipment	75,800.00	-	-	-	75,800.00	75,800.00	-	-
16-12	Rehabilitation of East Ward Street	250,000.00	-	-	-	250,000.00	-	157,725.13	92,274.87
17-09	Retaining Wall, First Ave Improvements	-	554,000.00	-	-	554,000.00	-	-	554,000.00
17-12	Police, Fire, DPW Court Equipment	-	248,860.00	-	-	248,860.00	-	236,345.21	12,514.79
17-17	Improvements to Maple Avenue and Sunset Avenue	-	265,000.00	-	-	265,000.00	-	-	265,000.00
		<u>\$ 5,935,911.27</u>	<u>\$ 1,199,860.00</u>	<u>\$ 120,000.00</u>	<u>\$ 243,966.00</u>	<u>\$ 6,771,805.27</u>	<u>\$ 4,441,000.00</u>	<u>\$ 517,232.42</u>	<u>\$ 1,813,572.85</u>

Improvement Authorizations - Unfunded		\$ 2,122,789.14
Less: Unexpended Proceeds of Funds		
07-26	\$ 618.17	
08-01	2,122.34	
09-01	2,049.34	
09-20	5,807.82	
10-02	640.46	
10-16	3,881.00	
11-05	32,646.61	
12-13	73,314.13	
12-15	1,851.92	
13-04	7,751.73	
13-07	116,989.30	
13-22	13,773.00	
14-06	17,614.60	
14-13	3,717.16	
15-07	329.55	
15-11	8,803.22	
15-20	9,981.10	
16-08	7,324.84	
		<u>309,216.29</u>
		<u>\$ 1,813,572.85</u>

**BOROUGH OF HIGHTSTOWN  
 COUNTY OF MERCER  
 STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
 SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Receivables not Offset with Reserves:				
Rehabilitation of East Ward Street (16-12)	\$ 300,000.00	\$ -	\$ -	\$ 300,000.00
Retaining Wall, First Ave Improvements (17-09)		275,000.00		275,000.00
Police, Fire, DPW Court Equipment (17-12)	\$ -	6,500.00	-	6,500.00
Improvements to Maple Ave and Sunset Ave (17-17)	-	275,000.00	-	275,000.00
	<u>\$ 300,000.00</u>	<u>\$ 556,500.00</u>	<u>\$ -</u>	<u>\$ 856,500.00</u>
Receivables Offset with Reserves:				
Peddie Lake Dam Walking Bridge Improvements (13-07/15-19)	\$ 331,000.00	\$ -		\$ 331,000.00
Improvements to Stockton Street and Joseph Street (15-15)	275,000.00	-	-	275,000.00
	<u>\$ 606,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606,000.00</u>
<b>Total</b>	<u><u>\$ 906,000.00</u></u>	<u><u>\$ 556,500.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,462,500.00</u></u>

**BOROUGH OF HIGHTSTOWN  
 COUNTY OF MERCER  
 STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
 SCHEDULE OF VARIOUS RESERVES

	Balance <u>Dec. 31, 2016</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2017</u>
Reserve for John and Mary Hight Sculpture	\$ 150.00	\$ -	\$ 150.00
Reserve for Donations	50.00	-	50.00
Reserve for Housing Rehabilitation	47.00	-	47.00
	<u>\$ 247.00</u>	<u>\$ -</u>	<u>\$ 247.00</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**  
  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2016		Encumbrances Dec. 31, 2016	2017 Authorizations				Encumbrances Dec. 31, 2017	Balance, Dec. 31, 2017		
				Funded	Unfunded		Capital Improvement Fund	Deferred Charges to Future Taxation	Grants and Other Contributions	Paid or Charged		Canceled	Funded	Unfunded
00-05	Housing Rehabilitation	3/20/2000	\$ 360,000.00	\$ 0.72	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ 0.72	\$ -	\$ -	
00-10	Greenways	6/05/2000	287,000.00	21,810.99	-	-	-	-	-	-	21,810.99	-	-	
07-25		11/19/2007	135,000.00	-	-	-	-	-	-	-	-	-	-	
04-17	Acquisition of Capacity Rights - JCP&L	8/02/2004	100,000.00	16,784.33	-	-	-	-	-	-	-	16,784.33	-	
05-04, 07-15	Mercer Street Revitalization Project	2/07/2005	450,000.00	17,182.52	-	-	-	-	-	-	-	17,182.52	-	
		6/18/2007	100,000.00	-	-	-	-	-	-	-	-	-	-	
05-24, 09-13	Peddle Lake Dam improvements	7/05/2005	166,250.00	-	318.74	-	-	-	-	-	-	-	318.74	
		8/03/2009	50,000.00	-	-	-	-	-	-	-	-	-	-	
05-34	Streetscape / Main Street Redevelopment Area	10/17/2005	450,000.00	11,936.46	-	-	-	-	-	-	-	11,936.46	-	
07-26	Police Department Equipment	11/19/2007	62,000.00	-	618.17	-	-	-	-	-	-	-	618.17	
08-01	Westerlea Avenue Improvements	1/22/2008	332,500.00	-	2,149.22	-	-	-	-	26.88	-	-	2,122.34	
09-01	Reconstruction of Morrison Avenue	2/02/2009	292,000.00	-	2,082.18	61.80	-	-	-	94.64	-	-	2,049.34	
09-10	Improvements to Memorial Park Parking Lot	5/18/2009	425,000.00	-	-	-	-	-	-	-	-	-	-	
09-20	Stockton Street Historic District Improvements	9/21/2009	1,840,000.00	-	22,764.67	102.51	-	-	-	159.79	-	-	22,707.39	
10-02	Reconstruction of Leshin Lane	2/01/2010	568,000.00	-	13,648.86	32.22	-	-	-	40.62	-	-	13,640.46	
10-16	Summit Street Sidewalk Improvements	9/20/2010	180,000.00	-	4,435.17	51.25	-	-	-	78.97	-	-	4,407.45	
11-05	Milling and Paving Various Roads	6/06/2011	432,000.00	-	47,228.50	153.76	-	-	-	235.65	-	-	47,146.61	
11-11	DPW Vehicles and DPW/Police Equipment	8/15/2011	321,000.00	-	-	-	-	-	-	-	-	-	-	
12-13	Various Capital Improvements	8/20/2012	262,000.00	-	74,218.36	364.63	-	-	-	768.86	-	-	73,814.13	
12-15	Communication Equipment - Fire Dept., First Aid	9/18/2012	35,000.00	-	1,876.86	46.13	-	-	-	71.07	-	-	1,851.92	
13-04	Road Improvements Grape Run and Pershing Ave	2/19/2013	485,000.00	-	7,872.51	735.60	-	-	-	346.88	509.50	-	7,751.73	
13-07, 15-14	Peddle Lake Dam Walking Bridge Improvements	4/01/2013	210,000.00	-	-	-	-	-	-	-	-	-	-	
		8/03/2015	331,000.00	-	470,837.86	30,373.12	-	-	-	23,131.18	30,090.50	-	447,989.30	
13-22	Public Safety Equipment	9/03/2013	165,000.00	-	13,893.27	219.80	-	-	-	340.07	-	-	13,773.00	
13-23, 15-06	Road Improvements to Park Avenue, Greeley St. and Glen Brook Place	11/18/2013	682,000.00	-	-	-	-	-	-	-	-	-	-	
		4/20/2015	215,000.00	-	28,163.39	901.99	-	-	-	5,382.09	-	-	23,683.29	
14-06	Various Capital Improvements including Document Restoration	3/17/2014	220,000.00	-	27,116.72	3,374.89	-	-	-	3,543.01	-	-	26,948.60	
14-13	Various Capital Improvements	7/21/2014	170,000.00	-	3,853.14	237.08	-	-	-	373.06	-	-	3,717.16	
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	4/20/2015	619,000.00	-	157,177.73	263.59	-	-	-	1,611.77	-	120,000.00	35,829.55	
15-11	Acquisition of Aerial Ladder Truck	6/01/2015	1,000,000.00	-	10,200.92	1,394.08	-	-	-	2,491.78	-	-	9,103.22	
15-15	Improvements to Stockton Street and Joseph St.	8/21/2015	430,000.00	-	418,910.00	-	-	132,000.00	-	48,601.91	58,086.95	-	444,221.14	
17-15		11/06/2017	132,000.00	-	-	-	-	-	-	-	-	-	-	
15-20	Acquisition of Automated Garbage Truck	9/08/2015	325,000.00	-	10,241.04	453.21	-	-	-	713.15	-	-	9,981.10	
16-08	Police Vehicles, Public Safety Equipment	3/07/2016	140,000.00	-	7,388.50	-	-	-	-	63.66	-	-	7,324.84	
16-12	Rehabilitation of East Ward Street	4/18/2016	550,000.00	274,507.50	250,000.00	-	-	-	-	4,219.50	428,013.13	-	92,274.87	
17-09	Retaining Wall, First Ave Improvements	8/21/2007	850,000.00	-	-	-	21,000.00	554,000.00	275,000.00	16,838.00	-	279,162.00	554,000.00	
17-12	Police, Fire, DPW Court Equipment	9/05/2017	268,000.00	-	-	-	12,640.00	248,860.00	6,500.00	9,509.50	245,975.71	-	12,514.79	
17-17	Improvements to Maple Avenue and Sunset Ave	11/20/2017	540,000.00	-	-	-	-	265,000.00	275,000.00	-	-	-	265,000.00	
				<u>\$ 342,222.52</u>	<u>\$ 1,574,995.81</u>	<u>\$ 38,765.66</u>	<u>\$ 33,640.00</u>	<u>\$ 1,199,860.00</u>	<u>\$ 556,500.00</u>	<u>\$ 118,642.04</u>	<u>\$ 762,675.79</u>	<u>\$ 141,811.71</u>	<u>\$ 600,065.31</u>	<u>\$ 2,122,789.14</u>

Funded \$ 21,811.71  
 Unfunded 120,000.00  
\$ 141,811.71

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016	\$ 9,082.50
Increased by:	
2017 Budget Appropriation	<u>25,000.00</u>
	\$ 34,082.50
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>33,640.00</u>
Balance, December 31, 2017	<u><u>\$ 442.50</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**  
  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Description	Date of Ordinance	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increase	Decrease	Balance Dec. 31, 2017
05-24,										
09-13	Peddie Lake Dam Improvements	8/03/2009	12/09/2011	8/31/2017	2/01/2018	2.00%	\$ 43,000.00	\$ 82,000.00	\$ 84,000.00	\$ 41,000.00
07-04	Automated Garbage Truck and Containers	2/20/2007	12/28/2007				50,846.00	-	50,846.00	-
07-21	Acquisition of Ambulance	9/04/2007	12/28/2007				18,600.00	-	18,600.00	-
07-26	Police Department Equipment	11/19/2007	12/11/2008	8/31/2017	2/01/2018	2.00%	16,900.00	19,800.00	26,800.00	9,900.00
08-01	Westerlea Avenue Improvements	1/22/2008	12/11/2008	8/31/2017	2/01/2018	2.00%	35,000.00	64,000.00	67,000.00	32,000.00
09-01	Reconstruction of Morrison Avenue	2/02/2009	12/23/2009	8/31/2017	2/01/2018	2.00%	42,200.00	78,200.00	81,300.00	39,100.00
09-10	Improvements to Memorial Parking Lot	5/18/2009	12/23/2009	8/31/2017	2/01/2018	2.00%	40,000.00	69,200.00	74,600.00	34,600.00
09-20	Stockton Street Historic District Improvements	9/21/2009	6/05/2014	8/31/2017	2/01/2018	2.00%	70,000.00	136,400.00	138,200.00	68,200.00
10-02	Reconstruction of Leshin Lane	2/01/2010	12/10/2010	8/31/2017	2/01/2018	2.00%	22,000.00	20,000.00	32,000.00	10,000.00
10-16	Summit Street Sidewalk Improvements	9/20/2010	12/06/2013	8/31/2017	2/01/2018	2.00%	35,000.00	66,000.00	68,000.00	33,000.00
11-05	Milling and Paving Various Roads	6/06/2011	12/09/2011	8/31/2017	2/01/2018	2.00%	105,000.00	195,000.00	202,500.00	97,500.00
11-11	DPW Vehicles and DPW/Police Equipment	8/15/2011	6/08/2012	8/31/2017	2/01/2018	2.00%	264,900.00	489,000.00	509,400.00	244,500.00
12-04	Hurricane Irene Damage Emergency	4/16/2012	6/08/2012	8/31/2017	2/01/2018	2.00%	668,200.00	1,257,600.00	1,297,000.00	628,800.00
12-13	Various Capital Improvements	8/20/2012	6/05/2014	8/31/2017	2/01/2018	2.00%	249,000.00	473,600.00	485,800.00	236,800.00
12-15	Communication Equipment - Fire Dept., First Aid	9/18/2012	6/06/2013	8/31/2017	2/01/2018	2.00%	31,500.00	59,400.00	61,200.00	29,700.00
13-04	Road Improvements Grape Run and Pershing Ave	2/19/2013	12/06/2013	8/31/2017	2/01/2018	2.00%	154,400.00	287,600.00	298,200.00	143,800.00
13-07,										
15-14	Peddie Lake Dam Walking Bridge Improvements	4/01/2013	12/06/2013	8/31/2017	2/01/2018	2.00%	193,000.00	372,000.00	379,000.00	186,000.00
13-22	Public Safety Equipment	9/03/2013	12/06/2013	8/31/2017	2/01/2018	2.00%	150,100.00	286,400.00	293,300.00	143,200.00
13-23,	Road Improvements to Park Avenue, Greeley							-	-	
15-06	Street and Glen Brook Place	9/03/2013	6/05/2014	8/31/2017	2/01/2018	2.00%	615,954.00	1,167,068.00	1,199,488.00	583,534.00
14-06	Various Capital Improvements including Document Restoration	3/17/2014	1/31/2017	8/31/2017	2/01/2018	2.00%	-	400,332.00	200,166.00	200,166.00
14-13	Various Capital Improvements	7/21/2014	6/04/2015	8/31/2017	2/01/2018	2.00%	161,900.00	323,800.00	323,800.00	161,900.00
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	4/20/2015	6/02/2016	8/31/2017	2/01/2018	2.00%	180,000.00	360,000.00	360,000.00	180,000.00
15-11	Acquisition of Aerial Ladder Truck	6/01/2015	6/02/2016	8/31/2017	2/01/2018	2.00%	952,000.00	1,904,000.00	1,904,000.00	952,000.00
15-20	Acquisition of Automated Garbage Truck	9/08/2015	6/02/2016	8/31/2017	2/01/2018	2.00%	309,500.00	619,000.00	619,000.00	309,500.00
16-08	Police Vehicles, Public Safety Equipment	3/07/2016	1/31/2017	8/31/2017	2/01/2018	2.00%	-	151,600.00	75,800.00	75,800.00
							<u>\$4,409,000.00</u>	<u>\$8,882,000.00</u>	<u>\$8,850,000.00</u>	<u>\$4,441,000.00</u>
								\$ 275,966.00	\$ -	
								8,606,034.00	8,606,034.00	
								-	243,966.00	
							<u>\$8,882,000.00</u>	<u>\$8,850,000.00</u>		

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds of 2008	2/01/2008	\$ 4,000,000	10/01/2018	\$ 375,000	3.50%	\$ 1,965,000.00	\$ 360,000.00	\$ 1,605,000.00
			10/01/2019	390,000	3.75%			
			10/01/2020	410,000	3.75%			
			10/01/2021	430,000	3.75%			
						<u>\$ 1,965,000.00</u>	<u>\$ 360,000.00</u>	<u>\$ 1,605,000.00</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT LOANS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Peddie Lake Dam Restoration Loan	2011	\$ 156,250	6/10/2018	\$ 3,869.78	2.00%	\$ 116,920.05	\$ 7,625.00	\$ 109,295.05
			12/10/2018	3,908.48				
			6/10/2019	3,947.57				
			12/10/2019	3,987.04				
			6/9/2020	4,026.91				
			12/9/2020	4,067.18				
			6/10/2021	4,107.85				
			12/10/2021	4,148.93				
			6/10/2022	4,190.42				
			12/10/2022	4,232.32				
			6/10/2023	4,274.65				
			12/10/2023	4,317.39				
			6/9/2024	4,360.57				
			12/9/2024	4,404.17				
			6/10/2025	4,448.22				
			12/10/2025	4,492.70				
			6/10/2026	4,537.63				
			12/10/2026	4,583.00				
			6/10/2027	4,628.83				
			12/10/2027	4,675.12				
6/9/2028	4,721.87							
12/9/2028	4,769.09							
6/10/2029	4,816.78							
12/10/2029	4,864.95							
6/10/2030	4,913.60							
						<u>\$ 116,920.05</u>	<u>\$ 7,625.00</u>	<u>\$ 109,295.05</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2016	\$ 38,765.66
Increased by:	
Charged to Improvement Authorizations	<u>762,675.79</u>
	\$ 801,441.45
Decreased by:	
Transferred to Improvement Authorizations	<u>38,765.66</u>
Balance, December 31, 2017	<u><u>\$ 762,675.79</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2016	Authorized 2017	Canceled	Bond Anticipation Notes Issued	Balance Dec. 31, 2017
05-24/09-13	Peddle Lake Dam improvements	\$ 550.00	\$ -		\$ -	\$ 550.00
09-20	Stockton Street Improvements	16,899.57	-			16,899.57
10-02	Reconstruction of Leshin Lane	13,000.00	-	-	-	13,000.00
10-16	Summit Street Sidewalk Improvements	526.45	-			526.45
11-05	Milling and Paving Various Roads	14,500.00	-			14,500.00
12-04	Hurricane Irene Damage Emergency	625.25	-			625.25
12-13	Various Capital Improvements	500.00	-			500.00
13-07/15-14	Imp. To Peddle Lake Dam Walking Bridge	331,000.00	-			331,000.00
13-23/15-06	Road Improvements to Park Avenue, Greeley St. and Glen Brook Place	- 28,210.00	-			- 28,210.00
14-06	Various Capital Improvements including Document Restoration	- 209,500.00	-		200,166.00	- 9,334.00
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	155,500.00	-	120,000.00		35,500.00
15-11	Acquisition of Aerial Ladder Truck	300.00	-			300.00
15-15	Improvements to Stockton Street and Joseph St.	430,000.00	132,000.00			562,000.00
16-08	Police Vehicles, Public Safety Equipment	75,800.00			75,800.00	-
16-12	Rehabilitation of East Ward Street	250,000.00			-	250,000.00
17-09	Retaining Wall, First Ave Improvements	-	554,000.00			554,000.00
17-12	Police, Fire, DPW Court Equipment	-	248,860.00			248,860.00
17-17	Improvements to Maple Avenue and Sunset Avenue	-	265,000.00			265,000.00
		-	-			-
		<u>\$ 1,526,911.27</u>	<u>\$ 1,199,860.00</u>	<u>\$ 120,000.00</u>	<u>\$ 275,966.00</u>	<u>\$ 2,330,805.27</u>

**Water-Sewer Utility Fund**

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF UTILITY CASH - COLLECTOR/TREASURER

Balance, December 31, 2016		\$ 448,405.64
Increased by Receipts:		
Consumer Accounts Receivable - Rents	\$ 2,539,277.79	
Miscellaneous Revenue	603,476.19	
Interfunds:		
Water-Sewer Rent Overpayment	<u>2,672.51</u>	
		<u>3,145,426.49</u>
		\$ 3,593,832.13
Decreased by Disbursements:		
Budget Appropriations	\$ 2,864,094.16	
Appropriation Reserves	111,071.28	
Due From Water-Sewer Capital Fund	30,250.00	
Accrued Interest on Bonds and Loans	96,175.15	
Accrued Interest on Notes	<u>17,590.89</u>	
		<u>3,119,181.48</u>
Balance, December 31, 2017		<u><u>\$ 474,650.65</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF UTILITY CAPITAL CASH

Balance, December 31, 2016		\$ 159,875.22
Increased by Receipts:		
Budget Appropriations:		
Bond Anticipation Note Principal	\$ 20,900.00	
Due to Water-Sewer Operating	30,250.00	
Premium on Sale of Bond Anticipation Notes	2,751.58	
Interim Financing NJEIT	869,750.00	
Bond Anticipation Notes	<u>1,758,200.00</u>	
		<u>2,681,851.58</u>
		\$ 2,841,726.80
Decreased by Disbursements:		
Bond Anticipation Notes	\$ 1,779,100.00	
Improvement Authorizations	<u>1,060,998.03</u>	
		<u>2,840,098.03</u>
Balance, December 31, 2017		<u>\$ 1,628.77</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2016	Receipts	Bond Anticipation Notes Issued	Disbursements	Bond Anticipation Notes Paid	Transfers		Balance Dec. 31, 2017
						From	To	
Capital Improvement Fund	\$ 25,516.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,516.95
Reserve for Encumbrances	159,808.38	-	-	-	-	159,808.38	164,671.61	164,671.61
Due To Water-Sewer Operating		30,250.00						30,250.00
Fund Balance	97,551.55	2,751.58	-	-	-	-	-	100,303.13
Down Payment on Improvements	200.00	-	-	-	-	-	-	200.00
	-							-
<u>Ord. No.</u>								
08-10,08-19 Water-Sewer Improvements	6,140.70	6,000.00	212,000.00	-	218,000.00	-	-	6,140.70
09-02 Water-Sewer Imp. Morrison Avenue	1,100.84	1,500.00	60,000.00	62.24	61,500.00	-	39.09	1,077.69
09-15 Water Main Extension	56,694.75	-	400,000.00	402.53	400,000.00	-	248.21	56,540.43
11-03 Water-Sewer Improvements	15,316.02	3,300.00	320,000.00	454.38	323,300.00	4,365.00	4,623.40	15,120.04
11-04 Refurbishment of Water Tanks	15,000.00	1,500.00	188,000.00	62.78	189,500.00	-	62.78	15,000.00
12-14 Mitigation Water Plant/Roof Replacement	47,683.68	4,300.00	226,800.00	8,365.73	231,100.00	-	12,716.07	52,034.02
13-19 Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	-	4,300.00	151,400.00	157.69	155,700.00	-	99.28	7,106.19
14-12 Improvements to Water-Sewer Plants	33,441.25		200,000.00	24,333.50	200,000.00	7,031.36	124.10	2,200.49
16-14 Water-Sewer Improvements	(305,743.50)		869,750.00	974,276.18		153,275.25	141,895.45	(421,649.48)
17-10 Water Mains, Sewer Imp Stockton & Forman	-			33,267.75				(33,267.75)
17-11 Secondary Clarifier	-			19,615.25				(19,615.25)
	<u>\$ 159,875.22</u>	<u>\$ 53,901.58</u>	<u>\$2,627,950.00</u>	<u>\$ 1,060,998.03</u>	<u>\$ 1,779,100.00</u>	<u>\$ 324,479.99</u>	<u>\$ 324,479.99</u>	<u>\$ 1,628.77</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2016		\$ 125,857.73
Increased by:		
Water-Sewer Rents Levied	\$ 2,531,515.31	
Fire Service	19,553.59	
Gray Water Fees	<u>585,579.48</u>	
		<u>3,136,648.38</u>
		\$ 3,262,506.11
Decreased by:		
Collections:		
Water-Sewer Rents	\$ 2,539,277.79	
Water-Sewer Rents - Overpayments Applied	2,615.28	
Fire Service	20,556.43	
Gray Water Fees	548,119.88	
Gray Water Fees - Overpayments Applied	<u>668.92</u>	
		<u>3,111,238.30</u>
Balance, December 31, 2017		<u><u>\$ 151,267.81</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

Balance, December 31, 2016 and December 31, 2017

\$ 15,336,516.65

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

**WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
AUTHORIZED AND UNCOMPLETED**

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2016	Improvement Authorizations	Balance Dec. 31, 2017
		Date	Amount			
08-10, 08-19	Water-Sewer Improvements	10/20/2008	155,400.00	\$ 155,400.00	\$ -	\$ 155,400.00
09-02	Water-Sewer Imp. Morrison Avenue	2/02/2009	215,000.00	215,000.00	-	215,000.00
09-15	Water Main Extension	9/08/2009	2,200,000.00	2,200,000.00	-	2,200,000.00
10-01	Water-Sewer Improvements - Leshin Lane	2/01/2010	52,000.00	-	-	-
11-03	Water-Sewer Improvements	6/06/2011	2,083,000.00	2,188,000.00	-	2,188,000.00
11-04	Refurbishment of Water Tanks	6/06/2011	100,000.00	100,000.00	-	100,000.00
12-14	Mitigation Water Plant/Roof Replacement	8/20/2012	132,000.00	132,000.00	-	132,000.00
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	8/19/2013	86,000.00	86,000.00	-	86,000.00
14-12	Improvements to Water-Sewer Plants	7/21/2014	100,000.00	100,000.00	-	100,000.00
16-14	Improvements to Water-Sewer Plants	6/06/2016	1,860,000.00	1,860,000.00		1,860,000.00
17-10	Water Mains, Sewer Imp Stockton & Forman	8/21/2017	1,270,000.00		1,270,000.00	1,270,000.00
17-11	Secondary Clarifier	8/21/2017	245,000.00		245,000.00	245,000.00
17-16	Water-Sewer Imp. Maple Ave Sunset Dr	11/20/2017	110,000.00		110,000.00	110,000.00
				<u>\$ 7,036,400.00</u>	<u>\$ 1,625,000.00</u>	<u>\$ 8,661,400.00</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2016</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 8,000.79	\$ 8,000.79	\$ -	\$ 8,000.79
Other Expenses	106,934.72	196,297.53	120,471.28	75,826.25
Statutory Expenditures:				
Unemployment Insurance	1,900.00	1,900.00	-	1,900.00
Public Employees' Retirement System	12.00	12.00	-	12.00
Social Security System	<u>5,349.91</u>	<u>5,349.91</u>	<u>-</u>	<u>5,349.91</u>
Total Appropriation Reserves	\$ 122,197.42	\$ 211,560.23	\$ 120,471.28	\$ 91,088.95
Encumbrances	<u>89,362.81</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 211,560.23</u>	<u>\$ 211,560.23</u>	<u>\$ 120,471.28</u>	<u>\$ 91,088.95</u>
Disbursements			\$ 111,071.28	
Accounts Payable			<u>9,400.00</u>	
			<u>\$ 120,471.28</u>	

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit D-12

WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2016		\$ 7,383.97
Increased by:		
Charged to Appropriation Reserves		<u>9,400.00</u>
		\$ 16,783.97
Decreased by:		
Disbursed		<u>-</u>
Balance, December 31, 2017		<u><u>\$ 16,783.97</u></u>

Exhibit D-13

SCHEDULE OF OVERPAYMENTS

Balance, December 31, 2016		\$ 3,284.20
Increased by:		
Receipts		<u>2,672.51</u>
		\$ 5,956.71
Decreased by:		
Overpayments Applied - Water-Sewer Rents	\$ 2,615.28	
Overpayments Applied - Gray Water	<u>668.92</u>	
		<u>3,284.20</u>
Balance, December 31, 2017		<u><u>\$ 2,672.51</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit D-14

WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND LOANS

Balance, December 31, 2016	\$ 34,819.34
Increased by:	
Charged to 2017 Budget	<u>91,653.56</u>
	\$ 126,472.90
Decreased by	
Payments	<u>96,175.15</u>
Balance, December 31, 2017	<u><u>\$ 30,297.75</u></u>

Exhibit D-15

SCHEDULE OF ACCRUED INTEREST ON NOTES

Balance, December 31, 2016	\$ 2,372.31
Increased by:	
Charged to 2017 Budget	<u>21,079.25</u>
	\$ 23,451.56
Decreased by	
Payments	<u>17,590.89</u>
Balance, December 31, 2017	<u><u>\$ 5,860.67</u></u>

**BOROUGH OF HIGHTSTOWN  
 COUNTY OF MERCER  
 STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF SEWER SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Water-Sewer Utility Bonds	3/01/2002	\$ 2,295,000.00	3/01/2018-19	\$ 100,000.00	4.625%	\$ 1,200,000.00	\$ 100,000.00	\$ 1,100,000.00
			3/01/2020-28	100,000.00	4.750%			
Water-Sewer Utility Bonds	2/01/2008	3,265,000.00	10/01/2018	210,000.00	3.500%	<u>680,000.00</u>	<u>470,000.00</u>	<u>210,000.00</u>
						<u>\$ 1,880,000.00</u>	<u>\$ 570,000.00</u>	<u>\$ 1,310,000.00</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
NJ Environmental Infrastructure Trust (State) Loan	3/10/2010	\$ 495,000.00	8/01/2018-21	\$ 25,000.00	3.00%-5.00%	\$ 380,000.00	\$ -	\$ 20,000.00	\$ 360,000.00
			8/01/2022-25	30,000.00	4.00%				
			8/01/2026-29	35,000.00	3.50%-4.00%				
NJ Environmental Infrastructure Fund (Federal) Loan	3/10/2010	1,451,250.00	8/01/2018-28	51,830.35	0.00%	1,010,692.05	-	77,745.52	932,946.53
			2/01/2018-29	25,915.17	0.00%				
			8/01/2029	51,830.64	0.00%				
NJ Environmental Infrastructure Trust (State) Loan	5/16/2012	283,382.00	8/01/2018	13,706.00	0.990%	229,608.00	-	13,601.00	216,007.00
			8/01/2019	13,842.00	1.210%				
			8/01/2020	14,009.00	1.470%				
			8/01/2021	14,215.00	1.680%				
			8/01/2022	14,454.00	1.840%				
			8/01/2023	14,720.00	1.990%				
			8/01/2024	15,013.00	2.110%				
			8/01/2025	15,330.00	2.230%				
			8/01/2026	15,672.00	2.330%				
			8/01/2027	16,037.00	2.860%				
			8/01/2028	16,495.00	2.950%				
			8/01/2029	16,982.00	3.030%				
			8/01/2030	17,497.00	3.080%				
8/01/2031	18,035.00	3.140%							
NJ Environmental Infrastructure Fund (Federal) Loan	5/16/2012	813,055.00	2/01/2018-31	14,264.12	0.00%	641,885.56		42,792.36	599,093.20
			8/01/2018-30	28,528.24	0.00%				
			8/01/2031	28,528.40	0.00%				
NJ Environmental Infrastructure Fund (State) Loan	5/16/2012	238,918.00	8/01/2018	11,556.00	0.990%	193,581.00		11,467.00	182,114.00
			8/01/2019	11,670.00	1.210%				
			8/01/2020	11,811.00	1.470%				
			8/01/2021	11,985.00	1.680%				
			8/01/2022	12,186.00	1.840%				
			8/01/2023	12,410.00	1.990%				
			8/01/2024	12,657.00	2.110%				
			8/01/2025	12,924.00	2.230%				
			8/01/2026	13,213.00	2.330%				
			8/01/2027	13,521.00	2.860%				
			8/01/2028	13,907.00	2.950%				
			8/01/2029	14,317.00	3.030%				
			8/01/2030	14,751.00	3.080%				
8/01/2031	15,206.00	3.140%							

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
NJ Environmental Infrastructure Fund Loan	5/16/2012	\$ 685,482.00	2/01/2018-31	\$ 12,026.00	0.00%	\$ 541,170.00		\$ 36,078.00	\$ 505,092.00
			8/01/2018-31	24,052.00	0.00%				
NJ Environmental Infrastructure Fund (State) Loan (2017A-1)	5/25/2017	80,000.00	8/01/2018	5,000.00	5.000%	-	\$ 80,000.00	-	80,000.00
			8/01/2019	5,000.00	5.000%				
			8/01/2020	5,000.00	5.000%				
			8/01/2021	5,000.00	5.000%				
			8/01/2022	5,000.00	5.000%				
			8/01/2023	5,000.00	5.000%				
			8/01/2024	5,000.00	5.000%				
			8/01/2025	5,000.00	5.000%				
			8/01/2026	5,000.00	3.000%				
			8/01/2027	5,000.00	3.000%				
			8/01/2028	5,000.00	3.000%				
			8/01/2029	5,000.00	3.000%				
			8/01/2030	5,000.00	3.000%				
			8/01/2031	5,000.00	3.000%				
8/01/2032	5,000.00	3.000%							
8/01/2033	5,000.00	3.125%							
NJ Environmental Infrastructure Fund (Federal) Loan	5/25/2017	86,542.00	2/01/2018-33	1,730.52	0.00%		86,542.00	3,461.68	83,080.32
			8/01/2018-33	3,461.68	0.00%				
						<u>\$ 2,996,936.61</u>	<u>\$ 166,542.00</u>	<u>\$ 205,145.56</u>	<u>\$ 2,958,333.05</u>
							State Portion		\$ 838,121.00
							Federal Portion		<u>2,120,212.05</u>
									<u>\$ 2,958,333.05</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

No.	Description	Date of Ordinance	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increase	Decrease	Balance Dec. 31, 2017
08-10, 08-19	Water-Sewer Improvements	10/20/2008	12/11/2008	8/31/2017	2/01/2018	2.00%	\$ 112,000.00	\$ 212,000.00	\$ 218,000.00	\$ 106,000.00
09-02	Morrison Avenue Improvements	2/02/2009	12/23/2009	8/31/2017	2/01/2018	2.00%	31,500.00	60,000.00	61,500.00	30,000.00
09-15	Water Main Extension	9/08/2009	6/02/2016	8/31/2017	2/01/2018	2.00%	200,000.00	400,000.00	400,000.00	200,000.00
11-03	Water-Sewer Improvements	6/06/2011	12/06/2013	8/31/2017	2/01/2018	2.00%	163,300.00	320,000.00	323,300.00	160,000.00
11-04	Refurbishment of Water Tanks	6/06/2011	12/09/2011	8/31/2017	2/01/2018	2.00%	95,500.00	188,000.00	189,500.00	94,000.00
12-14	Water-Sewer Improvements	9/18/2012	6/06/2013	8/31/2017	2/01/2018	2.00%	117,700.00	226,800.00	231,100.00	113,400.00
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	8/19/2013	12/06/2013	8/31/2017	2/01/2018	2.00%	80,000.00	151,400.00	155,700.00	75,700.00
14-12	Improvements to Water-Sewer Plants	7/21/2014	6/04/2015	8/31/2017	2/01/2018	2.00%	100,000.00	200,000.00	200,000.00	100,000.00
							<u>\$ 900,000.00</u>	<u>\$ 1,758,200.00</u>	<u>\$ 1,779,100.00</u>	<u>\$ 879,100.00</u>
Budget Appropriations								\$ -	\$ 20,900.00	
Roll-Over								<u>1,758,200.00</u>	<u>1,758,200.00</u>	
							<u>\$ 1,758,200.00</u>	<u>\$ 1,779,100.00</u>		

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance, Dec. 31, 2016		Encumbrances Dec. 31, 2016	2017 Authorizations Deferred Charge to Future Revenue	Paid or Charged	Encumbrances Dec. 31, 2017	Balance, Dec. 31, 2017	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
08-10, 08-19	Water-Sewer Improvements	10/20/2008	\$ 155,400.00	\$ -	\$ 6,140.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,140.70
09-02	Water-Sewer Imp. Morrison Avenue	2/02/2009	215,000.00	-	1,500.84	39.09	-	62.24	-	-	1,477.69
09-15	Water Main Extension	9/08/2009	2,200,000.00	-	110,444.75	248.21	-	402.53	-	-	110,290.43
10-01	Water-Sewer Improvements - Leshin Lane	2/01/2010	52,000.00	-	-	-	-	-	-	-	-
11-03	Water-Sewer Improvements	6/06/2011	2,083,000.00	-	15,879.02	4,623.40	-	454.38	4,365.00	-	15,683.04
11-04	Refurbishment of Water Tanks	6/06/2011	100,000.00	-	15,000.00	62.78	-	62.78	-	-	15,000.00
12-14	Mitigation Water Plant/Roof Replacement	8/20/2012	132,000.00	-	47,683.68	12,716.07	-	8,365.73	-	-	52,034.02
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	8/19/2013	86,000.00	-	13,164.60	99.28	-	157.69	-	-	13,106.19
14-12	Improvements to Water-Sewer Plants	7/21/2014	100,000.00	-	33,441.25	124.10	-	24,333.50	7,031.36	-	2,200.49
16-14	Water-Sewer Improvements	6/06/2016	1,860,000.00	-	1,554,256.50	141,895.45	-	974,276.18	153,275.25	-	568,600.52
17-10	Water Mains, Sewer Imp Stockton & Forman	8/21/2017	1,270,000.00	-	-	-	1,270,000.00	33,267.75	-	-	1,236,732.25
17-11	Secondary Clarifier	8/21/2017	245,000.00	-	-	-	245,000.00	19,615.25	-	-	225,384.75
17-16	Water-Sewer Imp. Maple Ave Sunset Dr	11/20/2017	110,000.00	-	-	-	110,000.00	-	-	-	110,000.00
				<u>\$ -</u>	<u>\$ 1,797,511.34</u>	<u>\$ 159,808.38</u>	<u>\$ 1,625,000.00</u>	<u>\$ 1,060,998.03</u>	<u>\$ 164,671.61</u>	<u>\$ -</u>	<u>\$ 2,356,650.08</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2016	\$ 159,808.38
Increased by:	
Charged to Improvement Authorizations	<u>164,671.61</u>
	\$ 324,479.99
Decreased by:	
Transferred to Improvements Authorizations	<u>159,808.38</u>
Balance, December 31, 2017	<u><u>\$ 164,671.61</u></u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

Exhibit D-21

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2016		\$ 14,426,667.04
Increased by:		
Serial Bonds paid by Operating Budget	\$ 570,000.00	
Loans paid by Operating Budget	<u>205,145.56</u>	
		<u>775,145.56</u>
Balance, December 31, 2017		<u>\$ 15,201,812.60</u>

Exhibit D-22

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Balance, December 31, 2016		\$ 248,600.00
Increased by:		
Bond Anticipation Notes paid by Operating Budget		<u>20,900.00</u>
Balance, December 31, 2017		<u>\$ 269,500.00</u>

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016 and December 31. 2017

\$ 25,516.95

**BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY**

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Loan Issued</u>	<u>Balance Dec. 31, 2017</u>
02-16	Water-Sewer Improvements	\$ -	\$ -		\$ -	\$ -
09-02	Morrison Avenue Improvements	400.00	-	\$ -	-	400.00
09-15	Water Main Extension	53,750.00	-	-	-	53,750.00
11-03	Water-Sewer Improvements	563.00	-	-	-	563.00
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	6,000.00	-	-	-	6,000.00
16-14	Water-Sewer Improvements	1,860,000.00	-	869,750.00	339,627.00	650,623.00
17-10	Water Mains/Sewer Imp Forman and First Ave		1,270,000.00			1,270,000.00
17-11	Secondary Clarifier		245,000.00			245,000.00
17-16	Maple Ave and Sunset Dr. Improvements		110,000.00			110,000.00
		<u>\$ 1,920,713.00</u>	<u>\$ 1,625,000.00</u>	<u>\$ 869,750.00</u>	<u>\$ 339,627.00</u>	<u>\$ 2,336,336.00</u>

**SUPPLEMENTARY & STATISTICAL DATA**

**BOROUGH OF HIGHTSTOWN  
MERCER COUNTY, NEW JERSEY  
COMBINED BALANCE SHEET ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Current Fund	Trust Fund	General Capital Fund	Water-Sewer Utility Fund	Governmental Fixed Assets Account	Totals (Memorandum Only)	
						2017	2016
<b>ASSETS</b>							
Cash	\$ 2,700,046.80	\$ 1,259,422.74	\$ 377,863.08	\$ 476,279.42		\$ 4,813,612.04	\$ 4,690,436.89
Cash Held by Plan Administrator (LOSAP)		736,780.10				736,780.10	669,871.91
Accounts Receivable:							
Grants	162,752.79		1,462,500.00			1,625,252.79	1,069,015.26
Due from State of New Jersey				166,542.00		166,542.00	
Taxes, Liens and Utility Charges	426,190.40			151,267.81		577,458.21	547,024.30
Interfund Loans		13,456.64		30,250.00		43,706.64	
Other Accounts Receivable	22,078.10					22,078.10	26,487.15
Charges to Future Taxation:							
General Capital Fund			8,486,100.32			8,486,100.32	8,017,831.32
Fixed Capital				15,336,516.65		15,336,516.65	15,336,516.65
Fixed Capital Authorized and Uncompleted				8,661,400.00		8,661,400.00	7,036,400.00
Fixed Assets					\$ 5,590,072.36	5,590,072.36	5,581,636.36
	<u>\$ 3,311,068.09</u>	<u>\$ 2,009,659.48</u>	<u>\$ 10,326,463.40</u>	<u>\$ 24,822,255.88</u>	<u>\$ 5,590,072.36</u>	<u>\$ 46,059,519.21</u>	<u>\$ 42,975,219.84</u>

See Notes to Financial Statements.

**BOROUGH OF HIGHTSTOWN  
MERCER COUNTY, NEW JERSEY  
COMBINED BALANCE SHEET ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Current Fund	Trust Fund	General Capital Fund	Water-Sewer Utility Fund	Governmental Fixed Assets Account	Totals (Memorandum Only)	
						<u>2017</u>	<u>2016</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>							
Bonds, Notes and Loans Payable			\$ 6,155,295.05	\$ 6,017,183.05		\$ 12,172,478.10	\$ 12,267,856.66
Prepaid Taxes	\$ 649,128.44					649,128.44	116,957.10
Tax, Utility Charges and Other Overpayments	9,300.04			2,672.51		11,972.55	23,992.01
Appropriation Reserves	587,543.20			142,519.94		730,063.14	603,798.54
Reserve for Encumbrances	119,915.76	\$ 500.00	762,675.79	227,434.07		1,110,525.62	413,625.28
Amounts Pledged to Specific Purposes (LOSAP)		736,780.10				736,780.10	669,871.91
Developers Deposits and Escrow Funds		535,785.52				535,785.52	526,862.55
Improvement Authorizations			2,722,854.45	2,356,650.08		5,079,504.53	3,714,729.67
Interfund Loans	13,456.64			30,250.00		43,706.64	
Other Liabilities	322,633.01	736,593.86	606,689.50	78,659.34		1,744,575.71	2,037,414.58
Reserve for Certain Assets Receivable	448,268.50			151,267.81		599,536.31	573,511.45
Reserve for Amortization of Costs of Fixed Capital - Acquired or Authorized				15,201,812.60		15,201,812.60	14,426,667.04
Deferred Reserve for Amortization				269,500.00		269,500.00	248,600.00
Investment in Governmental Fixed Assets					\$ 5,590,072.36	5,590,072.36	5,581,636.36
Fund Balance	<u>1,160,822.50</u>		<u>78,948.61</u>	<u>344,306.48</u>		<u>1,584,077.59</u>	<u>1,769,696.69</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 3,311,068.09</u>	<u>\$ 2,009,659.48</u>	<u>\$ 10,326,463.40</u>	<u>\$ 24,822,255.88</u>	<u>\$ 5,590,072.36</u>	<u>\$ 46,059,519.21</u>	<u>\$ 42,975,219.84</u>

**BOROUGH OF HIGHTSTOWN**  
**MERCER COUNTY, NEW JERSEY**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**CURRENT FUND**

	Balance December 31, <u>2017</u>	<u>Percent</u>	Balance December 31, <u>2016</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,028,000.00	5.37%	\$ 610,000.00	3.27%
Miscellaneous - from other than Local				
Property Tax Levies	1,603,618.23	8.38%	1,715,856.09	9.19%
Other Credits to Income	316,442.73	1.65%	319,569.96	1.71%
Collection of Delinquent Taxes and Tax Title Liens	256,987.01	1.34%	303,522.77	1.62%
Collection of Current Tax Levy	<u>15,937,265.41</u>	<u>83.26%</u>	<u>15,723,603.99</u>	<u>84.21%</u>
 Total Income	 <u>\$ 19,142,313.38</u>	 <u>100.00%</u>	 <u>\$ 18,672,552.81</u>	 <u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures - Municipal Purposes	\$ 6,993,668.06	38.08%	\$ 6,500,592.46	36.38%
County Taxes	2,780,860.43	15.14%	2,790,030.37	15.62%
Local School Taxes	8,587,396.00	46.77%	8,576,754.00	48.00%
Other Expenditures	<u>1,489.37</u>	<u>0.01%</u>	<u>892.08</u>	<u>0.00%</u>
 Total Expenditures	 <u>\$ 18,363,413.86</u>	 <u>100.00%</u>	 <u>\$ 17,868,268.91</u>	 <u>100.00%</u>
 Excess in Revenue	 \$ 778,899.52		 \$ 804,283.90	
Statutory Excess to Fund Balance	778,899.52		804,283.90	
Fund Balance, January 1	<u>\$ 1,409,922.98</u>		<u>\$ 1,215,639.08</u>	
	2,188,822.50		2,019,922.98	
Less: Utilized as Anticipated Revenue	<u>1,028,000.00</u>		<u>610,000.00</u>	
Fund Balance, December 31	<u>\$ 1,160,822.50</u>		<u>\$ 1,409,922.98</u>	

**BOROUGH OF HIGHTSTOWN**  
**MERCER COUNTY, NEW JERSEY**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**WATER AND SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2017</u>	<u>Percent</u>	Balance December 31, <u>2016</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 146,169.00	4.32%	\$ 100,000.00	3.02%
Collection of Water and Sewer Rents	2,541,893.07	75.13%	2,573,507.26	77.67%
Other Credits to Income	91,088.95	2.69%	97,590.71	2.94%
Miscellaneous - from other than Water & Sewer Rents	<u>604,145.11</u>	<u>17.86%</u>	<u>542,477.93</u>	<u>16.37%</u>
Total Income	<u>\$ 3,383,296.13</u>	<u>100.00%</u>	<u>\$ 3,313,575.90</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	\$ 2,124,015.00	66.75%	\$ 2,110,115.00	66.99%
Debt Service	908,778.37	28.56%	893,703.47	28.37%
Deferred Charges and Statutory Expenditures	<u>149,316.00</u>	<u>4.69%</u>	<u>146,172.00</u>	<u>4.64%</u>
Total Expenditures	<u>\$ 3,182,109.37</u>	<u>100.00%</u>	<u>\$ 3,149,990.47</u>	<u>100.00%</u>
Excess/(Deficit) in Revenue over Expenditures	\$ 201,186.76		\$ 163,585.43	
Statutory Excess to Fund Balance	\$ 201,186.76		\$ 163,585.43	
Fund Balance, January 1	<u>188,985.59</u>		<u>125,400.16</u>	
	390,172.35		288,985.59	
Less:				
Utilized as Anticipated Revenue	<u>146,169.00</u>		<u>100,000.00</u>	
Fund Balance, December 31	<u>\$ 244,003.35</u>		<u>\$ 188,985.59</u>	

**BOROUGH OF HIGHTSTOWN**  
**MERCER COUNTY, NEW JERSEY**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>4.122</u>	<u>4.086</u>	<u>4.060</u>
<b><u>Appointment of Tax Rate:</u></b>			
County Regular	0.621	0.626	0.615
County Library	0.061	0.060	0.059
County Open Space	0.026	0.027	0.027
Local School	2.190	2.196	2.197
Municipal	1.224	1.177	1.162

**ASSESSED VALUATIONS**

2017	<u>\$392,180,396.00</u>		
2016		<u>\$390,467,348.00</u>	
2015			<u>\$389,586,874.00</u>

**COMPARISON OF TAX LEVIES AND CURRENT COLLECTION**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$16,198,829.58	\$15,937,265.41	98.39%
2016	\$16,003,149.14	\$15,723,603.99	98.25%
2015	\$15,839,644.32	\$15,544,799.40	98.14%

**DELINQUENT TAXES AND TAX TITLE LIENS**

The tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$201,865.40	\$224,325.00	\$426,190.40	2.63%
2016	\$153,605.36	\$267,561.21	\$421,166.57	2.63%
2015	\$184,627.77	\$263,460.09	\$448,087.86	2.83%

**BOROUGH OF HIGHTSTOWN**  
**MERCER COUNTY, NEW JERSEY**

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties have been acquired in 2017 by foreclosure or deed as a result of liquidation of tax title liens.

There was no property acquired by liquidation of tax title liens on December 31, for the last three years.

**COMPARISON OF WATER AND SEWER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections *</u>
2017	\$ 2,531,515.31	\$ 2,541,893.07
2016	2,544,297.35	2,573,507.26
2015	2,547,142.45	2,526,843.50

\* Cash collections include amounts which were levied in prior years.

**COMPARATIVE SCHEDULE OF FUND BALANCES**

<u>Fund</u>	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget Budget of Succeeding Year</u>	<u>Transferred to Current Fund in Succeeding Year</u>
Current	2017	\$ 1,160,794.50	\$ 804,400.00	N/A
	2016	1,409,922.98	1,028,000.00	N/A
	2015	1,215,639.08	610,000.00	N/A
	2014	1,083,918.01	600,000.00	N/A
	2013	1,253,360.07	720,000.00	N/A
Water-Sewer	2017	\$ 244,003.35	\$ 240,000.00	None
	2016	188,985.59	146,169.00	None
	2015	125,400.16	100,000.00	None
	2014	86,427.40	85,000.00	None
	2013	297,863.49	292,500.00	None

**BOROUGH OF HIGHTSTOWN**  
**MERCER COUNTY, NEW JERSEY**

**SUMMARY OF MUNICIPAL DEBT**

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 6,155,295.00	\$ 6,490,920.00	\$ 5,279,041.00
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>6,017,183.00</u>	<u>5,776,937.00</u>	<u>6,308,476.00</u>
	<u>\$ 12,172,478.00</u>	<u>\$ 12,267,857.00</u>	<u>\$ 11,587,517.00</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	\$ 2,330,805.00	\$ 1,526,911.00	\$ 2,958,565.00
Water-Sewer Utility:			
Bonds and Notes	<u>2,336,336.00</u>	<u>1,920,713.00</u>	<u>352,013.00</u>
	<u>\$ 4,667,141.00</u>	<u>\$ 3,447,624.00</u>	<u>\$ 3,310,578.00</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 16,839,619.00</u>	<u>\$ 15,715,481.00</u>	<u>\$ 14,898,095.00</u>

**BOROUGH OF HIGHTSTOWN**  
**MERCER COUNTY, NEW JERSEY**

**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 2.094%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 3,319,124.00	\$ 3,319,124.00	None
Water-Sewer Utility Debt	8,353,519.00	8,353,519.00	None
General Debt	<u>8,486,100.00</u>	None	<u>\$ 8,486,100.00</u>
	<u>\$ 20,158,743.00</u>	<u>\$ 11,672,643.00</u>	<u>\$ 8,486,100.00</u>

Net Debt \$8,017,831 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended  
\$405,334,594 = 2.094

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

3½% of Equalized Valuation Basis (Municipal) Net Debt	<u>\$ 14,186,711.00</u> 8,486,100.00
Remaining Borrowing Power	<u>\$ 5,700,611.00</u>

**CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER NJS 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,292,207.00
Deductions:	
Operating and Maintenance Cost	\$ 2,273,331.00
Debt Service per Water-Sewer Account	<u>908,778.00</u>
	<u>3,182,109.00</u>
	<u>\$ 110,098.00</u>

The foregoing debt information is in agreement with the Annual Debt Statement as filed by the Chief Financial Officer.

**SINGLE AUDIT SECTION**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, NJ 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor and Members  
of the Borough of Council  
Borough of Hightstown  
County of Mercer  
Hightstown, New Jersey

### Report on Compliance for Each Major Federal Program

We have audited the Borough of Hightstown ("Borough"), compliance with the types of compliance requirements described in *the Uniform Guidance* that could have a direct and material effect on each of Borough's major federal programs for the year ended December 31, 2017. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(CONTINUED)**

Opinion on Each Major Federal Program

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(CONTINUED)**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements – regulatory basis financial statements consisting of the activities of the Borough as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon dated August 24, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.



Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
August 24, 2018

**BOROUGH OF HIGHSTOWN  
COUNTY OF MERCER, NEW JERSEY  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Agency Pass-through Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Current Year Expenditures</u>
U.S. Department of Environmental Protection Passed through NJ Department of Environmental Protection: Clean Water	66.568	1214001-004 (IFP)	Open	\$ 912,840.00	\$ 730,707.14
U.S. Department of Housing & Urban Department Community Block Grant Program - Small Cities	14.228	022-8020-100-078	10/1/2016 - 9/30/2017	150,000.00	31,240.00
U.S. Department of Transportation Division of Highway Traffic Safety:					
Distracted Driving	20.616	066-1160-100-158	10/1/2015 - 9/30/2016	5,500.00	5,500.00
Impaired Driving	20.616	066-1160-100-157	10/1/2016 - 9/30/2017	5,500.00	3,300.00
Impaired Driving	20.616	066-1200-100-155	10/1/2016 - 9/30/2017	5,500.00	2,200.00
Impaired Driving	20.616	066-1160-100-157	10/1/2016 - 9/30/2017	5,500.00	5,225.00
					<u>\$ 778,172.14</u>

**BOROUGH OF HIGHTSTOWN**  
**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2017**

**1. GENERAL**

The accompanying schedule of expenditures of federal awards (Schedule A) includes the federal award of the Borough of Hightstown ("Borough") under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's regulatory basis financial statements.

**3. BASIS OF PRESENTATION**

The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

**4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS – REGULATORY BASIS**

The accompanying schedule of expenditures of federal awards is presented using the basis of accounting as described in Note 1 for the Borough's financial statements.

**5. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

**BOROUGH OF HIGHTSTOWN**  
**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2017**  
**(CONTINUED)**

**6. DE MINIMIS INDIRECT COST RATE**

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**7. FEDERAL LOANS OUTSTANDING**

The Borough had loans outstanding payable to federal entities at December 31, 2017.

Federal

USEPA:

Water-Sewer:

2010 - Drinking Water	\$ 932,946.53
2012 - Drinking Water & Clean Water	599,093.20
2012 - Drinking Water & Clean Water	505,092.00
2017 - Drinking Water	<u>83,080.32</u>
	<u><u>\$ 2,120,212.05</u></u>

**BOROUGH OF HIGHTSTOWN**  
**COUNTY OF MERCER, NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

**MAJOR FEDERAL AWARD PROGRAMS**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified dated  
August 24, 2018

Internal control over financial reporting:

1. Material weakness(es) identified?        yes   X   no
2. Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to basic financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified?        yes   X   no
2. Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified dated  
August 24, 2018

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance        yes   X   no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
66.568	USEPA - Clean Water

Dollar threshold used to distinguish between Type A and Type B Programs:        \$        750,000.00

Auditee qualified as low-risk auditee?        Yes        X        No

**BOROUGH OF HIGHTSTOWN**  
**COUNTY OF MERCER, NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

**STATE FINANCIAL ASSISTANCE PROGRAMS**

**Section I - Summary of Auditor's Results**

N/A

**Section II - Schedule of Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

**Section III - Schedule of Federal Awards  
Findings and Questioned Costs**

No federal award findings or questioned costs noted that are required to be reported in accordance with the Uniform Guidance.

**BOROUGH OF HIGHTSTOWN**  
**COUNTY OF MERCER, NEW JERSEY**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2017**

**FOR THE YEAR ENDED DECEMBER 31, 2016:**

There were no findings for the year ended December 31, 2016.

**AUDITOR'S COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**  
**DECEMBER 31, 2017**

Contracts And Agreements Required To Be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "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 after public advertising for bids and bidding therefore, 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 of \$40,000.00 due to the presence of a Qualified Purchasing Agent ("QPA"). The municipality appointed Debra Sopronyi as their QPA for the 2017 year. Accordingly, the Borough's 2017 bid threshold 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 questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Chemicals for Wastewater Treatment Plant	Secondary Clarifier Improvements
Rehabilitation of East Ward Street	

In addition, no items, purchased under State contract or cooperative purchasing agreements, was included in the expenditure testing for 2017. However, the minutes indicate that the following items were authorized under State contracts or cooperative purchasing agreements:

Ford F550 Dump Body	Turn-out Gear
2018 Police Interceptors	

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

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 examination 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 provision of N.J.S. 40A:11-6.

However, our examination of the expenditures revealed that the per tonnage costs of Sludge Cake Removal and Grit & Screenings rendered by Waste Management of NJ, Inc. did not correlate to the bid rates effective March 4, 2015 through March 4, 2018. The Administration was made aware of the situation and are in the process of reviewing the matter.

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2017**

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

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

The governing body, on January 1, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

RESOLVED, that in accordance with N.J.S. 54:4-67, as amended in 1970, it is hereby authorized that the rate of interest for delinquent taxes and assessments be fixed at eight percent (8%) per annum up to \$1,500.00 and eighteen percent (18%) per annum over \$1,500.00 on all delinquent taxes and sewer assessments from the date same were due and payable, and on all delinquencies in excess of \$10,000.00, a penalty pursuant to the provisions of P.L. 1991, Chapter 75, is hereby fixed in the amount of six percent (6%) of such delinquency.

The Borough ordinance establishing the rules and regulations on the Sewer Utility provides, in part, that charges not paid on the due dates shall be subjected to a rate of interest of eight percent (8%) per annum, up to \$1,500.00 and eighteen percent (18%) per annum interest over \$1,500.00.

It appears, from an examination of the Collector's records, that interest on delinquent taxes and utility charges was collected in accordance with the foregoing resolution and ordinance.

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2017 and prior years and tax title liens is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2017, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report.

There was a tax sale held on October 20, 2017 and the sale 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 31st of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2017	17
2016	15
2015	15

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.

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2017**

Water & Sewer Utility Operating Fund

The Water & Sewer Utility Operating Fund Consumer Accounts Receivable as reflected in this audit report was proven to the detail records.

Cash Balances

The cash balances in all funds were verified by independent certifications obtained from the depositories as at December 31, 2017 and on July 31, 2018 in connection with the supplemental reconciliations.

Cash counts were made at various dates in all departments of the Borough and bank balances were independently reconciled to the books and records provided for audit.

The change and petty cash funds were counted.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed for the most part, compliance with procedures and requirements has been adhered to except for several instances of invoices dated before purchase orders.

Payroll

An examination was made of the employees' compensation records for the year 2017 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Our examination of payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's operating funds or Departments.

The allocation of salaries for individuals whose duties encompass more than one fund or appropriation is done at the sole discretion of the management of the Borough. It is proper and legal to allocate salaries amongst funds as long as the duties of the individuals relate to the costs charged to the fund or appropriation.

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2017**

Miscellaneous Comments

The confirmation sent to the Local Board of Education verified that school taxes were paid during December 31, 2017.

The surety bonds covering the Chief Financial Officer/Tax Collector, the Chief Financial Officer and the Municipal Court employees were tested for adequacy of coverage and were determined to be sufficient.

Interfunds

The Balance Sheets of various funds reflect Interfund Receivable/Payable as of December 31, 2017. The interfunds will be liquidated subsequent to yearend.

Construction Code Official

Our examination of the Uniform Construction Code Annual Report revealed the revenues for 2017 in accordance with the report were \$70,006.00 and expenditures were \$208,479.00. The excess of expenditures over revenue needs to be reviewed for corrective action. The statutes require (allow) that the revenue of the department be sufficient to support the expenditures.

The separate report as required by the Local Finance Board Notice #17-15 for Uniform Construction Code Fee Certificate was filed in conjunction with the issuance of this audit.

Reserves

Reserves, unexpended appropriations and improvements authorizations in all funds (including the grant fund) which are aged or inactive should be reviewed on an ongoing basis for utilization, refund to the funding source or cancellation to the appropriate fund balance.

Technical Directives – State of New Jersey

The general ledger for 2017 was maintained in accordance with acceptable accounting control standards.

An encumbrance system for budgetary purposes was maintained during 2017.

A fixed assets detail was maintained in 2017.

**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2017**

Miscellaneous Comments (Continued)

Review of Procedures

It is suggested that for all financial processes that from time to time that a review, updating and documentation of all procedures be done in order to be in compliance with accounting and auditing requirements related to internal control. Cross training should be considered as part of the review. This review may be helpful in times of transition, in periods of long absences of management and clerical employees and in the ever-changing business technological environment. It should be noted that the Governing Body has the ultimate responsibility to ensure that procedures are in place.

Computerization

Internal controls require that this area be monitored to ensure no "hacking" occurs, lowering the risk of data, and Borough bank accounts, from being breached.

Other Matters

It is suggested that the various matters referred throughout this report which require definite action be referred to the officials directly concerned.

A formal exit conference, in accordance with governmental auditing standards generally accepted in the United States of America was held on the contents of this report.

Appreciation

I desire to express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended during the course of the audit.

Follow-up on Prior Year Recommendations

CR-16-01: The Borough's financial statements and related notes are completed in a timely manner to permit the audit to be submitted by the statutory deadline.

Status: The response made by Management, documented in the 2016 Audit Report, stated the 2017 financial statements and related notes were in the process of being completed and would be done by June 30. The financial statements and related notes were presented in full on August 24, 2018 which is an improvement from the prior year.

**RECOMMENDATIONS**  
**DECEMBER 31, 2017**

None.

The problems noted in my audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "G Stankiewicz". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431  
of the Firm  
SAMUEL KLEIN AND COMPANY