

BOROUGH OF HIGHTSTOWN

COUNTY OF MERCER

REPORT OF AUDIT

DECEMBER 31, 2015

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

**P.O. Box 37
Adelphia, NJ 07710**

BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER

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BOROUGH OF HIGHTSTOWN

COUNTY OF MERCER

PART I

AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 2015

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements - regulatory basis of the various funds of the Borough of Hightstown (the "Borough"), in the County of Mercer, State of New Jersey, as of and for the years ended December 31, 2015 and 2014, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

Auditor's Responsibility (Continued)

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, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with statutory and regulatory 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 matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to in the first paragraph, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2015 and 2014, and the results of its operations for the years then ended.

Basis of Disclaimer of Opinion on Length of Service Awards Program Fund (LOSAP)

As discussed in Note 1, the financial statements of the Length of Service Awards 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 statements are included in the Borough's Trust Fund, and represent 19.06% and 35.11% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2015 and 2014.

Disclaimer of Opinion of 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 on 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 – regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough at December 31, 2015 and 2014, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's financial statements. The supplementary financial schedules listed in the table of contents are required by the Division and are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary financial schedules, referred to in the preceding paragraph, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 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 supplementary financial schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

William E. Antonides and Company

Independent Auditors



**William E. Antonides, Jr.
Registered Municipal Accountant
Certified Public Accountant**

June 16, 2017

CURRENT FUND
 COMPARATIVE BALANCE SHEET
 REGULATORY BASIS

| ASSETS | Ref. | Balance <u>Dec. 31, 2015</u> | Balance <u>Dec. 31, 2014</u> |
|---|----------|---------------------------------|---------------------------------|
| Cash | A-4 | \$ 2,040,412.94 | \$ 2,394,992.98 |
| Change Fund | | 205.00 | 205.00 |
| Due from State of New Jersey (Ch. 20, P.L. 1971) | A-5 | <u>-</u> | <u>-</u> |
| | | <u>\$ 2,040,617.94</u> | <u>\$ 2,395,197.98</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-6 | \$ 263,460.09 | \$ 318,391.17 |
| Tax Title Liens Receivable | A-7 | 184,627.77 | 159,450.59 |
| Revenue Accounts Receivable | A-10 | 24,249.73 | 14,467.67 |
| Interfunds: | | | |
| Grant Fund | A-4 | - | - |
| Animal Control Fund | A-2, A-4 | - | 4,400.00 |
| Other Trust Fund | A-4 | - | - |
| General Capital Fund | A-4 | - | - |
| | A | <u>\$ 472,337.59</u> | <u>\$ 496,709.43</u> |
| | | <u>\$ 2,512,955.53</u> | <u>\$ 2,891,907.41</u> |
| Grant Fund: | | | |
| Cash | A-18 | \$ 77,065.63 | \$ 50,795.25 |
| Grants Receivable | A-19 | <u>7,812.27</u> | <u>5,067.77</u> |
| | | <u>\$ 84,877.90</u> | <u>\$ 55,863.02</u> |
| | | <u>\$ 2,597,833.43</u> | <u>\$ 2,947,770.43</u> |

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

Continued

CURRENT FUND
 COMPARATIVE BALANCE SHEET
 REGULATORY BASIS
 (CONTINUED FROM PRIOR PAGE)

| LIABILITIES, RESERVES AND FUND BALANCE | Ref. | Balance <u>Dec. 31, 2015</u> | Balance <u>Dec. 31, 2014</u> |
|---|-------------|---------------------------------|---------------------------------|
| Liabilities: | | | |
| Appropriations Reserves | A-3, A-11 | \$ 520,342.85 | \$ 624,664.60 |
| Reserve for Encumbrances | A-3, A-11 | 143,025.23 | 107,157.28 |
| Prepaid Taxes | A-12 | 93,261.77 | 88,834.41 |
| Accounts Payable | A-8 | 32,558.55 | 56,693.94 |
| Tax Overpayments | A-13 | 19,560.56 | 4,382.71 |
| Regional School Taxes Payable | A-14 | - | - |
| Due County for Added Taxes | A-15 | 3,886.61 | 1,908.90 |
| Reserve for Hurricane Irene | | 2,626.27 | 13,116.27 |
| Reserve for Tax Appeals | | - | 16,063.07 |
| Reserve for Enchantment Escrow | A-4 | - | 390,000.00 |
| Reserve for Fire Safety and Code Enforcement | A-9 | 6,250.00 | |
| Due to State of New Jersey (Ch. 20, P.L. 1971) | A-11 A-5 | 745.02 | 245.02 |
| Interfunds: | | | |
| Water-Sewer Operating Fund | A-4 | - | - |
| Other Trust Fund | A-4 | - | 7,963.77 |
| Unemployment Trust | A-4 | - | - |
| Due to State of New Jersey | A-16 | <u>2,722.00</u> | <u>250.00</u> |
| | | \$ 824,978.86 | \$ 1,311,279.97 |
| Reserve for Receivables and Other Assets | A | 472,337.59 | 496,709.43 |
| Fund Balance | A-1 | <u>1,215,639.08</u> | <u>1,083,918.01</u> |
| | | <u>\$ 2,512,955.53</u> | <u>\$ 2,891,907.41</u> |
| Grant Fund: | | | |
| Reserve for Grants Appropriated | A-20 | \$ 79,826.80 | \$ 48,288.27 |
| Reserve for Encumbrances | A-21 | - | 361.37 |
| Reserve for Grants Unappropriated | A-22 | 5,051.10 | 7,213.38 |
| | | <u>\$ 84,877.90</u> | <u>\$ 55,863.02</u> |
| | | <u>\$ 2,597,833.43</u> | <u>\$ 2,947,770.43</u> |

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

Concluded

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

| Revenue and Other Income Realized | Ref. | Year 2015 | Year 2014 |
|--|------|-------------------------------|-------------------------------|
| Fund Balance Anticipated | A-2 | \$ 600,000.00 | \$ 720,000.00 |
| Miscellaneous Revenue Realized | A-2 | 1,583,020.29 | 1,462,047.81 |
| Receipts from Delinquent Taxes | A-2 | 319,500.39 | 254,864.88 |
| Receipts from Current Taxes | A-2 | 15,544,799.40 | 15,658,573.11 |
| Non-Budget Revenue | A-2 | 30,106.08 | 51,815.59 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-11 | 342,051.80 | 295,805.11 |
| Interfunds Returned | | 4,400.00 | 4,844.24 |
| Tax Overpayment Canceled | A-13 | - | - |
| Grant Reserve Canceled | A-20 | 100.00 | 2,887.50 |
| Reserve for Tax Appeal Canceled | A-17 | 16,063.07 | - |
| | | <u>\$ 18,440,041.03</u> | <u>\$ 18,450,838.24</u> |
| Total Income | | | |
| Expenditures | | | |
| Budget and Emergency Appropriations: | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | \$ 2,638,892.00 | \$ 2,658,108.00 |
| Other Expenses | A-3 | 2,628,079.28 | 2,609,720.43 |
| Capital Improvements | A-3 | 49,500.00 | 26,000.00 |
| Municipal Debt Service | A-3 | 571,567.22 | 507,341.93 |
| Deferred Charges and Statutory Expenditures - Municipal | A-3 | 523,527.00 | 603,570.00 |
| | | <u>\$ 6,411,565.50</u> | <u>\$ 6,404,740.36</u> |
| Total Budget | | | |
| Regional School Taxes | A-14 | 8,559,326.00 | 8,591,391.00 |
| County Taxes | A-15 | 2,735,929.09 | 2,895,966.44 |
| Grant Receivables Canceled | A-19 | 100.00 | 2,887.50 |
| Interfunds Advanced | | - | 4,400.00 |
| Prior Year Refund | A-4 | 1,149.37 | 645.00 |
| Prior Year Senior Citizen Deduction Disallowed | A-5 | 250.00 | 250.00 |
| | | <u>\$ 17,708,319.96</u> | <u>\$ 17,900,280.30</u> |
| Total Expenditures | | | |
| Excess in Expenditures/Revenues | | \$ 731,721.07 | \$ 550,557.94 |
| Fund Balance, January 1 | A | <u>1,083,918.01</u> | <u>1,253,360.07</u> |
| | | <u>\$ 1,815,639.08</u> | <u>\$ 1,803,918.01</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-2 | <u>600,000.00</u> | <u>720,000.00</u> |
| Balance, December 31 | A | <u><u>\$ 1,215,639.08</u></u> | <u><u>\$ 1,083,918.01</u></u> |

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

CURRENT FUND
 STATEMENT OF REVENUES
 REGULATORY BASIS

| Ref. | Anticipated | | Realized | Excess or (Deficit) | |
|---|--------------------|-------------------------------|--------------|------------------------|---------------|
| | Budget Revenues | Special N.J.S. 40A:4-87 | | | |
| Surplus Anticipated | A-1 | \$ 600,000.00 | \$ - | \$ 600,000.00 | \$ - |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-10 | \$ 7,500.00 | \$ - | \$ 7,750.00 | \$ 250.00 |
| Other | A-10 | 20,000.00 | - | 21,600.00 | 1,600.00 |
| Fees and Permits | A-10 | 17,000.00 | - | 18,827.58 | 1,827.58 |
| Fines and Costs: | | | | | |
| Municipal Court | A-10 | 240,000.00 | - | 275,271.25 | 35,271.25 |
| Interest and Costs on Taxes | A-10 | 68,000.00 | - | 73,966.75 | 5,966.75 |
| Interest on Investments and Deposits | A-10 | 18,000.00 | - | 30,154.68 | 12,154.68 |
| Lease of Borough Owned Property | A-10 | 70,000.00 | - | 61,297.63 | (8,702.37) |
| Consolidated Municipal Property Tax Relief Aid | A-10 | 61,789.00 | - | 61,789.00 | - |
| Energy Receipts Tax | A-10 | 441,761.00 | - | 441,761.00 | - |
| Uniform Construction Code Fees | A-10 | 50,000.00 | - | 159,042.00 | 109,042.00 |
| Shared Services Agreement - 911 Cranbury Township | A-10 | 112,200.00 | - | 112,200.00 | - |
| Shared Services Agreement - Roosevelt Borough | | | | | |
| Trash Collection | A-10 | 61,000.00 | - | 61,000.00 | - |
| Shared Services Agreement - Roosevelt Borough | | | | | |
| Trash Collection -Tipping Fees | A-10 | 35,000.00 | - | 29,178.40 | (5,821.60) |
| Shared Services Agreement - Roosevelt Borough | | | | | |
| Trash Collection - Borough Clerk Services | A-10 | 28,000.00 | - | 35,521.25 | 7,521.25 |
| Recycling Tonnage Grant | A-10 | 5,131.35 | - | 5,131.35 | - |
| Clean Communities Program | A-10 | 9,900.78 | - | 9,900.78 | - |
| Alcohol Education Rehabilitation Fund | A-10 | - | 7,661.31 | 7,661.31 | - |
| Drunk Driving Enforcement Grant | A-10 | - | 20,216.48 | 20,216.48 | - |
| Click It or Ticket | A-10 | 4,000.00 | - | 4,000.00 | - |
| Body Armor Grant | A-10 | - | 1,510.33 | 1,510.33 | - |
| Drive Sober or Get Pulled Over | A-10 | - | 5,000.00 | 5,000.00 | - |
| JIF Safety Grant | A-10 | 2,082.03 | - | 2,082.03 | - |
| Uniform Fire Safety Act | A-10 | 9,000.00 | - | 9,119.83 | 119.83 |
| CATV - Franchise Fee | A-10 | 35,051.00 | - | 35,051.20 | 0.20 |
| The Peddie School - Gift | A-10 | 23,000.00 | - | 23,000.00 | - |
| Verizon Franchise Fee | A-10 | 35,655.00 | - | 35,655.13 | 0.13 |
| FEMA - Hurricane Irene | A-10 | 39,400.00 | - | 3,478.17 | (35,921.83) |
| Hightstown Housing Authority - Payment in Lieu of Taxes | A-10 | 25,000.00 | - | 31,854.14 | 6,854.14 |
| Total Miscellaneous Revenues | A-1 | \$ 1,418,470.16 | \$ 34,388.12 | \$ 1,583,020.29 | \$ 130,162.01 |
| Receipts from Delinquent Taxes | A-1, A-2 | \$ 304,000.00 | \$ - | \$ 319,500.39 | \$ 15,500.39 |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | \$ 4,525,716.00 | \$ - | \$ 4,714,544.31 | \$ 188,828.31 |
| Budget Totals | | \$ 6,848,186.16 | \$ 34,388.12 | \$ 7,217,064.99 | \$ 334,490.71 |
| Non-Budget Revenues | A-1, A-2 | | | 30,106.08 | |
| | | \$ 6,848,186.16 | \$ 34,388.12 | \$ 7,247,171.07 | |
| Ref. | A-3 | | A-3 | | |

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

Continued

CURRENT FUND
 STATEMENT OF REVENUES
 REGULATORY BASIS
 (CONTINUED FROM PRIOR PAGE)

| Analysis of Realized Revenues: | <u>Ref.</u> | <u>Dec. 31, 2015</u> |
|--|-------------|------------------------|
| Allocation of Current Taxes: | | |
| Prepaid Prior Year | A-6 | \$ 88,834.41 |
| Collected Current Year | A-6 | 15,431,779.33 |
| Overpayments Applied | A-6 | 435.66 |
| Senior Citizens' and Veterans' Deductions | A-6 | <u>23,750.00</u> |
| | A-1 | \$ 15,544,799.40 |
| Allocated to: | | |
| School and County Taxes | A-14, A-15 | <u>11,295,255.09</u> |
| Balance for Support of Municipal Budget Appropriations | | |
| | | \$ 4,249,544.31 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>465,000.00</u> |
| Amount for Support of Municipal Budget | A-2 | <u>\$ 4,714,544.31</u> |
| Receipts from Delinquent Taxes: | | |
| Delinquent Tax Collection | A-2, A-6 | \$ 315,028.55 |
| Tax Title Lien Collections | A-7 | <u>4,471.84</u> |
| | A-2 | <u>\$ 319,500.39</u> |

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

Continued

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
(CONTINUED FROM PRIOR PAGE)

| Analysis of Non-Budget Revenues: | <u>Ref.</u> | <u>Dec. 31, 2015</u> |
|---|-------------|----------------------|
| Tax Map/Ordinance Copies | | \$ 1.40 |
| Court Motor Vehicle Inspections | | 6,309.00 |
| Owners List | | 30.00 |
| Tax Collector Fees | | 310.00 |
| Senior Citizens and Veterans Administration Fee | | 480.00 |
| Miscellaneous Fees - Notary fees | | 158.20 |
| Police Accident Reports | | 854.59 |
| Other Police Fees | | 95.00 |
| Fire Code Other | | 1,146.00 |
| Shared Services Public Works - Roosevelt | | 390.00 |
| Americana Lease | | 10,209.69 |
| Construction Code Miscellaneous Fees | | 2,560.40 |
| Fire Penalties | | 5,500.00 |
| Miscellaneous | | <u>2,061.80</u> |
| | A-2, A-4 | <u>\$ 30,106.08</u> |

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

Concluded

CURRENT FUND
 STATEMENT OF EXPENDITURES
 REGULATORY BASIS

| OPERATIONS - WITHIN "CAPS" | Budget | Budget After Modifications | Expended | | Unexpended Balance Cancelled |
|---|--------------|-------------------------------|--------------------|-----------|------------------------------------|
| | | | Paid or Charged | Reserved | |
| GENERAL GOVERNMENT | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 55,930.00 | \$ 55,930.00 | \$ 55,930.00 | \$ - | \$ - |
| Other Expenses | 1,465.00 | 1,465.00 | 1,203.90 | 261.10 | - |
| Mayor and Council: | | | | | |
| Salaries and Wages | 26,400.00 | 26,400.00 | 26,400.00 | - | - |
| Other Expenses | 2,600.00 | 2,600.00 | 2,421.00 | 179.00 | - |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 85,327.00 | 88,327.00 | 81,690.55 | 6,636.45 | - |
| Other Expenses | 11,200.00 | 13,700.00 | 12,893.72 | 806.28 | - |
| Elections: | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 1,475.00 | 2,525.00 | - |
| Office Supplies and Paper Products | | | | | |
| Other Expenses | 10,200.00 | 10,200.00 | 8,820.06 | 1,379.94 | - |
| Financial Administration: | | | | | |
| Salaries and Wages | 96,300.00 | 96,300.00 | 95,255.27 | 1,044.73 | - |
| Other Expenses | 9,750.00 | 9,750.00 | 8,814.77 | 935.23 | - |
| 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 | 2,403.75 | 7,596.25 | - |
| Central Computer (Data Processing/ Info Tech): | | | | | |
| Salaries and Wages | 5,100.00 | 5,100.00 | 4,807.69 | 292.31 | - |
| Other Expenses | 29,000.00 | 29,000.00 | 20,551.77 | 8,448.23 | - |
| Collection of Taxes: | | | | | |
| Salaries and Wages | 40,316.00 | 43,316.00 | 43,243.74 | 72.26 | - |
| Other Expenses | 7,650.00 | 8,650.00 | 7,658.84 | 991.16 | - |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 17,479.00 | 17,479.00 | 16,746.61 | 732.39 | - |
| Other Expenses | 12,000.00 | 8,500.00 | 4,175.29 | 4,324.71 | - |
| Interest on Tax Appeals: | | | | | |
| Other Expenses | 100.00 | 100.00 | - | 100.00 | - |
| Legal Services and Costs: | | | | | |
| Other Expenses | 160,000.00 | 160,000.00 | 131,601.20 | 28,398.80 | - |
| Legal Settlements: | | | | | |
| Other Expenses | - | - | - | - | - |
| Engineering Services and Costs: | | | | | |
| Other Expenses | 30,500.00 | 30,500.00 | 28,095.00 | 2,405.00 | - |
| Historical Commission: | | | | | |
| Other Expenses | 1,900.00 | 1,900.00 | - | 1,900.00 | - |
| Municipal Land Use Law (N.J.S.A. 40:55D-1) | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 21,700.00 | 21,700.00 | 17,419.23 | 4,280.77 | - |
| Other Expenses | 32,600.00 | 32,600.00 | 32,370.40 | 229.60 | - |
| Insurance: | | | | | |
| Insurance Deductibles | 3,000.00 | 3,000.00 | - | 3,000.00 | - |
| Unemployment Compensation Insurance | 5,000.00 | 5,000.00 | 5,000.00 | - | - |
| General Liability | 51,000.00 | 51,000.00 | 42,698.00 | 8,302.00 | - |
| Workers Compensation Insurance | 114,000.00 | 114,000.00 | 113,096.52 | 903.48 | - |
| Employee Group Health Insurance | 620,000.00 | 620,000.00 | 607,254.60 | 12,745.40 | - |
| Health Benefit Waiver | 10,000.00 | 10,000.00 | 5,000.00 | 5,000.00 | - |
| PUBLIC SAFETY FUNCTIONS | | | | | |
| Police Department: | | | | | |
| Salaries and Wages | 1,232,390.00 | 1,232,390.00 | 1,175,392.01 | 56,997.99 | - |
| Other Expenses | 110,658.00 | 110,658.00 | 91,775.42 | 18,882.58 | - |
| Police Vehicle Purchase | 32,000.00 | 32,000.00 | 30,638.25 | 1,361.75 | - |
| Police Fire and Radio Communications: | | | | | |
| Salaries and Wages | 189,480.00 | 164,480.00 | 155,490.53 | 8,989.47 | - |
| Other Expenses | 11,680.00 | 31,680.00 | 31,027.22 | 652.78 | - |
| Office of Emergency Management: | | | | | |
| Salaries and Wages | 2,000.00 | 2,000.00 | 1,000.00 | 1,000.00 | - |
| Other Expenses | 4,500.00 | 4,500.00 | 2,290.88 | 2,209.12 | - |

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

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 REGULATORY BASIS
 (CONTINUED FROM PRIOR PAGE)

| OPERATIONS - WITHIN "CAPS" (Continued) | Budget | Budget After Modifications | Expended | | Unexpended Balance Cancelled |
|---|--------------|-------------------------------|--------------------|-----------|------------------------------------|
| | | | Paid or Charged | Reserved | |
| PUBLIC SAFETY FUNCTIONS (Continued) | | | | | |
| Fire Department: | | | | | |
| Other Expenses | \$ 38,500.00 | \$ 38,500.00 | \$ 37,637.60 | \$ 862.40 | \$ - |
| 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 | 10,150.00 | 3,850.00 | - |
| Other Expenses | 11,270.00 | 11,270.00 | 9,012.19 | 2,257.81 | - |
| First Aid Organization: | | | | | |
| Other Expenses | 30,000.00 | 30,000.00 | 15,264.86 | 14,735.14 | - |
| First Aid Contribution: | | | | | |
| Other Expenses | 1,500.00 | 1,500.00 | 1,500.00 | - | - |
| Municipal Prosecutor: | | | | | |
| Other Expenses | 14,600.00 | 14,600.00 | 13,200.00 | 1,400.00 | - |
| PUBLIC WORKS FUNCTIONS | | | | | |
| Streets and Road Maintenance: | | | | | |
| Salaries and Wages | 157,000.00 | 167,000.00 | 158,626.64 | 8,373.36 | - |
| Other Expenses | 42,300.00 | 42,300.00 | 33,223.09 | 9,076.91 | - |
| Snow Removal: | | | | | |
| Salaries and Wages | 6,000.00 | 6,000.00 | 6,000.00 | - | - |
| Other Expenses | 4,000.00 | 4,000.00 | 2,335.42 | 1,664.58 | - |
| Sanitation/Solid Waste Collection: | | | | | |
| Salaries and Wages | 53,000.00 | 53,000.00 | 51,250.58 | 1,749.42 | - |
| Other Expenses | 55,156.00 | 55,156.00 | 42,357.82 | 12,798.18 | - |
| Public Buildings and Grounds: | | | | | |
| Salaries and Wages | 60,000.00 | 65,000.00 | 64,036.70 | 963.30 | - |
| Other Expenses | 93,500.00 | 93,500.00 | 69,586.30 | 23,913.70 | - |
| Recycling: | | | | | |
| Salaries and Wages | 81,000.00 | 81,000.00 | 78,387.58 | 2,612.42 | - |
| Other Expenses | 55,780.00 | 55,780.00 | 47,022.07 | 8,757.93 | - |
| Vehicle Maintenance: | | | | | |
| Other Expenses | 44,250.00 | 44,250.00 | 35,129.58 | 9,120.42 | - |
| Community Condominium Services Act: | | | | | |
| Other Expenses | 40,000.00 | 40,000.00 | 24,139.36 | 15,860.64 | - |
| HEALTH AND HUMAN SERVICES | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 53,702.00 | 53,702.00 | 53,104.90 | 597.10 | - |
| Other Expenses | 6,286.00 | 6,286.00 | 5,914.48 | 371.52 | - |
| Environmental Commission (N.J.S.A. 40:56A-1): | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | 410.00 | 590.00 | - |
| Child Care Centers - Contracts (N.J.S.A. 40:223-8:14): | | | | | |
| Other Expenses: | | | | | |
| Better Beginnings | 8,500.00 | 8,500.00 | 8,500.00 | - | - |
| Hightstown/East Windsor | 4,000.00 | 4,000.00 | 4,000.00 | - | - |
| PARK AND RECREATION | | | | | |
| Maintenance of Parks: | | | | | |
| Salaries and Wages | 59,000.00 | 59,000.00 | 53,949.36 | 5,050.64 | - |
| Other Expenses | 4,700.00 | 4,700.00 | 2,525.63 | 2,174.37 | - |
| Recreation & Open Space (Parks Commission): | | | | | |
| Salaries and Wages | 10,000.00 | 10,000.00 | 10,000.00 | - | - |
| Other Expenses | 11,650.00 | 11,650.00 | 9,529.63 | 2,120.37 | - |

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

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 REGULATORY BASIS
 (CONTINUED FROM PRIOR PAGE)

| OPERATIONS - WITHIN "CAPS" (Continued) | Budget | Budget After Modifications | Expended | | Unexpended Balance Cancelled |
|---|------------------------|-------------------------------|------------------------|----------------------|------------------------------------|
| | | | Paid or Charged | Reserved | |
| OTHER COMMON OPERATING FUNCTIONS (UNCLASSIFIED) | | | | | |
| Celebration of Public Events: | | | | | |
| Other Expenses | \$ 7,700.00 | \$ 7,700.00 | \$ 1,467.00 | \$ 6,233.00 | \$ - |
| Accumulated Sick and Vacation: | | | | | |
| Other Expenses | 50,000.00 | 50,000.00 | 44,299.16 | 5,700.84 | - |
| Postage and Shipping Charges: | | | | | |
| Other Expenses | 9,000.00 | 9,000.00 | 8,726.09 | 273.91 | - |
| UTILITY EXPENSE AND BULK PURCHASES | | | | | |
| Gasoline and Diesel Fuel | 86,600.00 | 76,600.00 | 44,959.69 | 31,640.31 | - |
| Electricity | 50,000.00 | 50,000.00 | 41,076.17 | 8,923.83 | - |
| Telephone | 36,000.00 | 33,000.00 | 26,733.03 | 6,266.97 | - |
| Natural Gas | 18,000.00 | 18,000.00 | 12,774.76 | 5,225.24 | - |
| Street Lighting | 46,000.00 | 43,000.00 | 30,859.72 | 12,140.28 | - |
| LANDFILL/SOLID WASTE DISPOSAL COSTS | | | | | |
| Landfill Disposal Costs: | | | | | |
| Other Expenses | 200,000.00 | 200,000.00 | 162,857.77 | 37,142.23 | - |
| MUNICIPAL COURT | | | | | |
| Municipal Court: | | | | | |
| Salaries and Wages | 122,276.00 | 122,276.00 | 110,873.64 | 11,402.36 | - |
| Other Expenses | 13,135.00 | 13,135.00 | 8,554.94 | 4,580.06 | - |
| Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17) | | | | | |
| State Uniform Construction Code (N.J.S.A. 52:270-120D et seq.): | | | | | |
| Salaries and Wages | 119,500.00 | 119,500.00 | 119,173.24 | 326.76 | - |
| Other Expenses | 5,335.00 | 5,335.00 | 4,167.85 | 1,167.15 | - |
| Housing Code Enforcement: | | | | | |
| Salaries and Wages | 36,000.00 | 36,000.00 | 35,271.95 | 728.05 | - |
| Other Expenses | 1,220.00 | 1,220.00 | 1,214.32 | 5.68 | - |
| Total Operations within "CAPS" | \$ 4,837,685.00 | \$ 4,837,685.00 | \$ 4,369,444.34 | \$ 468,240.66 | \$ - |
| Contingent | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Operations Including Contingent - within "CAPS" | \$ 4,837,685.00 | \$ 4,837,685.00 | \$ 4,369,444.34 | \$ 468,240.66 | \$ - |
| Detail: | | | | | |
| Salaries and Wages | \$ 2,543,900.00 | \$ 2,539,900.00 | \$ 2,424,200.22 | \$ 115,699.78 | \$ - |
| Other Expenses (Including Contingent) | \$ 2,293,785.00 | \$ 2,297,785.00 | \$ 1,945,244.12 | \$ 352,540.88 | \$ - |
| Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | | | | | |
| STATUTORY EXPENDITURES: | | | | | |
| Public Employees' Retirement System of N.J. | \$ 141,000.00 | \$ 141,000.00 | \$ 140,405.00 | \$ 595.00 | \$ - |
| Social Security System (O.A.S.I.) | 130,000.00 | 130,000.00 | 125,980.69 | 4,019.31 | - |
| Police and Firemen's Retirement System of N.J. | 247,527.00 | 247,527.00 | 247,527.00 | - | - |
| Defined Contribution Benefit Plan | 5,000.00 | 5,000.00 | - | 5,000.00 | - |
| Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS" | \$ 523,527.00 | \$ 523,527.00 | \$ 513,912.69 | \$ 9,614.31 | \$ - |
| Total General Appropriations for Municipal Purposes within "CAPS" | \$ 5,361,212.00 | \$ 5,361,212.00 | \$ 4,883,357.03 | \$ 477,854.97 | \$ - |

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

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 REGULATORY BASIS
 (CONTINUED FROM PRIOR PAGE)

| OPERATIONS - EXCLUDED FROM "CAPS" | Budget | Budget After Modifications | Expended | | Unexpended Balance Cancelled |
|---|----------------------|-------------------------------|----------------------|---------------------|------------------------------------|
| | | | Paid or Charged | Reserved | |
| Length of Service Award Program (LOSAP) | | | | | |
| Other Expenses | \$ 36,000.00 | \$ 36,000.00 | \$ 30,800.00 | \$ 5,200.00 | \$ - |
| Recycling Tax (P.L. 2007, C.311) | 6,000.00 | 6,000.00 | 4,530.18 | 1,469.82 | - |
| Total Other Operations - Excluded from "CAPS" | \$ 42,000.00 | \$ 42,000.00 | \$ 35,330.18 | \$ 6,669.82 | \$ - |
| Interlocal Municipal Service Agreements | | | | | |
| Implementation of 911: | | | | | |
| Salaries and Wages | \$ 51,492.00 | \$ 51,492.00 | \$ 51,492.00 | \$ - | \$ - |
| Other Expenses | 60,708.00 | 60,708.00 | 60,708.00 | - | - |
| Senior Citizens - Program Service Center: | | | | | |
| Other Expenses | 27,505.00 | 27,505.00 | 27,504.13 | 0.87 | - |
| Senior Citizens Transportation: | | | | | |
| Other Expenses | 2,180.00 | 2,180.00 | 2,180.00 | - | - |
| Health Services: | | | | | |
| Salaries and Wages | 27,500.00 | 27,500.00 | 27,500.00 | - | - |
| Other Expenses | 28,231.00 | 28,231.00 | 28,031.00 | 200.00 | - |
| Emergency Medical Services: | | | | | |
| Other Expenses | 15,000.00 | 15,000.00 | - | 15,000.00 | - |
| Landfill Disposal Costs (Roosevelt): | | | | | |
| Other Expenses | 35,000.00 | 35,000.00 | 23,572.46 | 5,427.54 | 6,000.00 |
| Borough Clerk Services (Roosevelt): | | | | | |
| Salaries and Wages | 26,000.00 | 26,000.00 | 22,202.40 | 3,797.60 | - |
| Other Expenses | 2,000.00 | 2,000.00 | - | 2,000.00 | - |
| Mercer County EMS Dispatch | | | | | |
| Other Expenses | 610.00 | 610.00 | 610.00 | - | - |
| Vehicle Maintenance Services: | | | | | |
| Other Expenses | 20,000.00 | 20,000.00 | 10,607.95 | 9,392.05 | - |
| Total Interlocal Municipal Service Agreements | \$ 296,226.00 | \$ 296,226.00 | \$ 254,407.94 | \$ 35,818.06 | \$ 6,000.00 |
| Public and Private Programs Offset by Revenues | | | | | |
| Clean Communities Program | \$ 9,900.78 | \$ 9,900.78 | \$ 9,900.78 | \$ - | \$ - |
| Drunk Driving Enforcement Fund | - | 20,216.48 | 20,216.48 | - | - |
| Body Armor Replacement Grant | - | 1,510.33 | 1,510.33 | - | - |
| Recycling Tonnage Grant | 5,131.35 | 5,131.35 | 5,131.35 | - | - |
| Alcohol Education and Rehabilitation Fund | - | 7,661.31 | 7,661.31 | - | - |
| Click It or Ticket | 4,000.00 | 4,000.00 | 4,000.00 | - | - |
| Drive Sober or Get Pulled Over | - | 5,000.00 | 5,000.00 | - | - |
| JIF Safety Program | 2,082.03 | 2,082.03 | 2,082.03 | - | - |
| Total Public and Private Programs Offset by Revenues | \$ 21,114.16 | \$ 55,502.28 | \$ 55,502.28 | \$ - | \$ - |
| Total Operations - Excluded from "CAPS" | \$ 359,340.16 | \$ 393,728.28 | \$ 345,240.40 | \$ 42,487.88 | \$ 6,000.00 |
| Detail: | | | | | |
| Salaries and Wages | \$ 104,992.00 | \$ 104,992.00 | \$ 101,194.40 | \$ 3,797.60 | \$ - |
| Other Expenses | \$ 254,348.16 | 288,736.28 | \$ 244,046.00 | \$ 38,690.28 | \$ 6,000.00 |

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

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
(CONTINUED FROM PRIOR PAGE)

| OPERATIONS - EXCLUDED FROM "CAPS" (Continued) | Budget | Budget After Modifications | Expended | | Unexpended Balance Cancelled |
|--|------------------------|-------------------------------|------------------------|----------------------|------------------------------------|
| | | | Paid or Charged | Reserved | |
| Capital Improvements - Excluded from "CAPS" | | | | | |
| Capital Improvement Fund | \$ 49,500.00 | \$ 49,500.00 | \$ 49,500.00 | \$ - | \$ - |
| Total Capital Improvements Excluded from "CAPS" | \$ 49,500.00 | \$ 49,500.00 | \$ 49,500.00 | \$ - | \$ - |
| Municipal Debt Service - Excluded from "CAPS" | | | | | |
| Payment of Bond Principal | \$ 320,000.00 | \$ 320,000.00 | \$ 320,000.00 | \$ - | \$ - |
| Payment of Bond Anticipation Notes and Capital Notes | 134,800.00 | 134,800.00 | 134,800.00 | - | - |
| Interest on Bonds | 91,600.00 | 91,600.00 | 91,600.00 | - | - |
| Interest on Notes | 15,250.00 | 15,250.00 | 15,241.75 | - | 8.25 |
| Dam Restoration Loan | 9,926.00 | 9,926.00 | 9,925.47 | - | 0.53 |
| Total Municipal Debt Service Excluded from "CAPS" | \$ 571,576.00 | \$ 571,576.00 | \$ 571,567.22 | \$ - | \$ 8.78 |
| Deferred Charges - Municipal - Excluded from "CAPS" | | | | | |
| DEFERRED CHARGES: | | | | | |
| Emergency Authorization | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Deferred Charges - Municipal - Excluded from "CAPS" | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3) | \$ 41,558.00 | \$ 41,558.00 | \$ 41,558.00 | \$ - | \$ - |
| Total General Appropriations for Municipal Purposes - Excluded from "CAPS" | \$ 1,021,974.16 | \$ 1,056,362.28 | \$ 1,007,865.62 | \$ 42,487.88 | \$ 6,008.78 |
| Total General Appropriations - Excluded from "CAPS" | \$ 1,021,974.16 | \$ 1,056,362.28 | \$ 1,007,865.62 | \$ 42,487.88 | \$ 6,008.78 |
| Subtotal General Appropriations | \$ 6,383,186.16 | \$ 6,417,574.28 | \$ 5,891,222.65 | \$ 520,342.85 | \$ 6,008.78 |
| Reserve for Uncollected Taxes | 465,000.00 | 465,000.00 | 465,000.00 | - | - |
| Total General Appropriations | \$ 6,848,186.16 | \$ 6,882,574.28 | \$ 6,356,222.65 | \$ 520,342.85 | \$ 6,008.78 |
| Ref. | | | | A | |
| Detail: | | | | | |
| Original Budget | A-2 | \$ 6,848,186.16 | | | |
| Added by N.J.S.A. 40A:4-87 | A-2 | 34,388.12 | | | |
| | | <u>\$ 6,882,574.28</u> | | | |
| Disbursed | A-4 | | \$ 5,748,197.42 | | |
| Reserve for Encumbrances | A | | 143,025.23 | | |
| Reserve for Uncollected Taxes | A-2 | | 465,000.00 | | |
| | | | <u>\$ 6,356,222.65</u> | | |

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

Concluded

TRUST FUND
 COMPARATIVE BALANCE SHEET
 REGULATORY BASIS

| ASSETS | Ref. | Balance Dec. 31, 2015 | Balance Dec. 31, 2014 |
|--|------|--------------------------|--------------------------|
| Animal Control Fund: | | | |
| Cash and Investments | B-1 | \$ 9,279.65 | \$ 13,416.25 |
| Other Trust Funds: | | | |
| Cash and Investments | B-1 | \$ 1,145,389.47 | \$ 873,422.10 |
| Due From Current Fund | B-1 | - | 7,963.77 |
| Due From General Capital | B-6 | 100,000.00 | - |
| | | <u>\$ 1,245,389.47</u> | <u>\$ 881,385.87</u> |
| Escrow Trust Funds: | | | |
| Cash and Investments | B-1 | \$ 1,283,453.32 | \$ 164,479.30 |
| Length of Service Awards Program Fund: (LOSAP) - Unaudited: | | | |
| Funds Held by Trustee | B-14 | \$ 597,679.67 | \$ 573,162.99 |
| | | <u>\$ 3,135,802.11</u> | <u>\$ 1,632,444.41</u> |

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

Continued

TRUST FUND
 COMPARATIVE BALANCE SHEET
 REGULATORY BASIS
 (Continued from prior page)

| LIABILITIES, RESERVES AND FUND BALANCE | Ref. | Balance Dec. 31, 2015 | Balance Dec. 31, 2014 |
|--|------|--------------------------|--------------------------|
| Animal Control Fund: | | | |
| Due to N.J. State Department of Health | B-2 | \$ - | \$ 0.60 |
| Reserve for Encumbrances | B-3 | 500.00 | 500.00 |
| Interfund - Current Fund | | - | 4,400.00 |
| Interfund - Water-Sewer Operating Fund | | 525.00 | |
| Reserve for Expenditures | B-3 | <u>8,254.65</u> | <u>8,515.65</u> |
| | | <u>\$ 9,279.65</u> | <u>\$ 13,416.25</u> |
| Other Trust Funds: | | | |
| Reserve for: | | | |
| Redemption of Tax Title Liens | B-4 | \$ 43,202.82 | \$ 28,005.13 |
| Regional Contribution Agreement - Manalapan | B-5 | 135,088.41 | 156,510.21 |
| Law Enforcement Fund | B-7 | 18,774.20 | 11,285.88 |
| Public Defender | B-8 | 8,549.97 | 7,515.47 |
| Unemployment | B-9 | 72,503.58 | 62,101.89 |
| Payroll Deductions | B-10 | 65,732.43 | 11,576.49 |
| Miscellaneous Trust Funds | B-11 | 616,874.57 | 293,324.96 |
| Housing Trust | B-13 | <u>284,663.49</u> | <u>311,065.84</u> |
| | | <u>\$ 1,245,389.47</u> | <u>\$ 881,385.87</u> |
| Escrow Trust Funds: | | | |
| Escrow Fees | B-12 | <u>\$ 1,283,453.32</u> | <u>\$ 164,479.30</u> |
| Length of Service Awards Program Fund: (LOSAP) - Unaudited: | | | |
| Reserve for Length of Service Awards Program (LOSAP) | B-14 | <u>\$ 597,679.67</u> | <u>\$ 573,162.99</u> |
| | | <u>\$ 3,135,802.11</u> | <u>\$ 1,632,444.41</u> |

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

Concluded

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

| ASSETS | Ref. | Balance Dec. 31, 2015 | Balance Dec. 31, 2014 |
|---|------|--------------------------|--------------------------|
| Cash - Treasurer | C-2 | \$ 1,992.76 | \$ 652,294.04 |
| Grants Receivable | C-6 | 740,084.00 | 307,836.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-4 | 2,429,394.81 | 2,756,722.29 |
| Unfunded | C-5 | 5,773,211.27 | 3,519,711.27 |
| | | <u>\$ 8,944,682.84</u> | <u>\$ 7,236,563.60</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| General Serial Bonds | C-11 | \$ 2,305,000.00 | \$ 2,625,000.00 |
| Loan Payable | C-12 | 124,394.81 | 131,722.29 |
| Bond Anticipation Notes | C-10 | 2,814,646.00 | 2,822,546.00 |
| Excess Funding Bond Anticipation Notes | C-10 | 35,000.00 | - |
| Interfunds: | | | |
| Trust Fund | C-3 | 100,000.00 | - |
| Reserve for Encumbrances | C-13 | 1,631,157.01 | 216,377.20 |
| Improvement Authorizations: | | | |
| Funded | C-8 | 67,715.02 | 290,783.34 |
| Unfunded | C-8 | 1,169,030.93 | 1,071,678.45 |
| Capital Improvement Fund | C-9 | 3,282.50 | 16,530.00 |
| Reserve for Grants Receivable | C-6 | 606,000.00 | 55,000.00 |
| Various Reserves | C-7 | 247.00 | 247.00 |
| Fund Balance | C-1 | 88,209.57 | 6,679.32 |
| | | <u>\$ 8,944,682.84</u> | <u>\$ 7,236,563.60</u> |

There were bonds and notes authorized but not issued on December 31, 2015 of \$2,958,565.27 and December 31, 2014 of \$697,165.27 (C-14).

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

GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE
 REGULATORY BASIS

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|---------------------|--------------------|
| Balance, January 1 | C | \$ 6,679.32 | \$ 6,679.32 |
| Increased by: | | | |
| Canceled Improvement Authorizations | C-8 | 81,530.25 | |
| | | <u>81,530.25</u> | <u>-</u> |
| | | \$ 88,209.57 | \$ 6,679.32 |
| Decreased by: | | | |
| Appropriated to Finance Capital Ordinances | C-8 | - | - |
| | | <u>-</u> | <u>-</u> |
| Balance, December 31 | C | <u>\$ 88,209.57</u> | <u>\$ 6,679.32</u> |

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

WATER-SEWER UTILITY FUND
 COMPARATIVE BALANCE SHEET
 REGULATORY BASIS

| ASSETS | <u>Ref.</u> | <u>Balance Dec. 31, 2015</u> | <u>Balance Dec. 31, 2014</u> |
|---|-------------|----------------------------------|----------------------------------|
| Operating Fund: | | | |
| Cash and Investments | D-5 | \$ 371,753.32 | \$ 441,259.44 |
| Receivables with Full Reserves: Consumer Accounts Receivable | D-8 | <u>164,806.42</u> | <u>148,228.61</u> |
| Total Operating Fund | | <u>\$ 536,559.74</u> | <u>\$ 589,488.05</u> |
| Capital Fund: | | | |
| Cash | D-6 | \$ 110,291.42 | \$ 405,797.24 |
| Refund Receivable | D-6 | 9,331.88 | 19,331.88 |
| Fixed Capital | D-9 | 12,962,487.48 | 12,962,487.48 |
| Fixed Capital Authorized and Uncompleted | D-10 | <u>7,676,400.00</u> | <u>7,676,400.00</u> |
| Total Capital Fund | | <u>\$ 20,758,510.78</u> | <u>\$ 21,064,016.60</u> |
| | | <u>\$ 21,295,070.52</u> | <u>\$ 21,653,504.65</u> |

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

Continued

WATER-SEWER UTILITY FUND
 COMPARATIVE BALANCE SHEET
 REGULATORY BASIS
 (Continued from prior page)

| LIABILITIES, RESERVES AND FUND BALANCE | Ref. | Balance Dec. 31, 2015 | Balance Dec. 31, 2014 |
|---|-----------|--------------------------|--------------------------|
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | D-4, D-11 | \$ 82,030.21 | \$ 164,531.20 |
| Encumbrances Payable | D-4, D-11 | 95,170.97 | 119,042.75 |
| Accounts Payable | D-12 | 25,363.76 | 19,965.52 |
| Overpayments | D-13 | 942.37 | 3,779.45 |
| Accrued Interest on Bonds and Loans | D-14 | 40,534.79 | 45,726.08 |
| Accrued Interest on Notes | D-15 | 2,311.06 | 1,787.04 |
| | | <u>\$ 246,353.16</u> | <u>\$ 354,832.04</u> |
| Reserve for Receivables | | 164,806.42 | 148,228.61 |
| Fund Balance | D-1 | <u>125,400.16</u> | <u>86,427.40</u> |
| Total Operating Fund | | <u>\$ 536,559.74</u> | <u>\$ 589,488.05</u> |
| Capital Fund: | | | |
| Serial Bonds Payable | D-16 | \$ 2,435,000.00 | \$ 2,965,000.00 |
| Loans Payable | D-17 | 3,198,476.49 | 3,399,897.37 |
| Bond Anticipation Notes | D-18 | 675,000.00 | 584,000.00 |
| Improvement Authorization - Funded | D-19 | 90,392.79 | 306,474.38 |
| Improvement Authorization - Unfunded | D-19 | 347,080.80 | 533,443.03 |
| Down Payments on Improvements | | 200.00 | 200.00 |
| Reserve for Encumbrances | D-20 | 4,365.00 | 15,427.00 |
| Reserve for Amortization | D-21 | 13,590,597.99 | 12,859,177.11 |
| Deferred Reserve for Amortization | D-22 | 387,800.00 | 378,800.00 |
| Capital Improvement Fund | D-23 | 25,516.95 | 17,516.95 |
| Fund Balance | D-2 | <u>4,080.76</u> | <u>4,080.76</u> |
| Total Capital Fund | | <u>\$ 20,758,510.78</u> | <u>\$ 21,064,016.60</u> |
| | | <u>\$ 21,295,070.52</u> | <u>\$ 21,653,504.65</u> |

There were bonds and notes authorized but not issued on December 31, 2015 of \$352,013.00 and on December 31, 2014 of \$452,013.00 (D-24)

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

Concluded

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

| Revenue and Other Income Realized | Ref. | Year 2015 | Year 2014 |
|--|--------|------------------------|------------------------|
| Fund Balance Utilized | D-3 | \$ 85,000.00 | \$ 292,500.00 |
| Water-Sewer Rents | D-3 | 2,526,843.50 | 2,187,880.62 |
| Miscellaneous | D-3 | 570,723.80 | 597,460.90 |
| Non-Budget Revenue | | | |
| Other Credits to Income: | | | |
| Accounts Payable Canceled | D, D-1 | - | 6,947.24 |
| Unexpended Balance of Appropriation Reserves | D-11 | 83,864.23 | 145,413.54 |
| Total Income | | <u>\$ 3,266,431.53</u> | <u>\$ 3,230,202.30</u> |
| Expenditures | | | |
| Budget: | | | |
| Operating | | \$ 2,110,784.00 | \$ 2,142,241.00 |
| Capital Appropriations | | 8,000.00 | - |
| Debt Service | | 879,674.77 | 873,484.39 |
| Deferred Charges and Statutory Expenditures | | 144,000.00 | 133,413.00 |
| Total Expenditures | D-4 | <u>\$ 3,142,458.77</u> | <u>\$ 3,149,138.39</u> |
| Excess in Revenue | | \$ 123,972.76 | \$ 81,063.91 |
| Fund Balance, January 1 | D | <u>86,427.40</u> | <u>297,863.49</u> |
| | | \$ 210,400.16 | \$ 378,927.40 |
| Less: Utilized as Anticipated Revenue - Utility | D-3 | <u>85,000.00</u> | <u>292,500.00</u> |
| Fund Balance, December 31 | D | <u>\$ 125,400.16</u> | <u>\$ 86,427.40</u> |

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

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

| | <u>Ref.</u> | |
|--|-------------|--------------------|
| Balance, December 31, 2014 and December 31, 2015 | D | <u>\$ 4,080.76</u> |

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

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 | \$ 85,000.00 | \$ 85,000.00 | \$ - |
| Water-Sewer Rents | D-1,3 | 2,507,499.00 | 2,526,843.50 | 19,344.50 |
| Miscellaneous | D-1,3 | 552,285.00 | 570,723.80 | 18,438.80 |
| | | <u>\$ 3,144,784.00</u> | <u>\$ 3,182,567.30</u> | <u>\$ 37,783.30</u> |

Analysis of Realized Revenues

| | <u>Ref.</u> | |
|------------------------------------|-------------|------------------------|
| Water-Sewer Rents: | | |
| 2015 Collections | D-8 | \$ 2,523,731.55 |
| Water-Sewer Overpayments - Applied | D-8 | 3,111.95 |
| Prepaid Water-Sewer Rents Applied | D-8 | |
| | D-3 | <u>\$ 2,526,843.50</u> |

Analysis of Miscellaneous Revenues

| | | |
|--|-----|----------------------|
| Gray Water Fees | | \$ 500,206.97 |
| Gray Water Fees - Overpayments Applied | | 667.50 |
| Interest on Investments | | 5,757.59 |
| Interest on Delinquent Charges | | 12,587.19 |
| Water Connection Fees | | 21,160.00 |
| Sewer Connection Fees | | 10,885.00 |
| Fire Service | | 18,204.55 |
| Manual Meter Reading | | 1,080.00 |
| Miscellaneous Revenue | | 175.00 |
| | D-3 | <u>\$ 570,723.80</u> |
| Cash Receipts | D-5 | \$ 570,056.30 |
| Overpayments Applied | D-8 | 667.50 |
| | D-3 | <u>\$ 570,723.80</u> |

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

GENERAL FIXED ASSETS ACCOUNT GROUP
STATUTORY BASIS
STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|------------------------|------------------------|
| General Fixed Assets: | | |
| Land | \$ 90,835.99 | \$ 90,835.99 |
| Buildings and Improvements | 124,464.00 | 124,464.00 |
| Equipment | 1,559,620.85 | 1,559,620.85 |
| Motor Vehicles and Equipment | <u>2,737,337.47</u> | <u>2,638,242.47</u> |
| | <u>\$ 4,512,258.31</u> | <u>\$ 4,413,163.31</u> |
| Investment in General Fixed Assets | <u>\$ 4,512,258.31</u> | <u>\$ 4,413,163.31</u> |

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

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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 2015.

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.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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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:

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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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled 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.

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, 2015 is set forth in Note 9.

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, 2015 is set forth in Note 4.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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. Contribution 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.

During 2015 the following changes occurred in the fixed assets of the Borough:

| | <u>Balance Dec. 31, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance Dec. 31, 2014</u> |
|------------------------------|----------------------------------|---------------------|------------------|----------------------------------|
| General Fixed Assets: | | | | |
| Land | \$ 90,835.99 | \$ - | \$ - | \$ 90,835.99 |
| Buildings and Improvements | 124,464.00 | - | - | 124,464.00 |
| Equipment | 1,559,620.85 | - | - | 1,559,620.85 |
| Motor Vehicles and Equipment | 2,638,242.47 | 99,095.00 | - | 2,737,337.47 |
| | <u>\$ 4,413,163.31</u> | <u>\$ 99,095.00</u> | <u>\$ -</u> | <u>\$ 4,512,258.31</u> |

D. 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.

E. 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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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 \$5,039,844 and the bank balance amount was \$5,377,835. 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 \$5,127,835.

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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

- (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.
 - (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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

C. Cash Management Plan (Continued)

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.

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. | \$ 5,377,835 |
| 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. 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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 3. DEBT (Continued)

A. Long-Term Debt

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

General Capital Fund

| | |
|---|--------------|
| 3.25% to 3.75% General Improvement Bonds Issued February 1, 2008, installment maturities to October 1, 2021 | \$ 2,305,000 |
| | \$ 2,305,000 |

Water-Sewer Utility Capital Fund

| | |
|---|--------------|
| 4.625% to 4.75% Water-Sewer Utility Bonds Issued March 1, 2002, installment maturities to March 1, 2028 | \$ 1,300,000 |
| 3.25% to 3.50% Water-Sewer Utility Bonds Issued February 1, 2008, installment maturities to October 1, 2018 | 1,135,000 |
| | \$ 2,435,000 |

The General Capital Fund Bonds and Loans and Water-Sewer Utility Capital Fund Bonds mature serially in installments to the year 2031. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

| <u>Year</u> | <u>General Capital</u> | | <u>Water-Sewer Utility Capital</u> | |
|--------------|------------------------|----------------------|------------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2016 | 340,000.00 | 82,000.00 | 555,000.00 | 96,350.00 |
| 2017 | 360,000.00 | 70,950.00 | 570,000.00 | 76,937.50 |
| 2018 | 375,000.00 | 59,250.00 | 310,000.00 | 57,037.50 |
| 2019 | 390,000.00 | 46,125.00 | 100,000.00 | 45,062.50 |
| 2020 | 410,000.00 | 31,500.00 | 100,000.00 | 40,375.00 |
| 2021-25 | 430,000.00 | 16,125.00 | 500,000.00 | 130,625.00 |
| 2026-28 | - | - | 300,000.00 | 21,375.00 |
| Total | \$ 2,305,000.00 | \$ 305,950.00 | \$ 2,435,000.00 | \$ 467,762.50 |

Peddie Lake Dam Restoration Loan

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|----------------------|---------------------|
| 2016 | 7,474.76 | 2,450.71 |
| 2017 | 7,625.00 | 2,300.47 |
| 2018 | 7,778.26 | 2,147.21 |
| 2019 | 7,934.61 | 1,990.86 |
| 2020 | 8,094.09 | 1,831.37 |
| 2021-25 | 42,977.22 | 6,650.12 |
| 2026-30 | 42,510.87 | 2,153.73 |
| Total | \$ 124,394.81 | \$ 19,524.47 |

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 3. DEBT (Continued)

A. Long-Term Debt (Continued)

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 loan in the amount of \$1,451,250.00 and a 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>No Interest Loan Principal</u> | <u>Traditional Loan</u> | |
|-------------|---------------------------------------|-----------------------------|-----------------------------|
| | | <u>Principal</u> | <u>Interest</u> |
| 2016 | 77,745.52 | 20,000.00 | 16,475.00 |
| 2017 | 77,745.52 | 20,000.00 | 15,475.00 |
| 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 |
| 2021-25 | 388,727.60 | 145,000.00 | 44,675.00 |
| 2026-29 | 310,982.37 | 140,000.00 | 13,825.00 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 1,088,437.57</u> | <u>\$ 400,000.00</u> | <u>\$ 130,375.00</u> |

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 loan in the amount of \$685,482.00 and a loan for \$238,918 at interest rates from .22% 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>No Interest Loan Principal</u> | <u>Traditional Loan</u> | |
|-------------|---------------------------------------|-----------------------------|-----------------------------|
| | | <u>Principal</u> | <u>Interest</u> |
| 2016 | 36,078.00 | 11,401.00 | 4,282.08 |
| 2017 | 36,078.00 | 11,467.00 | 4,215.94 |
| 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 |
| 2021-25 | 180,390.00 | 62,162.00 | 16,252.64 |
| 2026-30 | 180,390.00 | 69,709.00 | 8,706.48 |
| 2031 | 36,078.00 | 15,206.00 | 477.48 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 577,248.00</u> | <u>\$ 204,982.00</u> | <u>\$ 45,947.48</u> |

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 3. 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 loan in the amount of \$813,055.00 and a loan for \$283,382 at interest rates from .22% 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>No Interest Loan</u> | | <u>Traditional Loan</u> | |
|-------------|-------------------------|--|-------------------------|---------------------|
| | <u>Principal</u> | | <u>Principal</u> | <u>Interest</u> |
| 2016 | 42,792.36 | | 13,523.00 | 5,078.90 |
| 2017 | 42,792.36 | | 13,601.00 | 5,000.46 |
| 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 |
| 2021-25 | 213,961.80 | | 73,732.00 | 19,277.08 |
| 2026-30 | 213,961.80 | | 82,683.00 | 10,326.68 |
| 2031 | 42,792.52 | | 18,035.00 | 566.30 |
| Total | <u>\$ 684,677.92</u> | | <u>\$ 243,131.00</u> | <u>\$ 54,497.68</u> |

B. Short-Term Debt

On December 31, 2015 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, 2015</u> |
|-------------------------|--|-------------|----------------------|
| 05-24, 09-13 | Peddie Lake Dam Improvements | 0.60% | \$ 45,000.00 |
| 07-04 | Automated Garbage Truck and Containers | 0.60% | 76,396.00 |
| 07-21 | Acquisition of Ambulance | 0.60% | 28,050.00 |
| 07-26 | Police Department Equipment | 0.60% | 23,900.00 |
| 08-01 | Westerlea Avenue Improvements | 0.60% | 38,000.00 |
| 09-01 | Reconstruction of Morrison Avenue | 0.60% | 45,300.00 |
| 09-10 | Improvements to Memorial Parking Lot | 0.60% | 45,400.00 |
| 09-20 | Stockton St. Historic District Improvements | 0.60% | 70,000.00 |
| 10-02 | Reconstruction of Leshin Lane | 0.60% | 34,000.00 |
| 10-16 | Summit Street Sidewalk Improvements | 0.60% | 37,000.00 |
| 11-05 | Milling and Paving of Various Roads | 0.60% | 112,500.00 |
| 11-11 | DPW Vehicles and DPW/Police Equipment | 0.60% | 285,300.00 |
| 12-04 | Hurricane Irene Damage Emergency | 0.60% | 707,600.00 |
| 12-13 | Various Capital Improvements | 0.60% | 249,000.00 |
| 12-15 | Communication Equip.-Fire Dept., First Aid | 0.60% | 33,300.00 |
| 13-04 | Road Imp. Grape Run and Pershing Ave | 0.60% | 200,000.00 |
| 13-07 | Peddie Lake Dam Walking Bridge Imp. | 0.60% | 200,000.00 |
| 13-22 | Public Safety Equipment | 0.60% | 157,000.00 |
| 13-23 | Road Imp. Park Ave., Greeley St. and Glen Brook Place | 0.60% | 300,000.00 |

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 3. 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, 2015</u> |
|-----------------------------|------------------------------------|-------------|----------------------|
| 08-10,08-19 | Water Sewer Improvements | 0.60% | 118,000.00 |
| 09-02 | Morrison Avenue Improvements | 0.60% | 33,000.00 |
| 11-03 | Water Sewer Improvements | 0.60% | 125,000.00 |
| 11-04 | Refurbishment of Water Tanks | 0.60% | 97,000.00 |
| 12-14 | Water-Sewer Improvements | 0.60% | 122,000.00 |
| | Water-Sewer Improvements - | | |
| 13-19 | Grape Run Rd and Pershing Avenue | 0.60% | 80,000.00 |
| 14-12 | Improvements to Water-Sewer Plants | 0.60% | <u>100,000.00</u> |
| | | | <u>\$ 675,000.00</u> |

C. Bonds and Notes Authorized but not Issued

At December 31, 2015, the Borough had authorized but not issued bonds and notes as follows:

| | |
|----------------------------------|-----------------|
| General Capital Fund | \$ 2,958,565.27 |
| Water-Sewer Utility Capital Fund | \$ 352,013.00 |

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, 2015 was 1.985%. The Borough's remaining borrowing power is 1.515%.

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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 3. DEBT (Continued)

E. Summary of Debt Activity

During 2015 the following changes occurred in the debt of the Borough:

| | <u>Balance Dec. 31, 2014</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance Dec. 31, 2015</u> |
|--------------------------------------|----------------------------------|------------------------|------------------------|----------------------------------|
| General Capital Fund: | | | | |
| Serial Bonds | \$ 2,625,000.00 | \$ - | \$ 320,000.00 | \$ 2,305,000.00 |
| Peddie Lake Dam Restoration Loan | 131,722.29 | - | 7,327.48 | 124,394.81 |
| Bond Anticipation Notes | 2,822,546.00 | 2,849,646.00 | 2,822,546.00 | 2,849,646.00 |
| Water-Sewer Utility Capital Fund: | | | | |
| Serial Bonds | 2,965,000.00 | - | 530,000.00 | 2,435,000.00 |
| Bond Anticipation Notes | 584,000.00 | 675,000.00 | 584,000.00 | 675,000.00 |
| Loans Payable | 3,399,897.37 | - | 201,420.88 | 3,198,476.49 |
| | <u>\$ 12,528,165.66</u> | <u>\$ 3,524,646.00</u> | <u>\$ 4,465,294.36</u> | <u>\$ 11,587,517.30</u> |

NOTE 4. ACCRUED SICK PAY BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$142,032 at December 31, 2015. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES

The fund balances at December 31, 2015 which have been appropriated and included as anticipated revenue in the year ending December 31, 2016 are as follows:

| | |
|--------------------------|---------------|
| Current Fund | \$ 610,000.00 |
| Water-Sewer Utility Fund | \$ 100,000.00 |

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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:

| | Balance, December 31 | |
|---------------|-----------------------------|--------------|
| | 2015 | 2014 |
| Prepaid Taxes | \$ 93,261.77 | \$ 88,834.41 |

NOTE 7. 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.

NOTE 8. 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.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, there were no deferred charges to be raised.

NOTE 10. PENSION PLANS

The Borough contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System and the Police and Firemen's Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P. O. Box 295
Trenton, New Jersey 08625-0295

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the Public Employees' Retirement System are required to contribute 6.92% of their annual covered salary. Plan members enrolled in the Police and Firemen's Retirement System are required to contribute 10.0% of their annual covered salary. The Borough's contributions to the various plans, equal to the required contributions for each year, were as follows:

| <u>Year</u> | <u>PERS</u> | <u>PFRS</u> |
|-------------|---------------|---------------|
| 2015 | \$ 216,008.00 | \$ 247,527.00 |
| 2014 | 186,894.00 | 247,089.00 |
| 2013 | 176,112.00 | 290,763.00 |
| 2012 | 205,237.00 | 317,292.00 |
| 2011 | 204,537.00 | 366,470.00 |

NOTE 11. CONTINGENT LIABILITIES

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, 2015, the Borough estimates that no material liabilities will result from such audits.

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 11. CONTINGENT LIABILITIES (Continued)

Major Tax Assessments

Taxpayers in 2015 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 | 2.88% |
| Hightstown Development Assoc. LLC | \$ 9,552,000.00 | 2.45% |
| Mercer St Warehouse/Bruckner Southern | \$ 5,500,000.00 | 1.41% |

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 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2015:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------------|---------------------------------|------------------------------|
| General Capital Fund | \$ 100,000.00 | \$ - |
| Animal Control Fund | - | 525.00 |
| Water-Sewer Operating Fund | 525.00 | - |
| Trust Fund | - | 100,000.00 |
| | <u>\$ 100,525.00</u> | <u>\$ 100,525.00</u> |

Continued

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 13. 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.

NOTE 14. SUBSEQUENT EVENT - DEBT AUTHORIZED

The Borough adopted the following ordinances subsequent to 2015:

General Capital Fund:

| | | |
|---------|--|--------------|
| 2016-08 | Police Vehicles, Public Safety Equipment | \$ 75,800.00 |
| 2016-12 | Rehabilitation of East Ward Street | 250,000.00 |

Water-Sewer Capital Fund:

| | | |
|---------|--------------------------|------------|
| 2016-14 | Water-Sewer Improvements | 186,000.00 |
|---------|--------------------------|------------|

Concluded

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
PART II
SUPPLEMENTARY DATA
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2015

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-----------------------------|-----------------|-----------------|-----------------|
| Tax Rate | <u>\$ 4.060</u> | <u>\$ 4.086</u> | <u>\$ 3.961</u> |
| Apportionment of Tax Rate | | | |
| Net County Levy | .615 | .646 | .620 |
| County Library Tax | .059 | .066 | .063 |
| County Open Space Tax | .027 | .027 | .021 |
| Regional School District | 2.197 | 2.192 | 2.132 |
| Local Municipal Purpose Tax | 1.162 | 1.155 | 1.125 |

Assessed Valuation

| | | | |
|------|----------------|----------------|----------------|
| 2015 | \$ 389,586,874 | | |
| 2014 | | \$ 391,858,797 | |
| 2013 | | | \$ 392,567,107 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|------------------------|---------------------------------|
| | | <u>Cash Collection</u> | <u>Percentage of Collection</u> |
| 2015 | \$ 15,839,644 | \$ 15,544,799 | 98.13% |
| 2014 | 16,021,904 | 15,673,573 | 97.82% |
| 2013 | 15,559,734 | 15,268,882 | 98.13% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>Year Ended December 31</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------------------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2015 | \$ 184,628 | \$ 263,460 | \$ 448,088 | 2.83% |
| 2014 | 159,451 | 318,391 | 477,842 | 2.98% |
| 2013 | 118,008 | 267,386 | 385,394 | 2.48% |

COMPARATIVE SCHEDULE OF FUND BALANCES

CURRENT FUND:

| <u>Year</u> | <u>Balance December 31</u> | <u>Utilized in Budget of Succeeding Year</u> | |
|-------------|--------------------------------|--|-------------------------------------|
| | | <u>Current Fund</u> | <u>Water-Sewer Utility Fund</u> |
| 2015 | \$ 1,215,639 | \$ 610,000 | \$ -0- |
| 2014 | 1,083,918 | 600,000 | -0- |
| 2013 | 1,253,360 | 720,000 | -0- |

WATER-SEWER UTILITY FUND:

| <u>Year</u> | <u>Balance December 31</u> | <u>Utilized in Budget of Succeeding Year</u> | |
|-------------|--------------------------------|--|---|
| | | <u>Current Fund</u> | <u>Water-Sewer Utility Operating Fund</u> |
| 2015 | \$ 125,400 | \$ -0- | \$ 100,000 |
| 2014 | 86,427 | -0- | 85,000 |
| 2013 | 297,863 | -0- | 292,500 |

SUMMARY OF MUNICIPAL DEBT

| | <u>Year 2015</u> | <u>Year 2014</u> | <u>Year 2013</u> |
|---|----------------------|----------------------|----------------------|
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Notes and Loans | \$ 5,279,041 | \$ 5,579,269 | \$ 5,377,451 |
| Water-Sewer Utility: | | | |
| Bonds, Notes and Loans | <u>6,362,005</u> | <u>6,948,897</u> | <u>7,664,231</u> |
| | <u>\$ 11,641,046</u> | <u>\$ 12,528,166</u> | <u>\$ 13,041,682</u> |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | \$ 2,958,565 | \$ 697,165 | \$ 914,765 |
| Water-Sewer Utility: | | | |
| Bonds and Notes | <u>352,013</u> | <u>452,013</u> | <u>352,013</u> |
| Total Authorized but not Issued | <u>\$ 3,310,578</u> | <u>\$ 1,149,178</u> | <u>\$ 1,266,778</u> |
| Net Bonds and Notes Issued and Authorized but not Issued | <u>\$ 14,951,624</u> | <u>\$ 13,677,344</u> | <u>\$ 14,308,460</u> |

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.809%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|----------------------|----------------------|---------------------|
| Regional School District Debt | \$ 3,980,950 | \$ 3,980,950 | \$ -0- |
| Water-Sewer Utility Debt | 6,714,018 | 6,714,018 | -0- |
| General Debt | <u>8,237,606</u> | <u>35,000</u> | <u>8,202,606</u> |
| | <u>\$ 18,932,574</u> | <u>\$ 10,729,968</u> | <u>\$ 8,202,606</u> |

Net Debt \$8,202,606 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$413,259,463 = 1.985.

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

| | |
|--|---------------------|
| 3½% of Equalized Valuation Basis (Municipal) | \$ 14,464,081 |
| Net Debt | <u>8,202,606</u> |
| Remaining Borrowing Power | <u>\$ 6,261,475</u> |

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S. 40A:2-45

| | |
|--|------------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | \$ 3,182,567 |
| Deductions: | |
| Operating and Maintenance Cost | \$ 2,254,784 |
| Debt Service per Water-Sewer Account | <u>879,675</u> |
| Total Deductions | <u>3,134,459</u> |
| Excess in Revenues | <u>\$ 48,108</u> |

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

BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

| <u>Name</u> | <u>Position</u> | <u>Amount of Bond</u> |
|-----------------------------|---|----------------------------------|
| Lawrence D. Quattrone | Mayor | |
| Denise Hansen | Council President | |
| Susan Bluth | Councilwoman | |
| Seth Kurs | Councilman | |
| Steven Misiura | Councilman | |
| Connor Montferrat | Councilman | |
| Charles "Lee" Stults | Councilman | |
| Debra L. Sopronyi, RMC | Municipal Clerk | \$ 1,000,000 |
| George Lang | Chief Financial Officer | 1,000,000 |
| Frederick C. Raffetto, Esq. | Attorney | |
| Janice Mohr-Kminek | Treasurer | 1,000,000 |
| Angela Loconte | Tax Collector and Water-Sewer Collector | 1,000,000 |
| James M. Newman | Magistrate | 1,000,000 |
| Kristy Gilsenan | Court Administrator | 1,000,000 |
| Kenneth Pacera | Assessor | |

There is a blanket bond with the Mid-Jersey Municipal Joint Insurance Fund in the amount of \$50,000. There is additional coverage through a blanket bond with the Municipal Excess Liability Joint Insurance Fund in the amount of \$950,000. There are also a Public Officials' Bond and a Statutory Position Bond with the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000 subject to deductibles.

CURRENT FUND
 SCHEDULE OF CASH

| | <u>Current Fund</u> |
|--|------------------------|
| Balance, December 31, 2014 | \$ 2,394,992.98 |
| Increased by Receipts: | |
| Taxes Receivable | \$ 15,746,807.88 |
| Tax Title Liens | 4,471.84 |
| Revenue Accounts Receivable | 1,583,020.29 |
| Miscellaneous Revenue Not Anticipated | 30,106.08 |
| Prepaid Taxes | 89,314.72 |
| Due from State of N.J. (Ch. 20, P.L. 1971) | 24,000.00 |
| Tax Overpayments | 64,025.96 |
| Reserve for Fire Safety and Code Enforcement | 6,250.00 |
| Accounts payable | 1,800.00 |
| Interfunds: | |
| Animal Control Fund | 4,400.00 |
| Due to State of New Jersey | 14,725.00 |
| | <u>17,568,921.77</u> |
| | \$ 19,963,914.75 |
| Decreased by Disbursements: | |
| 2014 Appropriation Reserves | 380,365.41 |
| 2015 Appropriations | 5,748,197.42 |
| Accounts Payable | 35,340.06 |
| County Taxes | 2,733,951.38 |
| Regional School District Tax | 8,559,326.00 |
| Tax Overpayments | 44,465.40 |
| Reserve for Hurricane Irene | 10,490.00 |
| Reserve for Enchantment | 390,000.00 |
| Prior Year Refund | 1,149.37 |
| Due to State of New Jersey | 12,253.00 |
| Interfunds: | |
| Trust Fund | 7,963.77 |
| | <u>17,923,501.81</u> |
| Balance, December 31, 2015 | <u>\$ 2,040,412.94</u> |

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

| | | |
|---|------------------|--------------------|
| Balance, December 31, 2014 | | \$ (245.02) |
| Increased by: | | |
| Senior Citizens Deductions Per Tax Billings | \$ 3,750.00 | |
| Veterans Deductions Per Tax Billings | 19,750.00 | |
| Veterans Deductions Allowed by Collector | <u>250.00</u> | |
| | | <u>23,750.00</u> |
| | | \$ 23,504.98 |
| Decreased by: | | |
| Senior Citizens Deductions Disallowed by Collector: | | |
| Prior Year | 250.00 | |
| Received in Cash from State of N.J. | <u>24,000.00</u> | |
| | | <u>24,250.00</u> |
| Balance, December 31, 2015(Due to) | | <u>\$ (745.02)</u> |

CALCULATION OF AMOUNT FOR TAXES RECEIVABLE SCHEDULE

| | | |
|-----------------------------|---------------|-----------------------------|
| Increased by: | | |
| Deductions Per Tax Billings | \$ 23,500.00 | |
| Deductions Allowed | <u>250.00</u> | |
| | | \$ 23,750.00 |
| Decreased by: | | |
| Deductions Disallowed | | <u> </u> |
| Taxes Receivable | | <u>\$ 23,750.00</u> |

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

| Year | Balance Dec. 31, 2014 | 2015 Levy | Added Taxes | Collections | | Overpayments Applied | Chap. 20 P.L. 1971 | Adjusted or Canceled | Transfers To Tax Title Liens | Balance Dec. 31, 2015 |
|------|--------------------------|------------------|----------------|--------------|------------------|-------------------------|-----------------------|----------------------------|------------------------------------|--------------------------|
| | | | | 2014 | 2015 | | | | | |
| 2013 | \$ 40.61 | \$ - | \$ - | \$ - | \$ 40.61 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2014 | 318,350.56 | - | 250.00 | - | 314,987.94 | - | - | - | 3,473.10 | 139.52 |
| | 318,391.17 | - | 250.00 | - | 315,028.55 | - | - | - | 3,473.10 | 139.52 |
| 2014 | - | 15,839,644.32 | - | 88,834.41 | 15,431,779.33 | 435.66 | 23,750.00 | 7,273.97 | 24,250.38 | 263,320.57 |
| | \$ 318,391.17 | \$ 15,839,644.32 | \$ 250.00 | \$ 88,834.41 | \$ 15,746,807.88 | \$ 435.66 | \$ 23,750.00 | \$ 7,273.97 | \$ 27,723.48 | \$ 263,460.09 |

Analysis of 2015 Property Tax Levy:

Tax Yield:
 General Property Tax \$ 15,817,227.08
 Added and Omitted Taxes 22,417.24

Total Tax Yield \$ 15,839,644.32

Tax Levy:
 Regional School District Taxes \$ 8,559,326.00
 County Taxes:
 General County Levy \$ 2,397,320.46
 County Library 231,098.52
 County Open Space Preservation 103,623.50
 Due County for Added and Omitted Taxes 3,886.61
 2,735,929.09

Local Tax for Municipal Purposes 4,525,716.00
 Add: Additional Taxes Levied 18,673.23
 Local Taxes for Municipal Purposes Levied 4,544,389.23

\$ 15,839,644.32

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | | |
|----------------------------|-----------------|-----------------------------|
| Balance, December 31, 2014 | | \$ 159,450.59 |
| Increased by: | | |
| Transfer from Taxes | \$ 27,723.48 | |
| Interest and Costs | <u>1,925.54</u> | |
| | | <u>29,649.02</u> |
| | | <u>189,099.61</u> |
| Decreased by: | | |
| Receipts | A-4 | <u>4,471.84</u> |
| Balance, December 31, 2015 | A | <u><u>\$ 184,627.77</u></u> |

CURRENT FUND
 SCHEDULE OF ACCOUNTS PAYABLE

| | | | |
|-----------------------------------|----|-----------------|------------------|
| Balance, December 31, 2014 | | \$ | 56,693.94 |
| Increased by: | | | |
| Charged to Appropriation Reserves | \$ | 9,404.67 | |
| Prior Year Check voided | | <u>1,800.00</u> | |
| | | | \$ 11,204.67 |
| | | | \$ 67,898.61 |
| Decreased by: | | | |
| Disbursements | | | <u>35,340.06</u> |
| Balance, December 31, 2015 | | \$ | <u>32,558.55</u> |

SCHEDULE OF RESERVE FOR FIRE SAFETY AND CODE ENFORCEMENT

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>Dec. 31, 2015</u> |
|---|--|--------------------------------|-------------------------------------|--|
| Code Enforcement - Property Maintenance | | | | |
| Registration Fees | \$ - | \$ 750.00 | \$ - | \$ 750.00 |
| Fire Safety Fees | | <u>5,500.00</u> | <u>-</u> | <u>5,500.00</u> |
| | <u>\$ -</u> | <u>\$ 6,250.00</u> | <u>\$ -</u> | <u>\$ 6,250.00</u> |

CURRENT FUND
 SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | Balance <u>Dec. 31, 2014</u> | Accrued in <u>2015</u> | <u>Collected</u> | Balance <u>Dec. 31, 2015</u> |
|---|---------------------------------|---------------------------|------------------------|---------------------------------|
| Licenses: | | | | |
| Alcoholic Beverages | \$ - | \$ 7,750.00 | \$ 7,750.00 | \$ - |
| Other | - | 21,600.00 | 21,600.00 | - |
| Fees and Permits | - | 18,827.58 | 18,827.58 | - |
| Fines and Costs: | | | | |
| Municipal Court | 14,467.67 | 285,053.31 | 275,271.25 | 24,249.73 |
| Interest and Costs on Taxes | - | 73,966.75 | 73,966.75 | - |
| Interest on Investments and Deposits | - | 30,154.68 | 30,154.68 | - |
| Lease of Borough Owned Property | - | 61,297.63 | 61,297.63 | - |
| Consolidated Municipal Property Tax Relief Aid | - | 61,789.00 | 61,789.00 | - |
| Energy Receipts Tax | - | 441,761.00 | 441,761.00 | - |
| Uniform Construction Code Fees | - | 159,042.00 | 159,042.00 | - |
| Shared Services Agreement - 911 Cranbury Township | - | 112,200.00 | 112,200.00 | - |
| Shared Services Agreement - Roosevelt Borough Trash Collection | - | 61,000.00 | 61,000.00 | - |
| Shared Services Agreement - Roosevelt Borough Trash Collection - Tipping Fees | - | 29,178.40 | 29,178.40 | - |
| Shared Services Agreement - Roosevelt Borough Trash Collection - Borough Clerk Services | - | 35,521.25 | 35,521.25 | - |
| Drunk Driving Enforcement Fund | - | 20,216.48 | 20,216.48 | - |
| Click It or Ticket | - | 4,000.00 | 4,000.00 | - |
| Clean Communities Program | - | 9,900.78 | 9,900.78 | - |
| Alcohol Education Rehabilitation Fund | - | 7,661.31 | 7,661.31 | - |
| Body Armor Grant | - | 1,510.33 | 1,510.33 | - |
| US Dept of Justice - Bulletproof Vests | - | - | - | - |
| Drive Sober or Get Pulled Over | - | 5,000.00 | 5,000.00 | - |
| Recycling Tonnage Grant | - | 5,131.35 | 5,131.35 | - |
| JIF Safety Grant | - | 2,082.03 | 2,082.03 | - |
| Uniform Fire Safety Act | - | 9,119.83 | 9,119.83 | - |
| CATV - Franchise Fee | - | 35,051.20 | 35,051.20 | - |
| The Peddie School - Gift | - | 23,000.00 | 23,000.00 | - |
| Verizon Franchise Fee | - | 35,655.13 | 35,655.13 | - |
| FEMA - Hurricane Irene | - | 3,478.17 | 3,478.17 | - |
| Hightstown Housing Authority - Payment in Lieu of Taxes | - | 31,854.14 | 31,854.14 | - |
| | <u>\$ 14,467.67</u> | <u>\$ 1,592,802.35</u> | <u>\$ 1,583,020.29</u> | <u>\$ 24,249.73</u> |

CURRENT FUND
 SCHEDULE OF 2014 APPROPRIATION RESERVES

| | <u>2014 Unexpended</u> | <u>Encumbered</u> | <u>transfers</u> | <u>Balance After Transfers and Encumbrances</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|----------------------------|-------------------|------------------|---|----------------------------|---------------------------|
| General Administration | | | | | | |
| Salaries and Wages | \$ 7,787.94 | \$ - | \$ - | \$ 7,787.94 | \$ 1,536.54 | \$ 6,251.40 |
| Other Expenses | 251.00 | 99.00 | | 350.00 | - | 350.00 |
| Mayor and Council | | | | | | |
| Salaries and Wages | 885.00 | - | | 885.00 | - | 885.00 |
| Other Expenses | 276.26 | 563.35 | | 839.61 | 488.35 | 351.26 |
| Municipal Clerk | | | | | | |
| Salaries and Wages | 9,545.75 | - | | 9,545.75 | 2,988.38 | 6,557.37 |
| Other Expenses | 643.34 | 186.79 | | 830.13 | 432.77 | 397.36 |
| Elections | | | | | | |
| Other Expenses | 2,085.00 | - | | 2,085.00 | - | 2,085.00 |
| Office Supplies and Paper Products | | | | | | |
| Other Expenses | 5,782.88 | 2,120.56 | | 7,903.44 | 1,639.20 | 6,264.24 |
| Financial Administration | | | | | | |
| Salaries and Wages | 13,668.17 | - | (8,000.00) | 5,668.17 | 2,528.65 | 3,139.52 |
| Other Expenses | 619.54 | - | | 619.54 | - | 619.54 |
| Audit Services | | | | | | |
| Other Expenses | - | 14,000.00 | | 14,000.00 | 14,000.00 | - |
| Grant Writing and Administration | | | | | | |
| Other Expenses | - | - | | - | - | - |
| Central Computer (Data Processing Tech) | | | | | | |
| Salaries and Wages | 869.18 | - | | 869.18 | 192.31 | 676.87 |
| Other Expenses | 3,794.80 | 2,855.08 | | 6,649.88 | 3,778.83 | 2,871.05 |
| Tax Collection | | | | | | |
| Salaries and Wages | 5,720.95 | - | | 5,720.95 | 1,528.98 | 4,191.97 |
| Other Expenses | 1,125.38 | - | | 1,125.38 | 100.00 | 1,025.38 |
| Tax Assessment | | | | | | |
| Salaries and Wages | 336.10 | - | | 336.10 | 336.00 | 0.10 |
| Other Expenses | 2,211.91 | 926.97 | | 3,138.88 | 873.97 | 2,264.91 |
| Interest on Tax Appeals | | | | | | |
| Other Expenses | 100.00 | - | | 100.00 | - | 100.00 |
| Legal Services and Costs | | | | | | |
| Other Expenses | 5,111.72 | 880.50 | 20,000.00 | 25,992.22 | 25,260.78 | 731.44 |
| Legal Settlements | | | | | | |
| Other Expenses | 75,230.50 | - | (20,000.00) | 55,230.50 | 55,230.50 | - |
| Engineering Services | | | | | | |
| Other Expenses | 1,675.00 | 7,213.00 | | 8,888.00 | 2,202.50 | 6,685.50 |
| Historical Commission | | | | | | |
| Other Expenses | 1,000.00 | - | | 1,000.00 | - | 1,000.00 |
| Planning Board | | | | | | |
| Salaries and Wages | 6,411.48 | - | | 6,411.48 | 795.41 | 5,616.07 |
| Other Expenses | 10,706.21 | 1,862.00 | | 12,568.21 | 1,232.33 | 11,335.88 |
| Insurance | | | | | | |
| Insurance Deductibles | 1,990.80 | - | | 1,990.80 | 1,000.00 | 990.80 |
| Workers Compensation Insurance | - | - | | - | - | - |
| Employee Group Health Insurance | 8,345.65 | - | | 8,345.65 | 2,633.07 | 5,712.58 |
| Unemployment Insurance | 5,000.00 | - | | 5,000.00 | 5,000.00 | - |
| Health Benefit Walver | 6,853.42 | - | | 6,853.42 | - | 6,853.42 |

Continued

CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
(CONTINUED FROM PRIOR PAGE)

| | 2014 <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 | \$ 27,018.60 | \$ - | \$ 16,000.00 | \$ 43,018.60 | \$ 43,003.84 | \$ 14.76 |
| Other Expenses | 24,795.25 | 16,656.86 | (10,000.00) | 31,452.11 | 20,512.88 | 10,939.23 |
| Police Vehicle Purchase | 1,361.75 | - | (1,000.00) | 361.75 | - | 361.75 |
| Police - Fire Radio Communications | | | | | | |
| Salaries and Wages | 10,356.62 | - | - | 10,356.62 | 8,911.06 | 1,445.56 |
| Other Expenses | 1,965.60 | 2,874.40 | - | 4,840.00 | 2,874.40 | 1,965.60 |
| Emergency Management | | | | | | |
| Salaries and Wages | 1,000.00 | - | - | 1,000.00 | 1,000.00 | - |
| Other Expenses | 963.40 | - | - | 963.40 | - | 963.40 |
| Fire Department | | | | | | |
| Other Expenses | 209.35 | 7,455.00 | - | 7,664.35 | 7,162.64 | 501.71 |
| Aid to Fire Department | | | | | | |
| Other Expenses | - | - | - | - | - | - |
| Uniform Fire Safety Act | | | | | | |
| Salaries and Wages | 4,862.50 | - | - | 4,862.50 | 750.00 | 4,112.50 |
| Other Expenses | 1,389.00 | 3,926.08 | - | 5,315.08 | 4,367.17 | 947.91 |
| First Aid Organization: | | | | | | |
| Other Expenses | 8,433.53 | 1,445.00 | - | 9,878.53 | 3,704.31 | 6,174.22 |
| First Aid Contribution: | | | | | | |
| Other Expenses | - | - | - | - | - | - |
| Municipal Prosecutor | | | | | | |
| Salaries and Wages | 200.00 | 1,200.00 | - | 1,400.00 | 1,200.00 | 200.00 |
| Streets and Roads | | | | | | |
| Salaries and Wages | 13,348.82 | - | - | 13,348.82 | 3,931.93 | 9,416.89 |
| Other Expenses | 6,696.49 | 6,530.19 | - | 13,226.68 | 7,165.66 | 6,061.02 |
| Snow Removal | | | | | | |
| Salaries and Wages | 28.37 | - | - | 28.37 | - | 28.37 |
| Other Expenses | 2,000.00 | - | 8,000.00 | 10,000.00 | 10,000.00 | - |
| Sanitation/Solid Waste Collection | | | | | | |
| Salaries and Wages | 4,536.95 | - | - | 4,536.95 | 3,093.81 | 1,443.14 |
| Other Expenses | 9,473.28 | 605.14 | - | 10,078.42 | 639.43 | 9,438.99 |
| Public Buildings and Grounds | | | | | | |
| Salaries and Wages | 2,960.22 | - | - | 2,960.22 | 1,755.72 | 1,204.50 |
| Other Expenses | 3,104.04 | 13,403.05 | - | 16,507.09 | 13,002.46 | 3,504.63 |
| Recycling | | | | | | |
| Salaries and Wages | 18,286.15 | - | - | 18,286.15 | 2,740.37 | 15,545.78 |
| Other Expenses | 5,082.37 | 6,953.20 | - | 12,035.57 | 6,852.56 | 5,183.01 |
| Vehicle Maintenance | | | | | | |
| Other Expenses | 8,147.19 | 271.70 | - | 8,418.89 | 282.46 | 8,136.43 |
| Community Services / Condominium Act | | | | | | |
| Other Expenses | 15,935.80 | - | - | 15,935.80 | 15,039.16 | 896.64 |
| Board of Health | | | | | | |
| Salaries and Wages | 2,045.69 | - | 1,500.00 | 3,545.69 | 2,994.86 | 550.83 |
| Other Expenses | 1,065.26 | 93.00 | - | 1,158.26 | 348.00 | 810.26 |
| Environmental Commission | | | | | | |
| Other Expenses | 170.00 | - | - | 170.00 | - | 170.00 |

Continued

CURRENT FUND
 SCHEDULE OF 2014 APPROPRIATION RESERVES
 (CONTINUED FROM PRIOR PAGE)

| | 2014 <u>Unexpended</u> | <u>Encumbered</u> | <u>transfers</u> | Balance After Transfers and Encumbrances | Paid or Charged | Balance Lapsed |
|---|---------------------------|-------------------|------------------|---|--------------------|-------------------|
| Maintenance of Parks | | | | | | |
| Salaries and Wages | \$ 5,226.12 | \$ - | \$ - | \$ 5,226.12 | \$ 1,901.05 | \$ 3,325.07 |
| Other Expenses | 17.19 | - | - | 17.19 | - | 17.19 |
| Recreation & Open Space (Parks Commission) | | | | | | |
| Salaries and Wages | 10.00 | - | - | 10.00 | - | 10.00 |
| Other Expenses | 2,513.57 | - | - | 2,513.57 | - | 2,513.57 |
| Celebration of Public Events: | | | | | | |
| Other Expenses | 38.00 | - | 1,500.00 | 1,538.00 | 1,100.00 | 438.00 |
| Accumulated Sick and Vacation | | | | | | |
| Other Expenses | 28,121.90 | - | - | 28,121.90 | 9,039.92 | 19,081.98 |
| Postage and Shipping Charges | | | | | | |
| Other Expenses | 1,908.94 | 68.46 | - | 1,977.40 | 68.46 | 1,908.94 |
| Utilities | | | | | | |
| Gasoline and Diesel Fuel | 12,538.22 | 5,015.69 | - | 17,553.91 | 11,689.82 | 5,864.09 |
| Electricity | 17,869.26 | 3.25 | (5,000.00) | 12,872.51 | 4,852.19 | 8,020.32 |
| Telephone | 10,044.90 | 1,704.92 | - | 11,749.82 | 2,471.10 | 9,278.72 |
| Natural Gas and Heating Oil | 1,409.69 | - | - | 1,409.69 | - | 1,409.69 |
| Street Lighting | 3,766.07 | 390.19 | - | 4,156.26 | 2,563.97 | 1,592.29 |
| Landfill Disposal Costs | | | | | | |
| Other Expenses | 42,388.35 | - | - | 42,388.35 | 17,150.02 | 25,238.33 |
| Municipal Court | | | | | | |
| Salaries and Wages | 5,830.27 | - | - | 5,830.27 | 3,782.38 | 2,047.89 |
| Other Expenses | 5,305.64 | 2,220.43 | - | 7,526.07 | 3,227.45 | 4,298.62 |
| Construction Official | | | | | | |
| Salaries and Wages | 664.48 | - | 3,000.00 | 3,664.48 | 3,466.43 | 198.05 |
| Other Expenses | 2,872.86 | 349.00 | - | 3,221.86 | 349.00 | 2,872.86 |
| Housing Code Enforcement | | | | | | |
| Salaries and Wages | 13,041.37 | - | (6,000.00) | 7,041.37 | 1,044.92 | 5,996.45 |
| Other Expenses | 54.01 | - | - | 54.01 | - | 54.01 |
| Contribution to: | | | | | | |
| Public Employees' Retirement System | | | | | | |
| Social Security System | 1,383.49 | - | - | 1,383.49 | - | 1,383.49 |
| Defined Contribution Benefit Plan | 5,000.00 | - | - | 5,000.00 | - | 5,000.00 |
| Length of Service Awards Program | 36,500.00 | - | - | 36,500.00 | 35,150.00 | 1,350.00 |
| Recycling Tax | 2,185.85 | - | - | 2,185.85 | 447.39 | 1,738.46 |
| Implementation of 911 | | | | | | |
| Salaries and Wages | - | - | - | - | - | - |
| Other Expenses | 24,485.67 | 195.30 | - | 24,680.97 | 395.52 | 24,285.45 |

Continued

CURRENT FUND
 SCHEDULE OF 2014 APPROPRIATION RESERVES
 (CONTINUED FROM PRIOR PAGE)

| | 2014 <u>Unexpended</u> | <u>Encumbered</u> | <u>transfers</u> | Balance After Transfers and Encumbrances | Paid or Charged | Balance Lapsed |
|-------------------------------------|---------------------------|----------------------|------------------|---|----------------------|----------------------|
| Senior Citizen Program | | | | | | |
| Other Expenses | \$ 0.50 | \$ - | \$ - | \$ 0.50 | \$ - | \$ 0.50 |
| Senior Citizens Transportation: | | | | | | |
| Other Expenses | - | 2,180.00 | | 2,180.00 | 2,180.00 | - |
| Health Services | | | | | | |
| Other Expenses | 175.00 | - | | 175.00 | - | 175.00 |
| Emergency Medical Services | | | | | | |
| Other Expenses | 9,500.00 | - | | 9,500.00 | - | 9,500.00 |
| Landfill Disposal Costs (Roosevelt) | | | | | | |
| Other Expenses | 6,513.81 | 2,247.99 | | 8,761.80 | 2,247.99 | 6,513.81 |
| Borough Clerk Services (Roosevelt) | | | | | | |
| Salaries and Wages | 2,125.00 | - | | 2,125.00 | 870.00 | 1,255.00 |
| Other Expenses | 1,000.00 | - | | 1,000.00 | - | 1,000.00 |
| Vehicle Maintenance Services | | | | | | |
| Other Expenses | 3,710.23 | 661.18 | | 4,371.41 | 661.18 | 3,710.23 |
| Municipal Building Feasibility | 25,000.00 | - | | 25,000.00 | - | 25,000.00 |
| | <u>\$ 624,664.60</u> | <u>\$ 107,157.28</u> | <u>\$ -</u> | <u>\$ 731,821.88</u> | <u>\$ 389,770.08</u> | <u>\$ 342,051.80</u> |
| Encumbrances | <u>107,157.28</u> | <u>-</u> | | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 731,821.88</u> | <u>\$ 107,157.28</u> | <u>\$ -</u> | <u>\$ 731,821.88</u> | <u>\$ 389,770.08</u> | <u>\$ 342,051.80</u> |
| Disbursements | | | | | \$ 380,365.41 | |
| Accounts Payable | | | | | <u>9,404.67</u> | |
| | | | | | <u>\$ 389,770.08</u> | |

Concluded

CURRENT FUND
SCHEDULE OF PREPAID TAXES

| | | |
|-----------------------------------|------------------|----------------------------|
| Balance, December 31, 2014 | | \$ 88,834.41 |
| Increased by: | | |
| Transferred from Tax Overpayments | \$ 3,947.05 | |
| Receipts | <u>89,314.72</u> | |
| | | <u>93,261.77</u> |
| | | \$ 182,096.18 |
| Decreased by: | | |
| Applied to 2015 Taxes | | <u>88,834.41</u> |
| Balance, December 31, 2015 | | <u><u>\$ 93,261.77</u></u> |

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

| | | | |
|----------------------------|-----------------|----|-------------------------|
| Balance, December 31, 2014 | | \$ | 4,382.71 |
| Increased by: | | | |
| Receipts | | | <u>64,025.96</u> |
| | | \$ | 68,408.67 |
| Decreased by: | | | |
| Payments | \$ 44,465.40 | | |
| Applied 2015 Taxes | 435.66 | | |
| Applied Prepaid Taxes | <u>3,947.05</u> | | |
| | | | <u>48,848.11</u> |
| Balance, December 31, 2015 | | \$ | <u><u>19,560.56</u></u> |

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | | | |
|----------------------------|--|----|---------------------|
| Balance, December 31, 2014 | | \$ | - |
| Increased by: | | | |
| Levy Calendar year 2015 | | | <u>8,559,326.00</u> |
| | | \$ | 8,559,326.00 |
| Decreased by: | | | |
| Payments | | | <u>8,559,326.00</u> |
| Balance, December 31, 2015 | | \$ | <u><u>-</u></u> |

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

| | | |
|--|-----------------|---------------------------|
| Balance, December 31, 2014 | | \$ 1,908.90 |
| Increased by: | | |
| General County Levy | \$ 2,397,320.46 | |
| County Library | 231,098.52 | |
| County Open Space Preservation | 103,623.50 | |
| Due County for Added and Omitted Taxes | <u>3,886.61</u> | |
| | | <u>2,735,929.09</u> |
| | | \$ 2,737,837.99 |
| Decreased by: | | |
| Payments | | <u>2,733,951.38</u> |
| Balance, December 31, 2015 | | <u><u>\$ 3,886.61</u></u> |

CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>Dec. 31, 2015</u> |
|---------------------|--|---------------------|----------------------|--|
| State Training Fees | \$ - | \$ 13,600.00 | \$ 11,203.00 | \$ 2,397.00 |
| Marriage Licenses | 250.00 | 1,125.00 | 1,050.00 | 325.00 |
| | <u>\$ 250.00</u> | <u>\$ 14,725.00</u> | <u>\$ 12,253.00</u> | <u>\$ 2,722.00</u> |

CURRENT FUND
SCHEDULE OF RESERVE FOR TAX APPEALS

| | |
|----------------------------|--------------------|
| Balance, December 31, 2014 | \$ 16,063.07 |
| Decreased by: | |
| Closed to Operations | <u>16,063.07</u> |
| Balance, December 31, 2015 | <u><u>\$ -</u></u> |

GRANT FUND
SCHEDULE OF CASH

| | | |
|-----------------------------------|-----------------|---------------------|
| Balance, December 31, 2013 | | \$ 50,795.25 |
| Receipts: | | |
| Grants Receivable | \$ 45,444.40 | |
| Reserve for Grants Unappropriated | <u>5,051.10</u> | |
| | | <u>50,495.50</u> |
| | | \$ 101,290.75 |
| Disbursements: | | |
| Reserve for Grants Appropriated | | <u>24,225.12</u> |
| Balance, December 31, 2014 | | <u>\$ 77,065.63</u> |

GRANT FUND
 SCHEDULE OF GRANTS RECEIVABLE

| | Balance Dec. 31, 2014 | 2015 Budget Revenue Realized | Received | Canceled | Balance Dec. 31, 2015 |
|---|--------------------------|---------------------------------------|---------------------|------------------|--------------------------|
| Drunk Driving Enforcement Fund | \$ - | \$ 20,216.48 | \$ 20,216.48 | \$ - | \$ - |
| Clean Communities | - | 9,900.78 | 9,900.78 | - | - |
| Municipal Court Alcohol Education and Rehabilitation Fund | - | 7,661.31 | 7,661.31 | - | - |
| Recycling Tonnage Grant | - | 5,131.35 | 5,131.35 | - | - |
| Body Armor Grant - State | - | 1,510.33 | 1,510.33 | - | - |
| Body Armor Grant - Federal | 5,067.77 | - | 2,255.50 | - | 2,812.27 |
| Drive Sober or Get Pulled Over | - | 5,000.00 | - | - | 5,000.00 |
| JIF Safety Grant | - | 2,082.03 | 2,082.03 | - | - |
| Click It or Ticket | - | 4,000.00 | 3,900.00 | 100.00 | - |
| | <u>\$ 5,067.77</u> | <u>\$ 55,502.28</u> | <u>\$ 52,657.78</u> | <u>\$ 100.00</u> | <u>\$ 7,812.27</u> |

GRANT FUND
 SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

| | Balance Dec. 31, 2014 | Transferred from 2015 Budget Appropriations | | Prior Year Encumbrances | Disbursed | Adjust prior year expended | Canceled | Balance Dec. 31, 2015 |
|--|--------------------------|--|------------------------------|----------------------------|--------------|-------------------------------|-----------|--------------------------|
| | | Budget | Appropriation By 40A:4-87 | | | | | |
| Drunk Driving Enforcement Fund | \$ 615.16 | \$ 9,900.78 | \$ 20,216.48 | \$ - | \$ 686.76 | \$ - | \$ - | \$ 19,529.72 |
| Clean Communities | 2,868.11 | - | - | - | 10,515.94 | - | - | - |
| Municipal Court Alcohol Education and Rehabilitation Fund | 35,359.73 | 5,131.35 | 7,661.31 | 361.37 | 2,401.37 | - | - | 8,489.42 |
| Recycling Tonnage Grant | - | 4,000.00 | - | - | 3,900.00 | - | 100.00 | 40,491.08 |
| Click It or Ticket | 1,950.71 | - | 1,510.33 | - | 580.77 | (1,093.94) | - | 3,974.21 |
| Body Armor Grant | 4,486.99 | - | - | - | 580.78 | 1,093.94 | - | 2,812.27 |
| Body Armor Grant - Federal Drive Sober or Get Pulled Over End of Year | 125.00 | - | 5,000.00 | - | 2,750.00 | - | - | 2,375.00 |
| Holiday Crackdown | 2,882.57 | 2,082.03 | - | - | 2,809.50 | - | - | 2,155.10 |
| JIF Safety Grant | - | - | - | - | - | - | - | - |
| | \$ 48,288.27 | \$ 21,114.16 | \$ 34,388.12 | \$ 361.37 | \$ 24,225.12 | \$ - | \$ 100.00 | \$ 79,826.80 |

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

A-21

GRANT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | |
|----------------------------|--------------------|
| Balance, December 31, 2014 | \$ 361.37 |
| Decreased by: | |
| Encumbrances Prior Year | <u>361.37</u> |
| Balance, December 31, 2015 | <u><u>\$ -</u></u> |

GRANT FUND
 SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

| <u>Grant</u> | <u>Balance</u> | <u>Transferred to</u> | <u>Received</u> | <u>Balance</u> |
|-------------------------|----------------------|-----------------------|--------------------|----------------------|
| | <u>Dec. 31, 2014</u> | <u>2014 Budget</u> | | <u>Dec. 31, 2015</u> |
| | | <u>Appropriations</u> | | |
| Recycling Tonnage Grant | \$ 5,131.35 | \$ 5,131.35 | \$ 5,051.10 | \$ 5,051.10 |
| JIF Safety Grant | 2,082.03 | 2,082.03 | - | - |
| | <u>\$ 7,213.38</u> | <u>\$ 7,213.38</u> | <u>\$ 5,051.10</u> | <u>\$ 5,051.10</u> |

TRUST FUND
 SCHEDULE OF TRUST CASH - TREASURER

| | Animal Control | Other Trust | Escrow Trust |
|---|-----------------|---------------------|---------------------|
| Balance, December 31, 2014 | \$ 13,416.25 | \$ 873,422.10 | \$ 164,479.30 |
| Increased by Receipts: | | | |
| Due to State of New Jersey Reserve for Animal Control | \$ 524.60 | - | - |
| Interfund - Current Fund | 4,904.00 | 7,963.77 | - |
| Redemption of Tax Title Liens | - | 111,286.01 | - |
| Interfund - General Capital Fund | - | - | - |
| Law Enforcement Fund | - | 8,088.32 | - |
| Public Defender | - | 4,634.50 | - |
| Unemployment Trust Fund | - | 10,367.97 | - |
| Payroll Deductions | - | 4,178,328.24 | - |
| Miscellaneous Trust Funds | - | 853,486.12 | - |
| Housing Trust | - | 2,260.30 | - |
| Escrow Fees | - | - | 1,270,950.83 |
| | <u>5,428.60</u> | <u>5,176,803.43</u> | <u>1,270,950.83</u> |
| | \$ 18,844.85 | \$ 6,050,225.53 | \$ 1,435,430.13 |
| Decreased by Disbursements: | | | |
| N.J. State Dept. of Health Expenditures Per R.S. 4:19-15.11 | \$ 525.20 | - | - |
| Encumbrances | 4,140.00 | - | - |
| Redemption of Tax Title Liens | 500.00 | - | - |
| Law Enforcement Fund | - | 96,088.32 | - |
| Public Defender | - | 600.00 | - |
| Unemployment Trust Fund | - | 3,600.00 | - |
| Payroll Deductions | - | 5,481.49 | - |
| Miscellaneous Trust Funds | - | 4,118,657.09 | - |
| Housing Trust | - | 529,936.51 | - |
| Interfunds: | | | |
| Current Fund | 4,400.00 | - | - |
| General Capital Fund | - | 100,000.00 | - |
| Escrow Fees | - | - | 151,976.81 |
| | <u>9,565.20</u> | <u>4,904,836.06</u> | <u>151,976.81</u> |
| Balance, December 31, 2015 | \$ 9,279.65 | \$ 1,145,389.47 | \$ 1,283,453.32 |

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

B-2

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

| | | | |
|--------------------------------|-------------------|----|--------------------------|
| Balance, December 31, 2015 | | \$ | 0.60 |
| Increased by: | | | |
| State Registration Fees - 2015 | | | <u>524.60</u> |
| | | \$ | 525.20 |
| Decreased by: | | | |
| Disbursed to State | 525.20 | | |
| Adjustment to Balance | | | |
| Disbursed to State | <u> </u> | | <u>525.20</u> |
| Balance, December 31, 2015 | | \$ | <u><u> </u></u> |

TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | | |
|--|---------------|--------------------|
| Balance, December 31, 2014 | | \$ 8,515.65 |
| Increased by: | | |
| License Fees Collected - 2015 Licenses | \$ 4,219.00 | |
| Replacement Tags | 20.00 | |
| Late Fees | <u>665.00</u> | |
| | | <u>4,904.00</u> |
| | | \$ 13,419.65 |
| Decreased by: | | |
| Expenditures Per R.S. 4:19-15.11 | | |
| Disbursed | 4,140.00 | |
| Encumbrances payable | 500.00 | |
| Paid by Water-Sewer Operating | <u>525.00</u> | |
| | | <u>5,165.00</u> |
| Balance, December 31, 2015 | | <u>\$ 8,254.65</u> |

Municipal Fees Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|--------------------|
| 2013 | \$ 4,022.61 |
| 2014 | <u>4,376.20</u> |
| | <u>\$ 8,398.81</u> |

TRUST FUND
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

| | | |
|-------------------------------|--|---------------------|
| Balance, December 31, 2014 | | \$ 28,005.13 |
| Increased by: | | |
| Deposits for Redemption | | <u>111,286.01</u> |
| | | \$ 139,291.14 |
| Decreased by: | | |
| Redemption of Tax Title Liens | | <u>96,088.32</u> |
| Balance, December 31, 2015 | | <u>\$ 43,202.82</u> |

SCHEDULE OF REGIONAL CONTRIBUTION AGREEMENT - MANALAPAN

| | | |
|----------------------------|-----|----------------------|
| Balance, December 31, 2014 | | \$ 156,510.21 |
| Increased by: | | |
| Interest Earned | B-1 | <u>368.20</u> |
| | | \$ 156,878.41 |
| Decreased by: | | |
| Disbursements | B-1 | <u>21,790.00</u> |
| Balance, December 31, 2015 | B | <u>\$ 135,088.41</u> |

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

B-6

TRUST FUND
SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND - FEDERAL

| | | |
|----------------------------|----|-------------------|
| Balance, December 31, 2014 | \$ | |
| Increased by: | | |
| Interfund Advanced | | <u>100,000.00</u> |
| Balance, December 31, 2015 | \$ | <u>100,000.00</u> |

B-7

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND

| | | |
|--------------------------------|----|------------------|
| Balance, December 31, 2014 | \$ | 11,285.88 |
| Increased by: | | |
| Received from County of Mercer | \$ | 7,983.55 |
| Interest Earned | | <u>104.77</u> |
| | | <u>8,088.32</u> |
| | \$ | 19,374.20 |
| Decreased by: | | |
| Disbursements | | <u>600.00</u> |
| Balance, December 31, 2015 | \$ | <u>18,774.20</u> |

TRUST FUND
SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

| | | |
|----------------------------|--|---------------------------|
| Balance, December 31, 2014 | | \$ 7,515.47 |
| Increased by: | | |
| Receipts | | <u>4,634.50</u> |
| | | \$ 12,149.97 |
| Decreased by: | | |
| Disbursements | | <u>3,600.00</u> |
| Balance, December 31, 2015 | | <u><u>\$ 8,549.97</u></u> |

SCHEDULE OF UNEMPLOYMENT TRUST FUND

| | | |
|---|-----------------|----------------------------|
| Balance, December 31, 2014 | | \$ 62,101.89 |
| Increased by Receipts: | | |
| Budget Appropriation | \$ 10,000.00 | |
| Interest on Investments | 367.97 | |
| Employee Payroll Deductions | <u>5,515.21</u> | |
| | | <u>15,883.18</u> |
| | | \$ 77,985.07 |
| Decreased by: | | |
| Paid to N.J. Employment Security Agency/ N.J. Unemployment Compensation Fund | | <u>5,481.49</u> |
| Balance, December 31, 2015 | | <u><u>\$ 72,503.58</u></u> |

TRUST FUND
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

| | | |
|---|---------------------|----------------------------|
| Balance, December 31, 2014 | | \$ 11,576.49 |
| Increased by: | | |
| Receipts | | <u>4,178,328.24</u> |
| | | \$ 4,189,904.73 |
| Decreased by: | | |
| Employee Unemployment Deductions due Unemployment Trust Fund | \$ 5,515.21 | |
| Disbursements | <u>4,118,657.09</u> | |
| | | <u>4,124,172.30</u> |
| Balance, December 31, 2015 | | <u><u>\$ 65,732.43</u></u> |

TRUST FUND
 SCHEDULE OF MISCELLANEOUS TRUST FUNDS

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Increased by</u> <u>Receipts</u> | <u>Decreased by</u> <u>Disbursements</u> | <u>Balance</u> <u>Dec. 31, 2015</u> |
|---|--|--|---|--|
| Celebration of Public Events: | | | | |
| Memorial Day Parade Donation | \$ 770.39 | \$ - | \$ 770.00 | \$ 0.39 |
| October Fair Donations | - | 1,100.00 | 670.00 | 430.00 |
| D & M Property Drainage | 462.75 | - | - | 462.75 |
| Donations: | | | | |
| Animal Welfare | 4,640.08 | 2,700.36 | 4,906.20 | 2,434.24 |
| Community Garden Project | 30.96 | - | - | 30.96 |
| Historical Site | 1,286.51 | 2,382.90 | 2,720.70 | 948.71 |
| K-9 Unit Police Department | 12.49 | - | - | 12.49 |
| National Night Out | 1,839.18 | 1,050.00 | 575.92 | 2,313.26 |
| Revitalization | 69.36 | - | - | 69.36 |
| Trap Release Animal Program | 2,041.42 | - | - | 2,041.42 |
| Well Baby | 70.00 | - | - | 70.00 |
| Peddie Dam Footbridge | 1,678.23 | - | 103.75 | 1,574.48 |
| Franklin St. Project Lighting | 6,062.93 | - | - | 6,062.93 |
| Skatepark | 19,345.87 | - | - | 19,345.87 |
| Cultural Arts | - | 100.00 | - | 100.00 |
| Environmental Commission | 850.16 | - | 435.00 | 415.16 |
| Housing Authority - Dawes | 12,760.29 | 17,702.00 | 11,343.10 | 19,119.19 |
| Other Escrows | 3,763.70 | - | - | 3,763.70 |
| Parking Offense | | | | |
| Adjudication Act | 887.00 | 30.00 | - | 917.00 |
| Parks and Recreation Donations: | | | | |
| General | 425.38 | - | - | 425.38 |
| Triathlon | 20,858.75 | 20,181.60 | 6,255.30 | 34,785.05 |
| Shakespeare in the Park | - | 5,556.00 | 4,112.43 | 1,443.57 |
| Presbyterian Homes Sidewalks | 5,000.00 | - | 5,000.00 | - |
| Recaptured Funds Housing Rehabilitation | 19,544.09 | - | 4,861.19 | 14,682.90 |
| Recycling | 42,863.88 | 2,379.00 | 20,225.00 | 25,017.88 |
| Recycling-Grass Collection Program | 6,439.24 | 210.00 | - | 6,649.24 |
| Storm Recovery Fund | 18,945.32 | 10,000.00 | 6,861.36 | 22,083.96 |
| Special Duty Police | 16,015.27 | 18,255.00 | 14,042.50 | 20,227.77 |
| Tax Sale Premium | 98,192.73 | 111,800.00 | 11,500.00 | 198,492.73 |
| Uniform Fire Safety Act | 2,975.03 | - | - | 2,975.03 |
| Enchantment Reserve Escrow | - | 479,421.26 | 435,554.06 | 43,867.20 |
| Reserve for Insurance Refunds | 5,493.95 | 180,618.00 | - | 186,111.95 |
| | <u>\$ 293,324.96</u> | <u>\$ 853,486.12</u> | <u>\$ 529,936.51</u> | <u>\$ 616,874.57</u> |

TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW FEES

| | |
|----------------------------|-------------------------------|
| Balance, December 31, 2014 | \$ 164,479.30 |
| Increased by: | |
| Receipts | <u>1,270,950.83</u> |
| | \$ 1,435,430.13 |
| Decreased by: | |
| Disbursements | <u>151,976.81</u> |
| Balance, December 31, 2015 | <u><u>\$ 1,283,453.32</u></u> |

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

B-13

TRUST FUND
SCHEDULE OF HOUSING TRUST

| | |
|----------------------------|-----------------------------|
| Balance, December 31, 2014 | \$ 311,065.84 |
| Increased by: | |
| Interest Earned | <u>2,280.30</u> |
| | \$ 313,346.14 |
| Decreased by: | |
| Payments | <u>28,682.65</u> |
| Balance, December 31, 2015 | <u><u>\$ 284,663.49</u></u> |

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

B-14

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

| | | |
|-----------------------------|-----------------|----------------------|
| Balance, December 31, 2014 | | \$ 573,162.99 |
| Increased by: | | |
| Contributions: | | |
| Year 2014 | | <u>34,400.00</u> |
| | | \$ 607,562.99 |
| Decreased by: | | |
| Change in Investments (net) | \$ 6,809.97 | |
| Withdrawals | 1,898.35 | |
| Account Charge | <u>1,175.00</u> | |
| | | <u>9,883.32</u> |
| Balance, December 31, 2015 | | <u>\$ 597,679.67</u> |

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL FUND CASH -TREASURER

| | | |
|------------------------------|---------------------|---------------------|
| Balance, December 31, 2014 | | \$ 652,294.04 |
| Increased by Receipts: | | |
| Current Fund Appropriations: | | |
| Capital Improvement Fund | \$ 49,500.00 | |
| Payment of BAN Principal | 134,800.00 | |
| Due From Trust Fund | 100,000.00 | |
| Bond Anticipation Notes | 2,849,646.00 | |
| Grants Receivable | 457,252.00 | |
| | <u>3,591,198.00</u> | <u>3,591,198.00</u> |
| | | \$ 4,243,492.04 |
| Decreased by Disbursements: | | |
| Improvement Authorizations | 1,418,953.28 | |
| Bond Anticipation Notes | 2,822,546.00 | |
| | <u>4,241,499.28</u> | <u>4,241,499.28</u> |
| Balance, December 31, 2015 | | <u>\$ 1,992.76</u> |

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL FUND CASH AND INVESTMENTS

| Ord. No. | Purpose | Receipts | | | Disbursements | | | Current Year Encumbrances | From | To | Balance Dec. 31, 2015 |
|----------|--|-----------------------|----------------------|-------------------------|---------------|-------------------------|----------------------------|---------------------------|---------------|---------------|-----------------------|
| | | Balance Dec. 31, 2014 | Budget Appropriation | Bond Anticipation Notes | Miscellaneous | Prior Year Encumbrances | Improvement Authorizations | | | | |
| | Fund Balance | \$ 6,679.32 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 81,982.75 | | \$ 88,662.07 |
| | Grants Receivable | 16,530.00 | 49,500.00 | - | - | - | - | 63,200.00 | - | - | 2,830.00 |
| | Capital Improvement Fund Reserve for Encumbrances | 216,377.20 | - | - | - | (216,377.20) | - | - | - | - | 1,631,157.01 |
| | Bond Anticipation Notes - Excess Funding Interfunds: | - | 35,000.00 | - | - | - | - | - | - | - | 35,000.00 |
| | Trust Fund | - | - | - | 100,000.00 | - | - | - | - | - | 100,000.00 |
| | Various Reserves | 247.00 | - | - | - | - | - | - | - | - | 247.00 |
| | Improvement Authorizations | | | | | | | | | | |
| 99-03 | Various Capital Improvements | 7,000.00 | - | - | - | - | 6,553.00 | 7,000.00 | - | - | 0.72 |
| 00-05 | Housing Rehabilitation | 6,553.72 | - | - | - | - | - | - | - | - | 21,810.99 |
| 00-10 | Greenways | 21,810.99 | - | - | - | - | 17,255.92 | - | - | - | 16,784.33 |
| 04-17 | Acquisition of Capacity Rights - JCRAL | 22,558.55 | - | - | - | 11,480.70 | - | - | - | - | 17,182.52 |
| 05-04 | Morner Street Revitalization Project | 17,182.52 | - | - | - | - | - | - | - | - | (231.26) |
| 05-24 | Peddie Lake Dam Improvements | 3,448.74 | 2,000.00 | - | - | - | 3,660.00 | 2,509.00 | - | - | 11,836.46 |
| 05-34 | Various Equipment Police and Court | 2,509.00 | - | - | - | - | - | - | - | - | - |
| 05-34 | Streetscaping/Main Street Redevelopment Area | 18,065.31 | - | - | - | - | - | (6,128.85) | - | - | - |
| 07-04 | Automated Storage Truck and Containers | - | - | - | - | - | - | - | - | - | - |
| 07-21 | Acquisition of Ambulance | - | 25,550.00 | - | - | - | - | - | - | - | - |
| 07-26 | Police Department Equipment | 618.17 | 9,450.00 | - | - | - | - | 101,946.00 | - | - | 618.17 |
| 08-01 | Western Avenue Improvements | 2,149.22 | 7,000.00 | - | - | - | - | 37,500.00 | - | - | 2,149.22 |
| 08-18 | Police Radar and Radio Equipment | 452.50 | 3,000.00 | - | - | - | - | 30,900.00 | - | - | - |
| 09-01 | Reconstruction of Morrison Avenue | 2,207.32 | - | - | - | - | - | 41,000.00 | 452.50 | - | 2,143.98 |
| 09-09 | Improvements to Franklin Street | 21.25 | 3,100.00 | - | - | 72,000.00 | 63.14 | 48,400.00 | - | - | - |
| 09-10 | Improvements to Memorial Park Parking Lot | - | 5,400.00 | - | - | - | - | - | - | - | - |
| 09-20 | Stockton Street Historic District Improvements | 6,065.18 | - | - | - | - | - | 50,800.00 | - | - | 5,967.61 |
| 10-02 | Reconstruction of Leshin Lane | 728.47 | 12,000.00 | - | - | - | 97.57 | 70,000.00 | - | - | 681.08 |
| 10-16 | Summit Street Sidewalk Improvements | 4,011.54 | - | - | - | - | 47.39 | 46,000.00 | - | - | 3,959.97 |
| 11-05 | Milling and Paving Various Roads | 33,039.07 | 7,500.00 | - | - | - | 51.57 | 37,000.00 | - | - | 32,882.26 |
| 11-11 | DPW Vehicles and DPW/Police Equipment | 19,247.63 | 20,400.00 | - | - | - | 156.81 | 120,000.00 | - | - | - |
| 12-04 | Hurricane Irene Damage Emergency | (625.25) | 39,408.80 | - | - | - | - | 305,700.00 | - | - | (625.25) |
| 12-13 | Various Capital Improvements | 85,480.55 | - | - | - | - | 11,157.56 | 747,000.00 | - | - | 54,912.99 |
| 12-15 | Communication Equipment - Fire Dept., First A | 1,969.40 | - | - | - | - | 46.41 | 249,000.00 | - | - | 1,922.99 |
| 13-04 | Road Improvements Grape Run and Pershira F | (11,622.62) | - | - | - | 509.50 | 278.77 | 200,000.00 | - | - | 6,098.61 |
| 13-07 | Peddie Lake Dam Walking Bridge Improvements | 172,815.00 | - | - | 55,000.00 | 38,090.50 | 7,029.27 | 200,000.00 | - | - | 165,785.73 |
| 13-22 | Public Safety Equipment | 40,098.15 | - | - | - | - | 16,218.83 | 157,000.00 | - | - | 23,879.32 |
| 13-23 | Road Improvements to Park Avenue, Greeley S and Glen Brook Place | 241,792.50 | - | - | 189,627.00 | - | 788,049.68 | 300,000.00 | - | - | (405,808.31) |
| 14-06 | Various Capital Improvements Including Document Restoration | (154,104.69) | - | - | - | 45.00 | 6,702.23 | (16,500.00) | - | - | (177,257.92) |
| 14-13 | Various Capital Improvements | (131,012.50) | - | - | - | 102,247.50 | 121,508.16 | (7,536.62) | - | - | 4,090.22 |
| 15-07 | Road Improvements to Park Way, Grant St. and Hutchison Street | - | - | - | 212,625.00 | - | 428,605.72 | (190,394.28) | - | - | (406,375.00) |
| 15-11 | Acquisition of Aerial Ladder Truck | - | 600.00 | - | - | - | 600.00 | (977,817.00) | 47,700.00 | - | (930,517.00) |
| 15-15 | Improvements to Stockton St. and Joseph St. | - | - | - | - | - | 10,232.50 | (837.30) | - | - | (11,090.00) |
| 15-20 | Acquisition of Automated Garbage Truck | - | - | - | - | - | 618.73 | (313,967.00) | 13,500.00 | - | (298,685.23) |
| | | \$ 652,294.04 | \$ 184,300.00 | \$ 2,849,646.00 | \$ 557,252.00 | \$ - | \$ 1,418,953.28 | \$ 2,872,546.00 | \$ 145,182.75 | \$ 145,182.75 | \$ 1,992.76 |

() Denotes Deficit

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

| | | |
|---|-----------------|------------------------|
| Balance, December 31, 2014 | | \$ 2,756,722.29 |
| Decreased by: | | |
| 2014 Budget Appropriation to Pay Serial Bonds | \$ 320,000.00 | |
| 2014 Budget Appropriation to Pay Loans | <u>7,327.48</u> | |
| | | <u>327,327.48</u> |
| Balance, December 31, 2015 | | <u>\$ 2,429,394.81</u> |

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

| Ord. No. | Improvement Description | Balance Dec. 31, 2014 | Authorized 2015 | Grants Received | Cancelled | Budget Appropriation Note Principal | Balance Dec. 31, 2015 | Bond Anticipation Notes | Analysis of Balance | |
|-------------|--|------------------------|------------------------|---------------------|----------------------|-------------------------------------|------------------------|-------------------------|------------------------|--|
| | | | | | | | | | Expenditures | Unexpended Balance of Improvement Authorizations |
| 05-24,09-13 | Peddle Lake Dam Improvements | \$ 47,550.00 | \$ - | \$ - | \$ - | \$ 2,000.00 | \$ 45,550.00 | \$ 45,000.00 | \$ 231.26 | \$ 318.74 |
| 07-04 | Automated Garbage Truck and Containers | 101,946.00 | - | - | - | 25,550.00 | 76,396.00 | 76,396.00 | - | - |
| 07-21 | Acquisition of Ambulance | 37,500.00 | - | - | - | 9,450.00 | 28,050.00 | 28,050.00 | - | - |
| 07-26 | Various Police Equipment | 30,900.00 | - | - | - | 7,000.00 | 23,900.00 | 23,900.00 | - | - |
| 08-01 | Westerlea Avenue Improvements | 41,000.00 | - | - | - | 3,000.00 | 38,000.00 | 38,000.00 | - | - |
| 09-01 | Reconstruction of Morrison Avenue | 48,400.00 | - | - | - | 3,100.00 | 45,300.00 | 45,300.00 | - | - |
| 09-10 | Improvements to Memorial Park Parking Lot | 50,800.00 | - | - | - | 5,400.00 | 45,400.00 | 45,400.00 | - | - |
| 09-20 | Stockton Street Historic District Improvements | 86,899.57 | - | - | - | - | 86,899.57 | 70,000.00 | - | 16,899.57 |
| 10-02 | Reconstruction of Leshin Lane | 89,000.00 | - | - | 30,000.00 | 12,000.00 | 47,000.00 | 34,000.00 | - | 13,000.00 |
| 10-16 | Summit Street Sidewalk Improvement: | 37,526.45 | - | - | - | - | 37,526.45 | 37,000.00 | - | 526.45 |
| 11-05 | Milling and Paving Various Roads | 134,500.00 | - | - | - | 7,500.00 | 127,000.00 | 112,500.00 | - | 14,500.00 |
| 11-11 | DPW Vehicles and DPW/Police Equipment | 305,700.00 | - | - | - | 20,400.00 | 285,300.00 | 285,300.00 | - | - |
| 12-04 | Hurricane Irene Damage Emergency | 747,625.25 | - | - | - | 39,400.00 | 706,225.25 | 707,600.00 | 625.25 | - |
| 12-13 | Various Capital Improvements | 249,500.00 | - | - | - | - | 249,500.00 | 249,000.00 | - | 500.00 |
| 12-15 | Communication Equipment - Fire Dept., First Aid | 33,300.00 | - | - | - | - | 33,300.00 | 33,300.00 | - | - |
| 13-04 | Road Improvements Grape Run and Pershing Ave | 320,000.00 | - | - | 100,000.00 | - | 165,000.00 | 165,000.00 | - | - |
| 13-07 | Peddle Lake Dam Walking Bridge Improvements | 200,000.00 | 331,000.00 | 55,000.00 | - | - | 531,000.00 | 200,000.00 | - | 331,000.00 |
| 13-22 | Public Safety Equipment | 157,000.00 | - | - | - | - | 157,000.00 | 157,000.00 | - | - |
| 13-23 | Road Improvements to Park Avenue, Greeley St. and Glen Brook Place | 429,164.00 | 215,000.00 | - | - | - | 644,164.00 | 300,000.00 | 342,599.31 | 1,564.69 |
| 14-06 | Various Capital Improvements including Document Restoration | 209,500.00 | - | - | - | - | 209,500.00 | - | - | - |
| 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 | - | - | - | 335,500.00 | - | - | - |
| 15-11 | Acquisition of Aerial Ladder Truck | - | 952,300.00 | - | - | - | 952,300.00 | - | - | - |
| 15-15 | Improvements to Stockton Street and Joseph Street | - | 430,000.00 | - | - | - | 430,000.00 | - | - | - |
| 15-20 | Acquisition of Automated Garbage Truck | - | 309,500.00 | - | - | - | 309,500.00 | - | - | - |
| | | <u>\$ 3,519,711.27</u> | <u>\$ 2,573,300.00</u> | <u>\$ 55,000.00</u> | <u>\$ 130,000.00</u> | <u>\$ 134,800.00</u> | <u>\$ 5,773,211.27</u> | <u>\$ 2,814,646.00</u> | <u>\$ 2,096,626.49</u> | <u>\$ 861,938.78</u> |

| Improvement Authorizations - Unfunded | | Less: Unexpended Proceeds of Notes | |
|---------------------------------------|--|------------------------------------|----------------------|
| 07-26 | | | \$ 618.17 |
| 08-01 | | | 2,149.22 |
| 09-01 | | | 2,143.98 |
| 09-20 | | | 5,967.61 |
| 10-02 | | | 681.08 |
| 10-16 | | | 3,959.97 |
| 11-05 | | | 32,882.26 |
| 12-13 | | | 54,912.99 |
| 12-15 | | | 1,922.99 |
| 13-04 | | | 8,098.61 |
| 13-07 | | | 165,785.73 |
| 13-22 | | | 23,879.32 |
| 14-13 | | | 4,090.22 |
| | | | <u>307,092.15</u> |
| | | | <u>\$ 861,938.78</u> |

Improvement Authorizations - Unfunded \$ 1,169,030.93

GENERAL CAPITAL FUND
 SCHEDULE OF GRANTS RECEIVABLE

| | Balance Dec. 31, 2014 | Increased | Received | Canceled | Balance Dec. 31, 2015 |
|--|--------------------------|----------------------|----------------------|-------------|--------------------------|
| Receivables not Offset with Reserves: | | | | | |
| Road Improvements to Park Avenue, Greeley St. and Glen Brook Place(13-23) | \$ 252,836.00 | \$ - | \$ 189,627.00 | \$ - | \$ 63,209.00 |
| Road Improvements to Park Way, Grant St. and Hutchison Street(15-07) | - | 283,500.00 | 212,625.00 | - | 70,875.00 |
| | <u>\$ 252,836.00</u> | <u>\$ 283,500.00</u> | <u>\$ 402,252.00</u> | <u>\$ -</u> | <u>\$ 134,084.00</u> |
| Receivables Offset with Reserves: | | | | | |
| Road Improvements Grape Run and Pershing Ave(13-04) | \$ 55,000.00 | \$ - | \$ 55,000.00 | \$ - | \$ - |
| Peddie Lake Dam Walking Bridge Improvements(13-07) | | 331,000.00 | | | 331,000.00 |
| Improvements to Stockton Street and Joseph Street(15-15) | | 275,000.00 | - | - | 275,000.00 |
| | <u>\$ 55,000.00</u> | <u>\$ 606,000.00</u> | <u>\$ 55,000.00</u> | <u>\$ -</u> | <u>\$ 606,000.00</u> |
| Total | <u>\$ 307,836.00</u> | <u>\$ 889,500.00</u> | <u>\$ 457,252.00</u> | <u>\$ -</u> | <u>\$ 740,084.00</u> |

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Decreased</u> | <u>Balance</u> <u>Dec. 31, 2015</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> |

GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance Date | Amount | Balance, Dec. 31, 2014 | | Encumbrances Dec. 31, 2014 | Capital Improvement Fund | General Changes to Future Taxation | Grants and Other Contributions | Paid or Charged | Encumbrances Dec. 31, 2015 | Balance, Dec. 31, 2015 | |
|--------------|--|----------------|--------------|------------------------|-----------------|----------------------------|--------------------------|------------------------------------|--------------------------------|-----------------|----------------------------|------------------------|-----------------|
| | | | | Funded | Unfunded | | | | | | | Cancelled | Unfunded |
| 99-03 | Various Capital Improvements | 3/15/1999 | 100,000.00 | \$ 7,000.00 | \$ - | \$ - | \$ - | \$ - | \$ 6,553.00 | \$ - | \$ - | \$ 0.72 | |
| 00-05 | Housing Rehabilitation | 3/20/2000 | 360,000.00 | 6,553.72 | - | - | - | - | - | - | - | 21,810.99 | |
| 00-10 | Greenways | 6/05/2000 | 287,000.00 | 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 | 22,559.55 | - | 11,480.70 | - | - | 17,255.92 | - | - | 16,784.33 | |
| 05-04 | Mercer Street Revitalization Project | 2/07/2005 | 450,000.00 | 17,182.52 | - | - | - | - | - | - | - | 17,182.52 | |
| 07-15 | | 5/18/2007 | 100,000.00 | - | - | - | - | - | - | - | - | - | |
| 05-24 | Peddle Lake Dam Improvements | 7/05/2005 | 166,250.00 | - | 3,998.74 | - | - | - | 3,860.00 | - | - | 318.74 | |
| 09-13 | | 8/03/2009 | 50,000.00 | - | - | - | - | - | - | - | - | - | |
| 05-32 | Various Equipment Police and Court | 9/19/2005 | 26,000.00 | 2,509.00 | - | - | - | - | - | 6,128.85 | - | 11,936.46 | |
| 05-34 | Streetscape / Main Street Redevelopment Area | 10/17/2005 | 450,000.00 | 18,065.31 | - | - | - | - | - | - | - | - | |
| 07-26 | Police Department Equipment | 11/19/2007 | 62,000.00 | - | 618.17 | - | - | - | - | - | - | - | |
| 08-01 | Westfield Avenue Improvements | 1/22/2008 | 332,500.00 | 452.50 | 2,149.22 | - | - | - | 63.14 | - | - | - | |
| 08-18 | Police Radar and Radio Equipment | 10/20/2008 | 3,500.00 | - | - | - | - | - | - | - | - | - | |
| 09-01 | Reconstruction of Morrison Avenue | 2/02/2009 | 292,000.00 | - | - | - | - | - | - | - | - | - | |
| 09-09 | Improvements to Franklin Street | 4/20/2009 | 74,000.00 | 21.25 | 2,207.12 | 72,000.00 | - | - | - | - | - | - | |
| 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 | - | 22,964.75 | - | - | - | 97.57 | - | - | 22,867.18 | |
| 10-02 | Reconstruction of Leshin Lane | 2/01/2010 | 568,000.00 | - | 43,788.47 | - | - | - | 47.39 | - | - | 13,681.08 | |
| 10-16 | Summit Street Sidewalk Improvements | 9/20/2010 | 180,000.00 | - | 4,537.99 | - | - | - | 51.57 | - | - | 4,486.42 | |
| 11-05 | Milling and Paving Various Roads | 6/06/2011 | 432,000.00 | - | 47,539.07 | - | - | - | 156.81 | - | - | 47,382.26 | |
| 11-11 | DPW Vehicles and DPW/Police Equipment | 8/15/2011 | 321,000.00 | - | 19,247.63 | - | - | - | - | 19,247.63 | - | 55,412.99 | |
| 12-13 | Various Capital Improvements | 8/20/2012 | 262,000.00 | - | 85,980.55 | - | - | - | 1,922.89 | - | - | 1,922.89 | |
| 12-15 | Communication Equipment - Fire Dept., First Aid | 9/18/2012 | 35,000.00 | - | 1,969.40 | 509.50 | - | - | 46.41 | - | - | 8,098.61 | |
| 13-04 | Road Improvements Grape Run and Peshing Ave | 2/19/2013 | 485,000.00 | - | 108,377.38 | - | - | - | 278.77 | - | - | - | |
| 13-07, 15-14 | Peddle Lake Dam Walking Bridge Improvements | 4/03/2013 | 210,000.00 | - | 172,815.00 | 30,000.50 | - | 331,000.00 | 7,029.27 | 30,000.50 | - | 496,785.73 | |
| 13-15 | DPW Building Improvements | 8/03/2013 | 331,000.00 | - | - | - | - | - | - | - | - | - | |
| 13-22 | Public Safety Equipment | 7/15/2013 | 19,000.00 | - | 40,098.15 | - | - | - | 16,218.83 | - | - | 23,879.32 | |
| 13-23, 15-06 | Road Improvements to Park Avenue, Greeley St. and Glen Brook Place | 9/03/2013 | 165,000.00 | - | - | - | - | - | - | - | - | - | |
| 14-06 | Road Improvements to Park Avenue, Greeley St. and Glen Brook Place | 4/20/2015 | 215,000.00 | 494,628.50 | 429,164.00 | - | 215,000.00 | - | 788,049.68 | 49,178.13 | - | 1,564.69 | |
| 14-13 | Document Restoration | 3/17/2014 | 220,000.00 | - | 55,395.31 | 49.00 | - | - | 6,702.23 | 16,500.00 | - | 32,242.08 | |
| 15-07 | Various Capital Improvements | 7/21/2014 | 170,000.00 | - | 30,887.50 | 102,247.50 | - | - | 1,21,508.16 | 7,536.62 | - | 4,080.22 | |
| 15-11 | Road Improvements to Park Way, Grant St. and Hutcheson Street | 4/20/2015 | 619,000.00 | - | - | - | 335,500.00 | 283,500.00 | 428,605.72 | 190,394.38 | - | 21,783.00 | |
| 15-15 | Acquisition of Aerial-Ladder Truck | 6/01/2015 | 1,000,000.00 | - | - | - | 952,300.00 | - | 600.00 | 977,617.00 | - | 416,910.00 | |
| 15-20 | Improvements to Stockton Street and Joseph St. | 8/21/2015 | 430,000.00 | - | - | - | 430,000.00 | - | 10,232.50 | 857.50 | - | - | |
| 15-20 | Acquisition of Automated Garbage Truck | 9/08/2015 | 325,000.00 | - | - | - | 309,500.00 | - | 618.75 | 313,687.00 | - | 10,694.25 | |
| | | | | \$ 250,783.34 | \$ 1,071,678.45 | \$ 216,377.20 | \$ 63,200.00 | \$ 2,573,300.00 | \$ 283,500.00 | \$ 1,419,933.28 | \$ 1,651,157.01 | \$ 67,715.02 | \$ 1,169,030.93 |

Fund Balance \$ 81,530.25
 Grant Receivable \$ 452.50
 Capital Fund Balance \$ 81,530.25
 Capital Improvement Fund \$ 452.50
 Unfunded \$ 130,000.00
 \$ 211,982.75

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

| | | |
|--|------------------|---------------------------|
| Balance, December 31, 2014 | | \$ 16,530.00 |
| Increased by: | | |
| Canceled Improvement Authorizations | \$ 452.50 | |
| 2015 Budget Appropriation | <u>49,500.00</u> | |
| | | <u>49,952.50</u> |
| | | \$ 66,482.50 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>63,200.00</u> |
| Balance, December 31, 2015 | | <u><u>\$ 3,282.50</u></u> |

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, 2014 | Increase | Decrease | Balance Dec. 31, 2015 |
|----------|---|-------------------|------------------------|---------------|------------------|---------------|-----------------------|-----------------|-----------------|-----------------------|
| 05-24 | 09-13 Peddie Lake Dam Improvements | 8/03/2009 | 12/09/2011 | 6/04/2015 | 6/03/2016 | 0.60% | \$ 47,000.00 | \$ 45,000.00 | \$ 47,000.00 | \$ 45,000.00 |
| 07-04 | Automated Garbage Truck and Containers | 2/20/2007 | 12/28/2007 | 6/04/2015 | 6/03/2016 | 0.60% | 101,946.00 | 76,396.00 | 101,946.00 | 76,396.00 |
| 07-21 | Acquisition of Ambulance | 9/04/2007 | 12/28/2007 | 6/04/2015 | 6/03/2016 | 0.60% | 37,500.00 | 28,950.00 | 37,500.00 | 28,950.00 |
| 07-26 | Police Department Equipment | 11/19/2007 | 12/11/2008 | 6/04/2015 | 6/03/2016 | 0.60% | 30,900.00 | 23,900.00 | 30,900.00 | 23,900.00 |
| 08-01 | Westerlea Avenue Improvements | 1/22/2008 | 12/11/2008 | 6/04/2015 | 6/03/2016 | 0.60% | 41,000.00 | 38,000.00 | 41,000.00 | 38,000.00 |
| 09-01 | Reconstruction of Morrison Avenue | 2/02/2009 | 12/23/2009 | 6/04/2015 | 6/03/2016 | 0.60% | 48,400.00 | 45,300.00 | 48,400.00 | 45,300.00 |
| 09-10 | Improvements to Memorial Parking Lot | 5/18/2009 | 12/23/2009 | 6/04/2015 | 6/03/2016 | 0.60% | 50,800.00 | 45,400.00 | 50,800.00 | 45,400.00 |
| 09-20 | Stockton Street Historic District Improvements | 9/21/2009 | 6/05/2014 | 6/04/2015 | 6/03/2016 | 0.60% | 70,000.00 | 70,000.00 | 70,000.00 | 70,000.00 |
| 10-02 | Reconstruction of Leshin Lane | 2/01/2010 | 12/10/2010 | 6/04/2015 | 6/03/2016 | 0.60% | 46,000.00 | 34,000.00 | 46,000.00 | 34,000.00 |
| 10-16 | Summit Street Sidewalk Improvements | 9/20/2010 | 12/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 37,000.00 | 37,000.00 | 37,000.00 | 37,000.00 |
| 11-05 | Milling and Paving Various Roads | 6/06/2011 | 12/09/2011 | 6/04/2015 | 6/03/2016 | 0.60% | 120,000.00 | 112,500.00 | 120,000.00 | 112,500.00 |
| 11-11 | DPW Vehicles and DPW/Police Equipment | 8/15/2011 | 6/08/2012 | 6/04/2015 | 6/03/2016 | 0.60% | 305,700.00 | 285,300.00 | 305,700.00 | 285,300.00 |
| 12-04 | Hurricane Irene Damage Emergency | 4/16/2012 | 6/08/2012 | 6/04/2015 | 6/03/2016 | 0.60% | 747,000.00 | 707,600.00 | 747,000.00 | 707,600.00 |
| 12-13 | Various Capital Improvements | 8/20/2012 | 6/05/2014 | 6/04/2015 | 6/03/2016 | 0.60% | 249,000.00 | 249,000.00 | 249,000.00 | 249,000.00 |
| 12-15 | Communication Equipment - Fire Dept., First Aid | 9/18/2012 | 6/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 33,300.00 | 33,300.00 | 33,300.00 | 33,300.00 |
| 13-04 | Road Improvements Grape Run and Pershing Ave | 2/19/2013 | 12/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 200,000.00 | 200,000.00 | 200,000.00 | 200,000.00 |
| 13-07 | Peddie Lake Dam Walking Bridge Improvements | 4/01/2013 | 12/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 200,000.00 | 200,000.00 | 200,000.00 | 200,000.00 |
| 13-22 | Public Safety Equipment | 9/03/2013 | 12/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 157,000.00 | 157,000.00 | 157,000.00 | 157,000.00 |
| 13-23 | Road Improvements to Park Avenue, Greeley Street and Glen Brook Place | 9/03/2013 | 6/05/2014 | 6/04/2015 | 6/03/2016 | 0.60% | 300,000.00 | 300,000.00 | 300,000.00 | 300,000.00 |
| 14-13 | Various Capital Improvements | 7/21/2014 | 6/04/2015 | 6/04/2015 | 6/03/2016 | 0.60% | - | 161,900.00 | - | 161,900.00 |
| | | | | | | | \$ 2,822,546.00 | \$ 2,849,646.00 | \$ 2,822,546.00 | \$ 2,849,646.00 |

Notes Issued New \$ 161,900.00
 Notes Renewed \$ 2,687,746.00
 Notes Paid by Budget Appropriation 134,800.00
 \$ 2,849,646.00 \$ 2,822,546.00

GENERAL CAPITAL FUND
 SCHEDULE OF GENERAL SERIAL BONDS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2014 | Decreased | Balance Dec. 31, 2015 |
|-----------------------------------|---------------|----------------|---------------------------------|---------|---------------|------------------------|----------------------|------------------------|
| | | | Date | Amount | | | | |
| General Improvement Bonds of 2008 | 2/01/2008 | \$ 4,000,000 | 10/01/2016 | 340,000 | 3.25% | \$ 2,625,000.00 | \$ 320,000.00 | \$ 2,305,000.00 |
| | | | 10/01/2017 | 360,000 | 3.25% | | | |
| | | | 10/01/2018 | 375,000 | 3.50% | | | |
| | | | 10/01/2019 | 390,000 | 3.75% | | | |
| | | | 10/01/2020 | 410,000 | 3.75% | | | |
| | | | 10/01/2021 | 430,000 | 3.75% | | | |
| | | | | | | <u>\$ 2,625,000.00</u> | <u>\$ 320,000.00</u> | <u>\$ 2,305,000.00</u> |

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT LOANS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2014 | Decreased | Balance Dec. 31, 2015 |
|----------------------------------|---------------|----------------|---------------------------------|----------|---------------|-----------------------|-------------|-----------------------|
| | | | Date | Amount | | | | |
| Peddie Lake Dam Restoration Loan | 2011 | \$ 156,250 | 6/9/2016 | 3,718.79 | 2.00% | \$ 131,722.29 | \$ 7,327.48 | \$ 124,394.81 |
| | | | 12/9/2016 | 3,755.97 | | | | |
| | | | 6/10/2017 | 3,793.53 | | | | |
| | | | 12/10/2017 | 3,831.47 | | | | |
| | | | 6/10/2018 | 3,869.78 | | | | |
| | | | 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 | | | | | |
| | | | | | | \$ 131,722.29 | \$ 7,327.48 | \$ 124,394.81 |

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | |
|---|-------------------------------|
| Balance, December 31, 2014 | \$ 216,377.20 |
| Increased by: | |
| Charged to Improvement Authorizations | <u>1,631,157.01</u> |
| | \$ 1,847,534.21 |
| Decreased by: | |
| Transferred to Improvement Authorizations | <u>216,377.20</u> |
| Balance, December 31, 2015 | <u><u>\$ 1,631,157.01</u></u> |

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

| Ord. No. | Improvement Description | Balance Dec. 31, 2014 | Authorized 2015 | Bond Anticipation Note Reduction | Canceled | Grants Received | Bond Anticipation Notes Issued | Balance Dec. 31, 2015 |
|-------------|--|-----------------------|------------------------|----------------------------------|----------------------|---------------------|--------------------------------|------------------------|
| 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 | 43,000.00 | | | | | | 13,000.00 |
| 10-16 | Summit Street Sidewalk Improvements | 526.45 | | | 30,000.00 | | | 526.45 |
| 11-05 | Milling and Paving Various Roads | 14,500.00 | | | | | | 14,500.00 |
| 11-11 | DPW Vehicles and DPW/Police Equipment | | | | | | | |
| 12-04 | Hurricane Irene Damage Emergency | 625.25 | | | | | | 625.25 |
| 12-13 | Various Capital Improvements | 500.00 | | | | | | 500.00 |
| 12-15 | Communication Equipment - Fire Dept, First Aid | | | | | | | |
| 13-04 | Reconstruction of Grape Run Rd and Pershing Ave | 120,000.00 | | | | | | |
| 13-07/15-14 | Imp. To Peddle Lake Dam Walking Bridge | | 331,000.00 | 35,000.00 | 100,000.00 | 55,000.00 | | 331,000.00 |
| 13-22 | Acquisition of Public Safety Equipment | | | | | | | |
| 13-23 | Road Improvements to Park Avenue, Greeley St. and Glen Brook Place | 129,164.00 | | | | | | 344,164.00 |
| 14-06 | Various Capital Improvements including Document Restoration | 209,500.00 | 215,000.00 | | | | | 209,500.00 |
| 14-13 | Various Capital Improvements | 161,900.00 | | | | | 161,900.00 | |
| 15-07 | Road Improvements to Park Way, Grant St. and Hutchison Street | | | | | | | |
| 15-11 | Acquisition of Aerial Ladder Truck | | 335,500.00 | | | | | 335,500.00 |
| 15-15 | Improvements to Stockton Street and Joseph St. | | 952,300.00 | | | | | 952,300.00 |
| 15-20 | Acquisition of Automated Garbage Truck | | 430,000.00 | | | | | 430,000.00 |
| | | | 309,500.00 | | | | | 309,500.00 |
| | | <u>\$ 697,155.27</u> | <u>\$ 2,573,300.00</u> | <u>\$ 35,000.00</u> | <u>\$ 130,000.00</u> | <u>\$ 55,000.00</u> | <u>\$ 161,900.00</u> | <u>\$ 2,958,565.27</u> |

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

| | | |
|--------------------------------------|-----------------|----------------------|
| Balance, December 31, 2014 | | \$ 441,259.44 |
| Increased by Receipts: | | |
| Consumer Accounts Receivable - Rents | \$ 2,523,731.55 | |
| Miscellaneous Revenue | 570,056.30 | |
| Water-Sewer Rent Overpayment | <u>942.37</u> | |
| | | <u>3,094,730.22</u> |
| | | \$ 3,535,989.66 |
| Decreased by Disbursements: | | |
| Budget Appropriations | 2,826,003.70 | |
| Appropriation Reserves | 179,390.72 | |
| Accounts Payable | 14,920.76 | |
| Accrued Interest on Bonds and Loans | 140,767.56 | |
| Accrued Interest on Notes | <u>3,153.60</u> | |
| | | <u>3,164,236.34</u> |
| Balance, December 31, 2015 | | <u>\$ 371,753.32</u> |

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF UTILITY CAPITAL CASH

| | | |
|----------------------------------|-------------------|----------------------|
| Balance, December 31, 2014 | | \$ 405,797.24 |
| Increased by Receipts: | | |
| Budget Appropriations: | | |
| Capital Improvement Fund | \$ 8,000.00 | |
| Bond Anticipation Note Principal | 9,000.00 | |
| Refunds Receivable | 10,000.00 | |
| Bond Anticipation Notes | <u>675,000.00</u> | |
| | | <u>702,000.00</u> |
| | | \$ 1,107,797.24 |
| Decreased by Disbursements: | | |
| Bond Anticipation Notes | 584,000.00 | |
| Improvement Authorizations | <u>413,505.82</u> | |
| | | <u>997,505.82</u> |
| Balance, December 31, 2015 | | <u>\$ 110,291.42</u> |

WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | | |
|--|-------------------|----------------------|
| Balance, December 31, 2014 | | \$ 148,228.61 |
| Increased by: | | |
| Water-Sewer Rents Levied | \$ 2,547,142.45 | |
| Gray Water Fees | <u>497,153.33</u> | |
| | | <u>3,044,295.78</u> |
| | | \$ 3,192,524.39 |
| Decreased by: | | |
| Collections: | | |
| Water-Sewer Rents | 2,523,731.55 | |
| Water-Sewer Rents - Overpayments Applied | 3,111.95 | |
| Gray Water Fees | 500,206.97 | |
| Gray Water Fees - Overpayments Applied | <u>667.50</u> | |
| | | <u>3,027,717.97</u> |
| Balance, December 31, 2015 | | <u>\$ 164,806.42</u> |

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

D-9

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Balance, December 31, 2014 and December 31, 2015

\$ 12,962,487.48

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

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2014 | Improvement Authorizations | Balance Dec. 31, 2015 |
|--------------|--|------------|---------------|--------------------------|-------------------------------|--------------------------|
| | | Date | Amount | | | |
| 02-16 | Water-Sewer Improvements | 9/03/2002 | \$ 460,000.00 | \$ 460,000.00 | - | \$ 460,000.00 |
| 03-19 | -Construction of Elevated Water Tower | 7/10/2003 | 1,010,000.00 | 1,010,000.00 | - | 1,010,000.00 |
| 03-26 | -Construction of Backwash Water Recovery Tank | 9/02/2003 | 186,000.00 | 186,000.00 | - | 186,000.00 |
| 04-18 | Water-Sewer Improvements | 9/07/2004 | 250,000.00 | 250,000.00 | - | 250,000.00 |
| 06-06, 06-25 | Water-Sewer Improvements | 2/21/2006 | 292,000.00 | | | |
| | | 11/06/2006 | 105,000.00 | 397,000.00 | | 397,000.00 |
| 07-02 | Water-Sewer Imp. Morrison and Outcalt | 2/20/2007 | 145,000.00 | 145,000.00 | | 145,000.00 |
| 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 - Leshlin Lane | 2/01/2010 | 52,000.00 | 52,000.00 | | 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 |
| | | | | \$ 7,676,400.00 | \$ | \$ 7,676,400.00 |

WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF 2014 APPROPRIATION RESERVES

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Balance After</u> <u>Transfers and</u> <u>Encumbrances</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|-------------------------------------|--|---|----------------------------------|---------------------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 38,486.88 | \$ 38,486.88 | \$ 34,766.31 | \$ 3,720.57 |
| Other Expenses | 120,139.28 | 239,182.03 | 162,471.10 | 76,710.93 |
| Statutory Expenditures: | | | | |
| Unemployment Insurance | 2,000.00 | 2,000.00 | - | 2,000.00 |
| Public Employees' Retirement System | - | - | - | - |
| Social Security System | <u>3,905.04</u> | <u>3,905.04</u> | <u>2,472.31</u> | <u>1,432.73</u> |
| Total Appropriation Reserves | \$ 164,531.20 | \$ 283,573.95 | \$ 199,709.72 | \$ 83,864.23 |
| Encumbrances | <u>119,042.75</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 283,573.95</u> | <u>\$ 283,573.95</u> | <u>\$ 199,709.72</u> | <u>\$ 83,864.23</u> |
| Disbursements | | | \$ 179,390.72 | |
| Accounts Payable | | | <u>20,319.00</u> | |
| | | | <u>\$ 199,709.72</u> | |

WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE

| | |
|-----------------------------------|----------------------------|
| Balance, December 31, 2014 | \$ 19,965.52 |
| Increased by: | |
| Charged to Appropriation Reserves | <u>20,319.00</u> |
| | \$ 40,284.52 |
| Decreased by: | |
| Disbursed | <u>14,920.76</u> |
| Balance, December 31, 2015 | <u><u>\$ 25,363.76</u></u> |

SCHEDULE OF OVERPAYMENTS

| | |
|--|-------------------------|
| Balance, December 31, 2014 | \$ 3,779.45 |
| Increased by: | |
| Receipts | <u>942.37</u> |
| | \$ 4,721.82 |
| Decreased by: | |
| Overpayments Applied - Water-Sewer Rents | \$ 3,111.95 |
| Overpayments Applied - Gray Water | <u>667.50</u> |
| | <u>3,779.45</u> |
| Balance, December 31, 2015 | <u><u>\$ 942.37</u></u> |

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

| | |
|----------------------------|---------------------|
| Balance, December 31, 2014 | \$ 45,726.08 |
| Increased by: | |
| Charged to 2015 Budget | <u>135,576.27</u> |
| | \$181,302.35 |
| Decreased by | |
| Payments | <u>140,767.56</u> |
| Balance, December 31, 2015 | <u>\$ 40,534.79</u> |

SCHEDULE OF ACCRUED INTEREST ON NOTES

| | |
|----------------------------|--------------------|
| Balance, December 31, 2014 | \$ 1,787.04 |
| Increased by: | |
| Charged to 2015 Budget | <u>3,677.62</u> |
| | \$ 5,464.66 |
| Decreased by | |
| Payments | <u>3,153.60</u> |
| Balance, December 31, 2015 | <u>\$ 2,311.06</u> |

WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF SEWER SERIAL BONDS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding December 31, 2015 | Interest Rate | Balance Dec. 31, 2014 | Decreased by Budget Appropriation | Balance Dec. 31, 2015 |
|---------------------------|---------------|-----------------|---|---------------|------------------------|-----------------------------------|------------------------|
| | | | | | | | |
| Water-Sewer Utility Bonds | 3/01/2002 | \$ 2,295,000.00 | 3/01/2016-19 100,000.00 | 4.625% | \$ 1,400,000.00 | \$ 100,000.00 | \$ 1,300,000.00 |
| | | | 3/01/2020-28 100,000.00 | 4.750% | | | |
| Water-Sewer Utility Bonds | 2/01/2008 | 3,265,000.00 | 10/01/2016 455,000.00 | 3.250% | 1,565,000.00 | 430,000.00 | 1,135,000.00 |
| | | | 10/01/2017 470,000.00 | 3.250% | | | |
| | | | 10/01/2018 210,000.00 | 3.500% | | | |
| | | | | | <u>\$ 2,965,000.00</u> | <u>\$ 530,000.00</u> | <u>\$ 2,435,000.00</u> |

WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF LOANS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2014 | Decreased | Balance Dec. 31, 2015 |
|--|---------------|----------------|---------------------------------|--------------|---------------|-----------------------|--------------|-----------------------|
| | | | Date | Amount | | | | |
| NJ Environmental Infrastructure Trust Loan | 3/10/2010 | 495,000.00 | 8/01/2016-17 | \$ 20,000.00 | 5.00% | \$ 420,000.00 | \$ 20,000.00 | \$ 400,000.00 |
| | | | 8/01/2018-21 | 25,000.00 | 3.00%-5.00% | | | |
| | | | 8/01/2022-25 | 30,000.00 | 4.00% | | | |
| | | | 8/01/2026-29 | 35,000.00 | 3.50%-4.00% | | | |
| NJ Environmental Infrastructure Loan | 3/10/2010 | 1,451,250.00 | 8/01/2016-28 | 51,830.35 | 0.00% | 1,166,183.09 | 77,745.52 | 1,088,437.57 |
| | | | 2/01/2016-29 | 25,915.17 | 0.00% | | | |
| NJ Environmental Infrastructure Trust Loan | 5/16/2012 | 283,382.00 | 8/01/2016 | 13,523.00 | 0.580% | 256,589.00 | 13,458.00 | 243,131.00 |
| | | | 8/01/2017 | 13,601.00 | 0.770% | | | |
| | | | 8/01/2018 | 13,706.00 | 0.990% | | | |
| | | | 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 Loan | 5/16/2012 | 813,055.00 | 2/01/2016-31 | 14,264.12 | 0.00% | 727,470.28 | 42,792.36 | 684,677.92 |
| | | | 8/01/2016-30 | 28,528.24 | 0.00% | | | |
| | | | 8/01/2031 | 28,528.40 | 0.00% | | | |

Continued

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, 2014 | Increase | Decrease | Balance Dec. 31, 2015 |
|--------------|---|-------------------|------------------------|-----------------------|------------------|---------------|-----------------------|----------------------|----------------------|-----------------------|
| 08-10, 08-19 | Water-Sewer Improvements | 10/20/2008 | 12/11/2008 | 6/04/2015 | 6/03/2016 | 0.60% | \$ 124,000.00 | \$ 118,000.00 | \$ 124,000.00 | \$ 118,000.00 |
| 09-02 | Morrison Avenue Improvements | 2/02/2009 | 12/23/2009 | 6/04/2015 | 6/03/2016 | 0.60% | 34,500.00 | 33,000.00 | 34,500.00 | 33,000.00 |
| 11-03 | Water-Sewer Improvements | 6/06/2011 | 12/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 125,000.00 | 125,000.00 | 125,000.00 | 125,000.00 |
| 11-04 | Refurbishment of Water Tanks | 6/06/2011 | 12/09/2011 | 6/04/2015 | 6/03/2016 | 0.60% | 98,500.00 | 97,000.00 | 98,500.00 | 97,000.00 |
| 12-14 | Water-Sewer Improvements | 9/18/2012 | 6/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 122,000.00 | 122,000.00 | 122,000.00 | 122,000.00 |
| 13-19 | Water-Sewer Improvements - Grape Run Rd and Pershing Avenue | 8/19/2013 | 12/06/2013 | 6/04/2015 | 6/03/2016 | 0.60% | 80,000.00 | 80,000.00 | 80,000.00 | 80,000.00 |
| 14-12 | Improvements to Water-Sewer Plants | 7/21/2014 | 6/04/2015 | 6/04/2015 | 6/03/2016 | 0.60% | - | 100,000.00 | - | 100,000.00 |
| | | | | | | | <u>\$ 584,000.00</u> | <u>\$ 675,000.00</u> | <u>\$ 584,000.00</u> | <u>\$ 675,000.00</u> |
| | | | | Issued for-Cash | | | | \$ 100,000.00 | \$ 9,000.00 | |
| | | | | Budget Appropriations | | | | <u>575,000.00</u> | <u>575,000.00</u> | |
| | | | | Roll-Over | | | | <u>\$ 675,000.00</u> | <u>\$ 584,000.00</u> | |

WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Date | Ordinance Amount | Balance, Dec. 31, 2014 | | Encumbrances Dec. 31, 2014 | Paid or Charged | Encumbrances Dec. 31, 2015 | Balance, Dec. 31, 2015 | |
|--------------|---|------------|------------------|------------------------|----------------------|----------------------------|----------------------|----------------------------|------------------------|----------------------|
| | | | | Funded | Unfunded | | | | Funded | Unfunded |
| 01-01 | Various Water Upgrades | 2/22/2001 | \$ 1,100,000.00 | \$ 2,928.87 | \$ - | \$ 2,050.00 | \$ - | \$ 4,978.87 | \$ - | \$ - |
| 01-11, 03-11 | Water Improvements Dry/Outcall Street | 8/09/2001 | 125,000.00 | 9,143.09 | - | - | - | 9,143.09 | - | - |
| 02-16 | Water-Sewer Improvements | 9/03/2002 | 460,000.00 | 46,280.52 | 200.00 | - | - | 46,280.52 | - | 200.00 |
| 03-19 | Construction of Elevated Water Tower | 7/10/2003 | 1,010,000.00 | 5,369.57 | - | - | - | 5,369.57 | - | - |
| 03-26 | Construction of Backwash Water Recovery T. | 9/02/2003 | 186,000.00 | - | - | 9,000.00 | - | 9,000.00 | - | - |
| 04-18 | Water-Sewer Improvements | 9/07/2004 | 250,000.00 | 4,001.99 | - | - | - | 4,001.99 | - | - |
| 06-06, 06-25 | Water-Sewer Improvements | 2/23/2006 | 292,000.00 | 6,905.26 | - | - | - | 6,905.26 | - | - |
| 07-02 | Water-Sewer Imp. Morrison and Outcall | 2/20/2007 | 145,000.00 | 4,713.49 | - | - | - | 4,713.49 | - | - |
| 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 | - | 1,568.86 | - | 28.93 | - | - | 1,539.93 |
| 09-15 | Water Main Extension | 9/08/2009 | 2,200,000.00 | 227,131.59 | - | - | 358,135.60 | - | - | 122,745.99 |
| 10-01 | Water-Sewer Improvements - Leshin Lane | 2/01/2010 | 52,000.00 | - | 49,500.00 | - | - | - | - | 49,500.00 |
| 11-03 | Water-Sewer Improvements | 6/06/2011 | 2,083,000.00 | - | 47,874.98 | - | 31,737.56 | 4,365.00 | - | 16,137.42 |
| 11-04 | Refurbishment of Water Tanks | 6/06/2011 | 100,000.00 | - | 15,147.80 | - | 85.02 | - | - | 15,062.78 |
| 12-14 | Mitigation Water Plant/Root Replacement | 8/20/2012 | 132,000.00 | - | 60,506.69 | - | 118.94 | - | - | 60,399.75 |
| 13-19 | Water-Sewer Improvements - Grape Run Rd and Pershing Avenue | 8/19/2013 | 86,000.00 | - | 13,334.00 | - | 70.12 | - | - | 13,263.88 |
| 14-12 | Improvements to Water-Sewer Plants | 7/21/2014 | 100,000.00 | - | 85,420.60 | - | 23,329.65 | - | - | 62,090.95 |
| | | | | <u>\$ 306,474.38</u> | <u>\$ 533,443.03</u> | <u>\$ 15,427.00</u> | <u>\$ 413,505.82</u> | <u>\$ 4,365.00</u> | <u>\$ 90,392.79</u> | <u>\$ 347,060.80</u> |

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

| | |
|--|---------------------------|
| Balance, December 31, 2014 | \$ 15,427.00 |
| Increased by: | |
| Charged to Improvement Authorizations | <u>4,365.00</u> |
| | \$ 19,792.00 |
| Decreased by: | |
| Transferred to Improvements Authorizations | <u>15,427.00</u> |
| Balance, December 31, 2015 | <u><u>\$ 4,365.00</u></u> |

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | | |
|---------------------------------------|-------------------|-------------------------|
| Balance, December 31, 2014 | | \$ 12,859,177.11 |
| Increased by: | | |
| Serial Bonds paid by Operating Budget | \$ 530,000.00 | |
| Loans paid by Operating Budget | <u>201,420.88</u> | |
| | | <u>731,420.88</u> |
| Balance, December 31, 2015 | | <u>\$ 13,590,597.99</u> |

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| | | |
|--|--|----------------------|
| Balance, December 31, 2014 | | \$ 378,800.00 |
| Increased by: | | |
| Bond Anticipation Notes paid by Operating Budget | | <u>9,000.00</u> |
| Balance, December 31, 2015 | | <u>\$ 387,800.00</u> |

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | |
|--|---------------------|
| Balance, December 31, 2014 | \$ 17,516.95 |
| Increased by: 2015 Budget Appropriation | <u>8,000.00</u> |
| Balance, December 31, 2015 | <u>\$ 25,516.95</u> |

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, 2014</u> | <u>2015 Authorizations</u> | <u>Bond Anticipation Notes Issued</u> | <u>Balance Dec. 31, 2015</u> |
|-------------------------|---|------------------------------|----------------------------|---------------------------------------|------------------------------|
| 02-16 | Water-Sewer Improvements | \$ 200.00 | \$ - | \$ - | \$ 200.00 |
| 09-02 | Morrison Avenue Improvements | 400.00 | - | - | 400.00 |
| 09-15 | Water Main Extension | 253,750.00 | - | - | 253,750.00 |
| 10-01 | Water-Sewer Improvements - Leshin Lane | 49,500.00 | - | - | 49,500.00 |
| 11-03 | Water-Sewer Improvements | 42,163.00 | - | - | 42,163.00 |
| 13-19 | Water-Sewer Improvements - Grape Run Rd and Pershing Avenue | 6,000.00 | - | - | 6,000.00 |
| 14-12 | Improvements to Water-Sewer Plants | 100,000.00 | - | 100,000.00 | - |
| | | <u>\$ 452,013.00</u> | <u>\$ -</u> | <u>\$ 100,000.00</u> | <u>\$ 352,013.00</u> |

BOROUGH OF HIGHTSTOWN

COUNTY OF MERCER

PART III

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2015

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.
EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.

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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
INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - regulatory basis of the Borough of Hightstown, (the "Borough"), in the County of Mercer, State of New Jersey, as of and for the years ended December 31, 2015 and 2013, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the Borough's financial statements, and have issued our report thereon dated June 16, 2017. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance 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.

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 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.

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 are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the Borough dated June 16, 2017.

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

William E. Antonides and Company

Independent Auditors

Adelphia, New Jersey
June 16, 2017

BOROUGH OF HIGHTSTOWN

COUNTY OF MERCER

SECTION IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

An audit of the financial accounts and transactions of the Borough of Hightstown, in the County of Mercer, for the year ended December 31, 2015, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered the financial transactions of the Chief Financial Officer, Tax Collector, the activities of the Mayor and Borough Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenues and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4a

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The amount set forth pursuant to the above statute was \$17,500 for municipalities without a qualified purchasing agent (QPA) and \$36,000 with a qualified purchasing agent. In 2011, it was noted that the Division of Local Government Services adopted a temporary rule that permits municipalities to increase their bid threshold to \$26,000 for a person meeting certain eligibility requirements for the future anticipated QPA certification exam. The Borough's bid threshold was \$26,000 for the year under audit.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation 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 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.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

Contracts or Agreements not Required to be Advertised per N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... .. the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable."

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

1. Pursuant to N.J.S.A. 54-4:67, the Mayor and Council hereby reaffirm that the following interest shall be charged for the non-payment of taxes or assessments on any installment which is not made before or within the tenth (10th) calendar day following the date upon which same become payable: Eight (8%) percent annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable and until the date of actual payment. The term "delinquent" as used herein shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.
2. In accordance with Chapter 75 of the Laws of 1991, any taxpayers with a delinquency in excess of Ten Thousand (\$10,000.00) Dollars who fails to pay that delinquency prior to the end of any calendar year, shall be assessed a penalty for that year of six (6%) percent of the amount of the delinquency, in addition to the interest provided for in Paragraph 1.
3. The provisions of Paragraphs 1 and 2 herein shall remain in effect unless and until superseded by Borough resolution or ordinance.

It appears from an examination of the Collector's records that interest was generally collected in accordance with the foregoing resolution.

Collection of Interest on Delinquent Water and Sewer Service Charges

The ordinances of the Borough provide for delinquent charges on water and sewer accounts as follows:

"Unpaid water and sewer charges shall be subject to an interest charge in the same manner as past-due real property taxes in the Borough."

It appears from an examination of the Collector's records that interest was generally collected in accordance with the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

The last tax and utility lien sale was held on October 8, 2015 and was complete except for those properties in bankruptcy.

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

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

| <u>Year</u> | <u>Number of Liens</u> |
|--------------------|-------------------------------|
| 2015 | 15 |
| 2014 | 15 |
| 2013 | 15 |

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Regional School District Taxes by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2015.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

SUBSEQUENT EVENT

In accordance with N.J.S.A. 40A:5-4 the audit is to be completed within six months after the close of the fiscal year. As of the audit date the financial statements and related notes for the 2016 fiscal year have not been prepared to be audited.

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. Findings CR-14-01 and CR-14-02 were not corrected in 2015 and appears as Finding CR-15-01 and CR-15-02, respectively, for the period under audit.

FINDINGS/RECOMMENDATIONS

CR-15-01 Finding - There are a number of interfunds on the balance sheets as at December 31.

Criteria - All interfund balances should be liquidated by December 31 in accordance with Division of Local Government Services directives.

Recommendation - That an effort be made to liquidate all interfunds prior to December 31.

Response of Management - There is an interfund between the General Capital Fund and Trust Fund at December 31, 2015. It was more cost effective to create the interfund than to issue additional bond anticipation notes. There was no negative financial statement impact. All interfunds have been eliminated at December 31, 2016.

CR-15-02 Finding - The financial statements and related notes were not completed in a timely manner to allow the audit to be completed by the statutory deadline.

Criteria - N.J.S.A. 40A:5-4 requires the audit to be completed within six months after the close of the fiscal year.

Recommendation - That the financial statements and related notes be completed in a timely manner to permit the audit to be submitted by the statutory deadline.

Response of Management - The 2016 financial statements and related notes are in the process of be completed and will be done by June 30.

CR-15-03 Finding - The backup of the data for the financial software utilized by the Borough was occurring once a month.

Recommendation - That the Borough backup the data for the financial software on a daily basis.

Response of Management - All the data that was lost was reentered into the financial software. The entire system is now backed up on a daily basis with improved redundancy system.

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the audit.

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please contact us at your earliest opportunity.

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