

**BOROUGH OF HIGHTSTOWN**

**COUNTY OF MERCER**

**REPORT OF AUDIT**

**DECEMBER 31, 2016**

*Antonides and Simone*  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**

**TABLE OF CONTENTS**

**PART I**

Independent Auditor's Report

**Exhibit**

**CURRENT FUND**

Comparative Balance Sheet - Regulatory Basis at December 31, 2016 and 2015 .....	A
Statement of Operations and Change in Fund Balance - Regulatory Basis .....	A-1
Statement of Revenues - Regulatory Basis .....	A-2
Statement of Expenditures - Regulatory Basis.....	A-3

**TRUST FUND**

Comparative Balance Sheet - Regulatory Basis as at December 31, 2016 and 2015 .....	B
---	---

**GENERAL CAPITAL FUND**

Comparative Balance Sheet - Regulatory Basis as at December 31, 2016 and 2015 .....	C
Statement of Fund Balance - Regulatory Basis .....	C-1

**WATER-SEWER UTILITY FUND**

Comparative Balance Sheet - Regulatory Basis as at December 31, 2016 and 2015 .....	D
Comparative Statement of Operations and Change in Operating Fund Balance - Regulatory Basis.....	D-1
Statement of Capital Fund Balance - Regulatory Basis .....	D-2
Statement of Revenues - Regulatory Basis .....	D-3
Statement of Expenditures - Regulatory Basis.....	D-4

Notes to Financial Statements

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**

**TABLE OF CONTENTS**

**Exhibit**

**PART II**

Supplementary Data

Officials in Office and Surety Bonds

**CURRENT FUND**

Schedule of Cash.....	A-4
Schedule of Due From State of New Jersey (Ch, 20, P.L. 1971).....	A-5
Schedule of Taxes Receivable and Analysis of Property Tax Yield.....	A-6
Schedule of Tax Title Liens .....	A-7
Schedule of Accounts Payable .....	A-8
Schedule of Reserve for Fire Safety and Code Enforcement.....	A-9
Schedule of Revenue Accounts Receivable.....	A-10
Schedule of 2015 Appropriation Reserves.....	A-11
Schedule of Prepaid Taxes .....	A-12
Schedule of Tax Overpayments .....	A-13
Schedule of Local District School Tax Payable .....	A-14
Schedule of County Taxes Payable.....	A-15
Schedule of Due to State of New Jersey .....	A-16
Schedule of Reserve for Tax Appeals.....	A-17
Grant Fund - Schedule of Cash.....	A-18
Grant Fund - Schedule of Grants Receivable .....	A-19
Grant Fund - Schedule of Reserve for Grants - Appropriated.....	A-20
Grant Fund - Schedule of Reserves for Grants - Unappropriated.....	A-21

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**

**TABLE OF CONTENTS**

**Exhibit**

**TRUST FUND**

Schedule of Trust Cash - Treasurer .....	B-1
Schedule of Due State of N.J. State Department of Health.....	B-2
Schedule of Reserve for Animal Control Fund Expenditures.....	B-3
Schedule of Deposits for Redemption of Tax Sale Certificates .....	B-4
Schedule of Regional Contribution Agreement – Manalapan.....	B-5
Schedule of Reserve for Law Enforcement Fund - Federal .....	B-6
Schedule of Reserve for Law Enforcement Fund .....	B-7
Schedule of Reserve for Public Defender.....	B-8
Schedule of Unemployment Trust Fund .....	B-9
Schedule of Reserve Payroll Deductions .....	B-10
Schedule of Miscellaneous Trust Funds.....	B-11
Schedule of Reserve for Escrow Fees.....	B-12
Schedule of Housing Trust .....	B-13
Schedule of LOSAP (Length of Service Award Program) – (Unaudited) .....	B-14

**GENERAL CAPITAL FUND**

Schedule of General Capital Fund Cash - Treasurer .....	C-2
Schedule of Capital Fund Cash and Investments .....	C-3
Schedule of Deferred Charges to Future Taxation - Funded .....	C-4
Schedule of Deferred Charges to Future Taxation - Unfunded .....	C-5
Schedule of Grants Receivable .....	C-6
Schedule of Various Reserves.....	C-7
Schedule of Improvement Authorizations .....	C-8
Schedule of Reserve for Capital Improvement Fund .....	C-9
Schedule of Bond Anticipation Notes .....	C-10

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**

**TABLE OF CONTENTS**

**Exhibit**

**GENERAL CAPITAL FUND**

Schedule of General Serial Bonds .....	C-11
Schedule of Capital Improvement Loans.....	C-12
Schedule of Reserve for Encumbrances .....	C-13
Schedule of Bonds and Notes Authorized but not Issued .....	C-14

**WATER-SEWER UTILITY FUND**

Schedule of Utility Cash - Collector/Treasurer .....	D-5
Schedule of Utility Capital Cash.....	D-6
Analysis of Cash .....	D-7
Schedule of Consumer Accounts Receivable.....	D-8
Schedule of Fixed Capital .....	D-9
Schedule of Fixed Capital Authorized and Uncompleted.....	D-10
Schedule of 5Appropriation Reserves .....	D-11
Schedule of Accounts Payable .....	D-12
Schedule of Overpayments .....	D-13
Schedule of Accrued Interest on Bonds and Loans .....	D-14
Schedule of Accrued Interest on Notes .....	D-15
Schedule of Water-Sewer Serial Bonds.....	D-16
Schedule of Loans Payable.....	D-17
Schedule of Bond Anticipation Notes .....	D-18
Schedule of Improvement Authorizations .....	D-19
Schedule of Encumbrances Payable .....	D-20
Schedule of Reserve for Amortization.....	D-21
Schedule of Deferred Reserve for Amortization.....	D-22
Schedule of Capital Improvement Fund .....	D-23
Schedule of Bonds and Notes Authorized but not Issued .....	D-24

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**

**TABLE OF CONTENTS**

**PART III**

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

**PART IV**

Scope of Audit

General Comments

Follow-up of Prior Year Findings

Findings/Recommendations

Acknowledgement

**BOROUGH OF HIGHTSTOWN**

**COUNTY OF MERCER**

**PART I**

**AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

*Antonides and Simone*  
**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.

WAYNE M. SIBILIA, C.P.A., R.M.A., P.S.A.

P.O. Box 37  
Adelphia, New Jersey 07710  
732-681-0980

**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, 2016 and 2015, 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 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, 2016 and 2015, 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 30.60% and 19.06% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2016 and 2015.

### ***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, 2016 and 2015, 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.

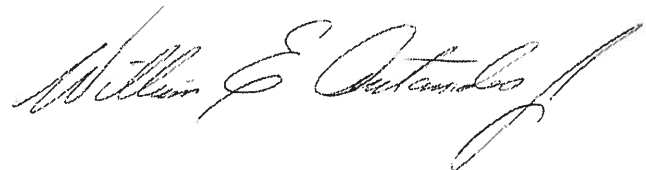
The supplementary financial schedules, referred to in the preceding paragraph, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures 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 February 26, 2018, 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.

**Antonides and Simone CPAs**

**Independent Auditors**



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

February 26, 2018

CURRENT FUND  
 COMPARATIVE BALANCE SHEET  
 REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Cash	A-4	\$ 2,269,755.77	\$ 2,040,412.94
Change Fund		<u>205.00</u>	<u>205.00</u>
		<u>\$ 2,269,960.77</u>	<u>\$ 2,040,617.94</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	\$ 267,561.21	\$ 263,460.09
Tax Title Liens Receivable	A-7	153,605.36	184,627.77
Revenue Accounts Receivable	A-10	<u>26,487.15</u>	<u>24,249.73</u>
	A	<u>\$ 447,653.72</u>	<u>\$ 472,337.59</u>
		<u>\$ 2,717,614.49</u>	<u>\$ 2,512,955.53</u>
Grant Fund:			
Cash	A-18	\$ 81,555.16	\$ 77,065.63
Grants Receivable	A-19	<u>163,015.26</u>	<u>7,812.27</u>
		<u>\$ 244,570.42</u>	<u>\$ 84,877.90</u>
		<u>\$ 2,962,184.91</u>	<u>\$ 2,597,833.43</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	<u>Ref.</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>
Liabilities:			
Appropriations Reserves	A-3, A-11	\$ 481,601.12	\$ 520,342.85
Reserve for Encumbrances	A-3, A-11	124,688.43	143,025.23
Prepaid Taxes	A-12	116,957.10	93,261.77
Accounts Payable	A-8	60,748.41	32,558.55
Tax Overpayments	A-13	12,222.32	19,560.56
Due County for Added Taxes	A-15	8,485.49	3,886.61
Reserve for Hurricane Irene		-	2,626.27
Reserve for Fire Safety and Code Enforcemer	A-9	10,267.00	6,250.00
Reserve for Sale of Municipal Assets		42,174.90	
Due to State of New Jersey	A-11		
(Ch. 20, P.L. 1971)	A-5	745.02	745.02
Due to State of New Jersey	A-16	2,148.00	2,722.00
		<u>\$ 860,037.79</u>	<u>\$ 824,978.86</u>
Reserve for Receivables and Other Assets	A	447,653.72	472,337.59
Fund Balance	A-1	1,409,922.98	1,215,639.08
		<u>\$ 2,717,614.49</u>	<u>\$ 2,512,955.53</u>
Grant Fund:			
Reserve for Grants Appropriated	A-20	\$ 242,896.42	\$ 79,826.80
Reserve for Grants Unappropriated	A-21	1,674.00	5,051.10
		-	-
		<u>\$ 244,570.42</u>	<u>\$ 84,877.90</u>
		<u><u>\$ 2,962,184.91</u></u>	<u><u>\$ 2,597,833.43</u></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 2016	Year 2015
Fund Balance Anticipated	A-2	\$ 610,000.00	\$ 600,000.00
Miscellaneous Revenue Realized	A-2	1,660,947.59	1,583,020.29
Receipts from Delinquent Taxes	A-2	303,522.77	319,500.39
Receipts from Current Taxes	A-2	15,723,603.99	15,544,799.40
Non-Budget Revenue	A-2	54,908.50	30,106.08
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	318,647.88	342,051.80
Interfunds Returned		-	4,400.00
Grant Reserve Canceled	A-20	922.08	100.00
Reserve for Tax Appeal Canceled	A-17	-	16,063.07
		<u>\$ 18,672,552.81</u>	<u>\$ 18,440,041.03</u>
<b>Total Income</b>			
<b>Expenditures</b>			
<b>Budget and Emergency Appropriations:</b>			
<b>Operations:</b>			
Salaries and Wages	A-3	\$ 2,452,820.00	\$ 2,638,892.00
Other Expenses	A-3	2,831,070.61	2,628,079.28
Capital Improvements	A-3	40,000.00	49,500.00
Municipal Debt Service	A-3	612,075.85	571,567.22
Deferred Charges and Statutory Expenditures - Municipal	A-3	<u>564,626.00</u>	<u>523,527.00</u>
		<u>\$ 6,500,592.46</u>	<u>\$ 6,411,565.50</u>
<b>Total Budget</b>			
Regional School Taxes	A-14	8,576,754.00	8,559,326.00
County Taxes	A-15	2,790,030.37	2,735,929.09
Grant Receivables Canceled	A-19	797.08	100.00
Prior Year Refund	A-4	95.00	1,149.37
Prior Year Senior Citizen Deduction Disallowed	A-5	<u>-</u>	<u>250.00</u>
		<u>\$ 17,868,268.91</u>	<u>\$ 17,708,319.96</u>
<b>Total Expenditures</b>			
<b>Excess in Expenditures/Revenues</b>		<b>\$ 804,283.90</b>	<b>\$ 731,721.07</b>
<b>Fund Balance January 1</b>	<b>A</b>	<u><b>1,215,639.08</b></u>	<u><b>1,083,918.01</b></u>
		<b>\$ 2,019,922.98</b>	<b>\$ 1,815,639.08</b>
<b>Decreased by:</b>			
Utilized as Anticipated Revenue	A-2	<u>610,000.00</u>	<u>600,000.00</u>
<b>Balance December 31</b>	<b>A</b>	<u><u><b>\$ 1,409,922.98</b></u></u>	<u><u><b>\$ 1,215,639.08</b></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	\$ 610,000.00	\$ -	\$ 610,000.00	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	\$ 7,500.00	\$ -	\$ 7,500.00	\$ -
Other	A-10	20,000.00	-	22,430.00	2,430.00
Fees and Permits	A-10	18,000.00	-	35,604.83	17,604.83
Fines and Costs:					
Municipal Court	A-10	250,000.00	-	375,627.48	125,627.48
Interest and Costs on Taxes	A-10	68,000.00	-	78,057.19	10,057.19
Interest on Investments and Deposits	A-10	20,000.00	-	25,974.46	5,974.46
Lease of Borough Owned Property	A-10	59,000.00	-	58,042.41	(957.59)
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	60,000.00	-	96,745.00	36,745.00
Shared Services Agreement - Roosevelt Borough Trash Collection	A-10	63,000.00	-	63,000.00	-
Shared Services Agreement - Roosevelt Borough Trash Collection -Tipping Fees	A-10	35,000.00	-	30,640.36	(4,359.64)
Shared Services Agreement - Roosevelt Borough Trash Collection - Borough Clerk Services	A-10	28,000.00	-	36,333.63	8,333.63
Recycling Tonnage Grant	A-10	5,051.10	-	5,051.10	-
Clean Communities Program	A-10	11,329.70	-	11,329.70	-
Green Communities Grant	A-10	-	3,000.00	3,000.00	-
Alcohol Education Rehabilitation Fund	A-10	-	3,746.75	3,746.75	-
Drunk Driving Enforcement Grant	A-10	-	4,779.03	4,779.03	-
Click It or Ticket	A-10	5,000.00	-	5,000.00	-
Body Armor Grant	A-10	-	1,462.38	1,462.38	-
US Dept of Justice - Bulletproof Vests	A-10	-	3,484.65	3,484.65	-
Drive Sober or Get Pulled Over	A-10	-	5,000.00	5,000.00	-
Mercer County NJSCA Local Arts Program	A-10	500.00	-	500.00	-
Small Cities CDBG Block Grant	A-10	-	150,000.00	150,000.00	-
Uniform Fire Safety Act	A-10	9,000.00	-	8,388.58	(611.42)
CATV - Franchise Fee	A-10	31,183.00	-	31,183.32	0.32
The Peddie School - Gift	A-10	23,000.00	-	23,000.00	-
Verizon Franchise Fee	A-10	37,489.00	-	37,489.48	0.48
FEMA - Hurricane Irene	A-10	39,400.00	-	-	(39,400.00)
Hightstown Housing Authority - Payment in Lieu of Taxes	A-10	25,000.00	-	34,027.24	9,027.24
Total Miscellaneous Revenues	A-1	\$ 1,319,002.80	\$ 171,472.81	\$ 1,660,947.59	\$ 170,471.98
Receipts from Delinquent Taxes	A-1, A-2	\$ 280,000.00	\$ -	\$ 303,522.77	\$ 23,522.77
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	\$ 4,595,167.00	\$ -	\$ 4,831,819.62	\$ 236,652.62
Budget Totals		\$ 6,804,169.80	\$ 171,472.81	\$ 7,406,289.98	\$ 430,647.37
Non-Budget Revenues	A-1, A-2	-	-	54,908.50	
		\$ 6,804,169.80	\$ 171,472.81	\$ 7,461,198.48	
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)

<b>Analysis of Realized Revenues:</b>	<u>Ref.</u>	<u>Dec. 31, 2016</u>
Allocation of Current Taxes:		
Prepaid Prior Year	A-6	\$ 93,261.77
Collected Current Year	A-6	15,607,092.22
Senior Citizens' and Veterans' Deductions	A-6	<u>23,250.00</u>
	A-1	\$ 15,723,603.99
Allocated to:		
School and County Taxes	A-14, A-15	<u>11,366,784.37</u>
Balance for Support of Municipal Budget Appropriations		\$ 4,356,819.62
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>475,000.00</u>
Amount for Support of Municipal Budget	A-2	<u><u>\$ 4,831,819.62</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2, A-6	\$ 254,830.39
Overpayments Applied	A-6	6,396.70
Tax Title Lien Collections	A-7	<u>42,295.68</u>
	A-2	<u><u>\$ 303,522.77</u></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)

<b>Analysis of Non-Budget Revenues:</b>	<u>Ref.</u>	<u>Dec. 31, 2016</u>
Tax Map/Ordinance Copies		\$ 0.45
Refunds		1,298.17
Court Motor Vehicle Inspections		6,514.25
Owners List		60.00
Tax Collector Fees		1,675.20
Senior Citizens and Veterans Administration Fee		465.00
Homestead Rebate mailing reimbursement		211.20
Miscellaneous Fees - Notary fees		72.50
Police Accident Reports		1,351.50
Fire Code Other		1,467.00
Shared Services Public Works - Roosevelt		317.50
2015 EPL JIF Credit		1,500.00
FEMA Reimbursements		26,010.27
Americana Lease		9,591.04
Construction Code Miscellaneous Fees		2,213.92
Miscellaneous		<u>2,160.50</u>
	A-2, A-4	<u>\$ 54,908.50</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	
<b>GENERAL GOVERNMENT</b>					
General Administration:					
Salaries and Wages	\$ 57,750.00	\$ 57,750.00	\$ 56,417.34	\$ 1,332.66	\$ -
Other Expenses	1,430.00	1,430.00	684.07	745.93	-
Mayor and Council:					
Salaries and Wages	26,400.00	26,400.00	26,400.00	-	-
Other Expenses	2,300.00	2,300.00	1,917.72	382.28	-
Municipal Clerk:					
Salaries and Wages	86,716.00	92,716.00	89,968.79	2,747.21	-
Other Expenses	18,170.00	15,170.00	10,762.49	4,407.51	-
Elections:					
Other Expenses	4,000.00	4,000.00	2,230.00	1,770.00	-
Office Supplies and Paper Products					
Other Expenses	9,775.00	9,775.00	9,751.08	23.92	-
Financial Administration:					
Salaries and Wages	96,271.00	86,271.00	80,591.61	5,679.39	-
Other Expenses	9,750.00	9,750.00	9,644.53	105.47	-
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	477.50	9,522.50	-
Central Computer (Data Processing/ Info Tech):					
Salaries and Wages	5,200.00	5,200.00	5,200.00	-	-
Other Expenses	30,000.00	30,000.00	25,598.93	4,401.07	-
Collection of Taxes:					
Salaries and Wages	55,680.00	55,680.00	52,212.91	3,467.09	-
Other Expenses	7,600.00	7,600.00	6,041.82	1,558.18	-
Assessment of Taxes:					
Salaries and Wages	17,500.00	17,500.00	17,492.39	7.61	-
Other Expenses	11,500.00	11,500.00	3,148.85	8,351.15	-
Interest on Tax Appeals:					
Other Expenses	100.00	100.00	-	100.00	-
Legal Services and Costs:					
Other Expenses	150,000.00	157,000.00	128,388.59	28,611.41	-
Engineering Services and Costs:					
Other Expenses	33,000.00	38,000.00	37,252.90	747.10	-
Historical Commission:					
Other Expenses	1,400.00	1,400.00	-	1,400.00	-
Municipal Land Use Law (N.J.S.A. 40:55D-1) Planning Board:					
Salaries and Wages	21,965.00	21,965.00	21,231.61	733.39	-
Other Expenses	31,250.00	31,250.00	23,764.31	7,485.69	-
Insurance:					
Insurance Deductibles	3,000.00	3,000.00	1,000.00	2,000.00	-
Unemployment Compensation Insurance	5,000.00	5,000.00	-	5,000.00	-
General Liability	50,500.00	56,500.00	56,249.00	251.00	-
Workers Compensation Insurance	102,000.00	102,000.00	101,250.00	750.00	-
Employee Group Health Insurance	590,000.00	575,000.00	535,238.49	39,761.51	-
Health Benefit Waiver	10,000.00	10,000.00	6,250.00	3,750.00	-
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police Department:					
Salaries and Wages	1,193,560.00	1,193,560.00	1,144,284.95	49,275.05	-
Other Expenses	135,685.00	135,685.00	120,905.77	14,779.23	-
Police Fire and Radio Communications:					
Other Expenses	136,680.00	136,680.00	136,536.46	143.54	-
Office of Emergency Management:					
Salaries and Wages	2,000.00	2,000.00	2,000.00	-	-
Other Expenses	4,000.00	4,000.00	1,695.00	2,305.00	-

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	
<b>PUBLIC SAFETY FUNCTIONS (Continued)</b>					
Fire Department:					
Other Expenses	\$ 39,100.00	\$ 39,100.00	\$ 38,876.47	\$ 223.53	\$ -
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	10,936.00	3,064.00	-
Other Expenses	10,800.00	8,800.00	5,586.11	3,213.89	-
First Aid Organization:					
Other Expenses	30,000.00	30,000.00	20,299.96	9,700.04	-
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	-
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance:					
Salaries and Wages	215,000.00	215,000.00	205,407.86	9,592.14	-
Other Expenses	42,100.00	42,100.00	35,531.14	6,568.86	-
Snow Removal:					
Salaries and Wages	4,000.00	4,000.00	4,000.00	-	-
Other Expenses	5,000.00	5,000.00	5,000.00	-	-
Sanitation/Solid Waste Collection:					
Salaries and Wages	53,700.00	53,700.00	50,704.00	2,996.00	-
Other Expenses	46,200.00	49,200.00	48,920.44	279.56	-
Public Buildings and Grounds:					
Salaries and Wages	52,000.00	52,000.00	46,363.06	5,636.94	-
Other Expenses	88,362.00	88,362.00	80,649.74	7,712.26	-
Recycling:					
Salaries and Wages	103,700.00	103,700.00	100,074.72	3,625.28	-
Other Expenses	57,400.00	57,400.00	50,586.62	6,813.38	-
Vehicle Maintenance:					
Other Expenses	38,100.00	38,100.00	30,143.79	7,956.21	-
Community Condominium Services Act:					
Other Expenses	40,000.00	40,000.00	24,920.00	15,080.00	-
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health:					
Salaries and Wages	54,471.00	55,271.00	52,787.34	2,483.66	-
Other Expenses	8,275.00	8,275.00	7,412.56	862.44	-
Environmental Commission (N.J.S.A. 40:56A-1):					
Other Expenses	1,010.00	1,010.00	940.00	70.00	-
Child Care Centers - Contracts (N.J.S.A. 40:223-8:14):					
Other Expenses:					
Better Beginnings	8,000.00	8,000.00	8,000.00	-	-
Hightstown/East Windsor	3,000.00	3,000.00	3,000.00	-	-
<b>PARK AND RECREATION</b>					
Maintenance of Parks:					
Salaries and Wages	34,000.00	34,000.00	32,376.67	1,623.33	-
Other Expenses	3,700.00	3,700.00	3,382.35	317.65	-
Recreation & Open Space (Parks Commission):					
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-
Other Expenses	11,000.00	11,000.00	4,509.96	6,490.04	-
Cultural Arts Commission					
Other Expenses	1,500.00	1,500.00	891.93	608.07	-

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	
<b>OTHER COMMON OPERATING FUNCTIONS (UNCLASSIFIED)</b>					
Celebration of Public Events:					
Other Expenses	\$ 5,900.00	\$ 5,900.00	\$ 430.86	\$ 5,469.14	\$ -
Accumulated Sick and Vacation:					
Other Expenses	49,000.00	49,000.00	42,929.46	6,070.54	-
Postage and Shipping Charges:					
Other Expenses	8,600.00	8,600.00	6,558.26	2,041.74	-
<b>UTILITY EXPENSE AND BULK PURCHASES</b>					
Gasoline and Diesel Fuel	78,000.00	78,000.00	38,825.92	39,174.08	-
Electricity	45,000.00	47,000.00	40,541.84	6,458.16	-
Telephone	31,915.00	31,915.00	25,309.16	6,605.84	-
Natural Gas	16,000.00	16,000.00	8,063.81	7,936.19	-
Street Lighting	43,000.00	39,600.00	32,621.58	6,978.42	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Landfill Disposal Costs:					
Other Expenses	200,000.00	200,000.00	165,624.95	34,375.05	-
<b>MUNICIPAL COURT</b>					
Municipal Court:					
Salaries and Wages	127,598.00	129,798.00	126,869.57	2,928.43	-
Other Expenses	13,135.00	13,135.00	12,365.84	769.16	-
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</b>					
State Uniform Construction Code (N.J.S.A. 52:270-120D et seq.):					
Salaries and Wages	124,731.00	124,731.00	121,990.26	2,740.74	-
Other Expenses	5,550.00	5,550.00	4,383.27	1,166.73	-
Housing Code Enforcement:					
Salaries and Wages	37,128.00	38,528.00	37,551.50	976.50	-
Other Expenses	2,700.00	2,700.00	2,643.99	56.01	-
<b>Total Operations within "CAPS"</b>	<b>\$ 4,717,957.00</b>	<b>\$ 4,717,957.00</b>	<b>\$ 4,296,298.10</b>	<b>\$ 421,658.90</b>	<b>\$ -</b>
Contingent	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operations Including Contingent - within "CAPS"</b>	<b>\$ 4,717,957.00</b>	<b>\$ 4,717,957.00</b>	<b>\$ 4,296,298.10</b>	<b>\$ 421,658.90</b>	<b>\$ -</b>
<b>Detail:</b>					
Salaries and Wages	\$ 2,393,370.00	\$ 2,393,770.00	\$ 2,294,860.58	\$ 98,909.42	\$ -
Other Expenses (Including Contingent)	\$ 2,324,587.00	\$ 2,324,187.00	\$ 2,001,437.52	\$ 322,749.48	\$ -
<b>Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>					
<b>STATUTORY EXPENDITURES:</b>					
Public Employees' Retirement System of N.J.	\$ 150,000.00	\$ 150,000.00	\$ 145,972.17	\$ 4,027.83	\$ -
Social Security System (O.A.S.I.)	130,000.00	130,000.00	115,680.03	14,319.97	-
Police and Firemen's Retirement System of N.J.	279,626.00	279,626.00	279,626.00	-	-
Defined Contribution Benefit Plan	5,000.00	5,000.00	-	5,000.00	-
<b>Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"</b>	<b>\$ 564,626.00</b>	<b>\$ 564,626.00</b>	<b>\$ 541,278.20</b>	<b>\$ 23,347.80</b>	<b>\$ -</b>
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>\$ 5,282,583.00</b>	<b>\$ 5,282,583.00</b>	<b>\$ 4,837,576.30</b>	<b>\$ 445,006.70</b>	<b>\$ -</b>

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	\$ 30,200.00	\$ 5,800.00	\$ -
Recycling Tax (P.L. 2007, C.311)	6,000.00	6,000.00	4,526.10	1,473.90	-
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>\$ 42,000.00</b>	<b>\$ 42,000.00</b>	<b>\$ 34,726.10</b>	<b>\$ 7,273.90</b>	<b>\$ -</b>
<b>Shared Service Agreements</b>					
Dispatch Services East Windsor Township					
Other Expenses	105,000.00	\$ 105,000.00	\$ 105,000.00	\$ -	\$ -
Senior Citizens - Program Service Center:					
Other Expenses	29,800.00	29,800.00	29,796.18	3.82	-
Senior Citizens Transportation- East Windsor:					
Other Expenses	2,180.00	2,180.00	2,180.00	-	-
Health Services-West Windsor Township:					
Salaries and Wages	28,050.00	28,050.00	28,050.00	-	-
Other Expenses	28,792.00	28,792.00	28,717.00	75.00	-
Emergency Medical Services:					
Other Expenses	10,500.00	10,500.00	6,125.00	4,375.00	-
Landfill Disposal Costs (Roosevelt):					
Other Expenses	35,000.00	35,000.00	30,092.71	4,907.29	-
Borough Clerk Services (Roosevelt):					
Salaries and Wages	26,000.00	26,000.00	23,533.90	2,466.10	-
Other Expenses	2,000.00	2,000.00	-	2,000.00	-
Mercer County EMS Dispatch					
Other Expenses	700.00	700.00	500.00	200.00	-
Vehicle Maintenance Services:					
Other Expenses	21,000.00	21,000.00	5,706.69	15,293.31	-
<b>Total Shared Service Agreements</b>	<b>\$ 289,022.00</b>	<b>\$ 289,022.00</b>	<b>\$ 259,701.48</b>	<b>\$ 29,320.52</b>	<b>\$ -</b>
<b>Public and Private Programs Offset by Revenues</b>					
Clean Communities Program	\$ 11,329.70	\$ 11,329.70	\$ 11,329.70	\$ -	\$ -
Green Communities Grant	-	3,000.00	\$ 3,000.00	-	-
Drunk Driving Enforcement Fund	-	4,779.03	4,779.03	-	-
Body Armor Replacement Grant	-	1,462.38	1,462.38	-	-
Recycling Tonnage Grant	5,051.10	5,051.10	5,051.10	-	-
Alcohol Education and Rehabilitation Fund	-	3,746.75	3,746.75	-	-
Click It or Ticket	5,000.00	5,000.00	5,000.00	-	-
Drive Sober or Get Pulled Over	-	5,000.00	5,000.00	-	-
U.S. Dept. of Justice-Bulletproof Vest Partnership Program	-	3,484.65	3,484.65	-	-
Mercer County NJSCA Local Arts Program	500.00	500.00	500.00	-	-
Small Cities CDBG Block Grant	-	150,000.00	150,000.00	-	-
<b>Total Public and Private Programs Offset by Revenues</b>	<b>\$ 21,880.80</b>	<b>\$ 193,353.61</b>	<b>\$ 193,353.61</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Operations - Excluded from "CAPS"</b>	<b>\$ 352,902.80</b>	<b>\$ 524,375.61</b>	<b>\$ 487,781.19</b>	<b>\$ 36,594.42</b>	<b>\$ -</b>
<b>Detail:</b>					
Salaries and Wages	\$ 59,050.00	\$ 59,050.00	\$ 56,583.90	\$ 2,466.10	\$ -
Other Expenses	\$ 293,852.80	465,325.61	\$ 431,197.29	\$ 34,128.32	\$ -

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" (Continued)	Budget	Budget After Modifications	Expended		Unexpended Balance Cancelled
			Paid or Charged	Reserved	
<b>Capital Improvements - Excluded from "CAPS"</b>					
Capital Improvement Fund	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ -	\$ -
Total Capital Improvements Excluded from "CAPS"	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ -	\$ -
<b>Municipal Debt Service - Excluded from "CAPS"</b>					
Payment of Bond Principal	\$ 340,000.00	\$ 340,000.00	\$ 340,000.00	\$ -	\$ -
Payment of Bond Anticipation Notes and Capital Notes	163,100.00	163,100.00	163,100.00	-	-
Interest on Bonds	82,000.00	82,000.00	82,000.00	-	-
Interest on Notes	17,100.00	17,100.00	17,050.38	-	49.62
Dam Restoration Loan	9,926.00	9,926.00	9,925.47	-	0.53
Total Municipal Debt Service Excluded from "CAPS"	\$ 612,126.00	\$ 612,126.00	\$ 612,075.85	\$ -	\$ 50.15
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"	\$ 1,046,586.80	\$ 1,218,059.61	\$ 1,181,415.04	\$ 36,594.42	\$ 50.15
Total General Appropriations - Excluded from "CAPS"	\$ 1,046,586.80	\$ 1,218,059.61	\$ 1,181,415.04	\$ 36,594.42	\$ 50.15
Subtotal General Appropriations	\$ 6,329,169.80	\$ 6,500,642.61	\$ 6,018,991.34	\$ 481,601.12	\$ 50.15
Reserve for Uncollected Taxes	475,000.00	475,000.00	475,000.00	-	-
Total General Appropriations	\$ 6,804,169.80	\$ 6,975,642.61	\$ 6,493,991.34	\$ 481,601.12	\$ 50.15
<b>Ref.</b>				A	
Detail:					
Original Budget	A-2	\$ 6,804,169.80			
Added by N.J.S.A. 40A:4-87	A-2	171,472.81			
		\$ 6,975,642.61			
Disbursed	A-4		\$ 5,894,302.91		
Reserve for Encumbrances	A		124,688.43		
Reserve for Uncollected Taxes	A-2		475,000.00		
			\$ 6,493,991.34		

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, 2016	Balance Dec. 31, 2015
Animal Control Fund:			
Cash and Investments	B-1	<u>\$ 8,262.85</u>	<u>\$ 9,279.65</u>
Other Trust Funds:			
Cash and Investments	B-1	\$ 983,875.91	\$ 1,145,389.47
Due From General Capital	B-6	<u>-</u>	<u>100,000.00</u>
		<u>\$ 983,875.91</u>	<u>\$ 1,245,389.47</u>
Escrow Trust Funds:			
Cash and Investments	B-1	<u>\$ 526,862.55</u>	<u>\$ 1,283,453.32</u>
Length of Service Awards Program Fund: (LOSAP) - Unaudited:			
Funds Held by Trustee	B-14	<u>\$ 669,871.91</u>	<u>\$ 597,679.67</u>
		<u>\$ 2,188,873.22</u>	<u>\$ 3,135,802.11</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	<u>Ref.</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>
Animal Control Fund:			
Due to N.J. State Department of Health	B-2	\$ 1.20	\$ -
Reserve for Encumbrances	B-3	1,000.00	500.00
Interfund - Water-Sewer Operating Fund		-	525.00
Reserve for Expenditures	B-3	<u>7,261.65</u>	<u>8,254.65</u>
		<u>\$ 8,262.85</u>	<u>\$ 9,279.65</u>
Other Trust Funds:			
Reserve for:			
Redemption of Tax Title Liens	B-4	\$ 27,455.89	\$ 43,202.82
Regional Contribution Agreement - Manalapan	B-5	125,388.43	135,088.41
Law Enforcement Fund	B-7	16,476.01	18,774.20
Public Defender	B-8	9,071.97	8,549.97
Unemployment	B-9	53,871.19	72,503.58
Payroll Deductions	B-10	84,064.84	65,732.43
Miscellaneous Trust Funds	B-11	405,162.76	616,874.57
Housing Trust	B-13	<u>262,384.82</u>	<u>284,663.49</u>
		<u>\$ 983,875.91</u>	<u>\$ 1,245,389.47</u>
Escrow Trust Funds:			
Escrow Fees	B-12	<u>\$ 526,862.55</u>	<u>\$ 1,283,453.32</u>
Length of Service Awards Program Fund: (LOSAP) - Unaudited:			
Reserve for Length of Service Awards Program (LOSAP)	B-14	<u>\$ 669,871.91</u>	<u>\$ 597,679.67</u>
		<u>\$ 2,188,873.22</u>	<u>\$ 3,135,802.11</u>

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

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

ASSETS	Ref.	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>
Cash - Treasurer	C-2	\$ 211,638.79	\$ 1,992.76
Grants Receivable	C-6	906,000.00	740,084.00
Deferred Charges to Future Taxation:			
Funded	C-4	2,081,920.05	2,429,394.81
Unfunded	C-5	<u>5,935,911.27</u>	<u>5,773,211.27</u>
		<u>\$ 9,135,470.11</u>	<u>\$ 8,944,682.84</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 1,965,000.00	\$ 2,305,000.00
Loan Payable	C-12	116,920.05	124,394.81
Bond Anticipation Notes	C-10	4,409,000.00	2,814,646.00
Excess Funding Bond Anticipation Notes	C-10	-	35,000.00
Interfunds:			
Trust Fund	C-3	-	100,000.00
Reserve for Encumbrances	C-13	38,765.66	1,631,157.01
Improvement Authorizations:			
Funded	C-8	342,222.52	67,715.02
Unfunded	C-8	1,574,995.81	1,169,030.93
Capital Improvement Fund	C-9	9,082.50	3,282.50
Reserve for Grants Receivable	C-6	606,000.00	606,000.00
Various Reserves	C-7	247.00	247.00
Fund Balance	C-1	<u>73,236.57</u>	<u>88,209.57</u>
		<u>\$ 9,135,470.11</u>	<u>\$ 8,944,682.84</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$1,526,911.27 and December 31, 2015 of \$2,958,565.27 (C-14).

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



WATER-SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund:			
Cash and Investments	D-5	\$ 448,405.64	\$ 371,753.32
Interfunds:			
Animal Control	D-5	-	525.00
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-8	<u>125,857.73</u>	<u>164,806.42</u>
Total Operating Fund		<u>\$ 574,263.37</u>	<u>\$ 537,084.74</u>
Capital Fund:			
Cash	D-6	\$ 159,875.22	\$ 110,291.42
Refund Receivable	D-6	-	9,331.88
Fixed Capital	D-9	15,336,516.65	12,962,487.48
Fixed Capital Authorized and Uncompleted	D-10	<u>7,036,400.00</u>	<u>7,676,400.00</u>
Total Capital Fund		<u>\$ 22,532,791.87</u>	<u>\$ 20,758,510.78</u>
		<u>\$ 23,107,055.24</u>	<u>\$ 21,295,595.52</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	<u>Ref.</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4, D-1:	\$ 122,197.42	\$ 82,555.21
Encumbrances Payable	D-4, D-1:	89,362.81	95,170.97
Accounts Payable	D-12	7,383.97	25,363.76
Overpayments	D-13	3,284.20	942.37
Accrued Interest on Bonds and Loans	D-14	34,819.34	40,534.79
Accrued Interest on Notes	D-15	2,372.31	2,311.06
		<u>2,372.31</u>	<u>2,311.06</u>
		\$ 259,420.05	\$ 246,878.16
Reserve for Receivables		125,857.73	164,806.42
Fund Balance	D-1	188,985.59	125,400.16
		<u>188,985.59</u>	<u>125,400.16</u>
Total Operating Fund		\$ 574,263.37	\$ 537,084.74
		<u>\$ 574,263.37</u>	<u>\$ 537,084.74</u>
Capital Fund:			
Serial Bonds Payable	D-16	\$ 1,880,000.00	\$ 2,435,000.00
Loans Payable	D-17	2,996,936.61	3,198,476.49
Bond Anticipation Notes	D-18	900,000.00	675,000.00
Improvement Authorization - Funded	D-19	-	90,392.79
Improvement Authorization - Unfunded	D-19	1,797,511.34	347,080.80
Down Payments on Improvements		200.00	200.00
Reserve for Encumbrances	D-20	159,808.38	4,365.00
Reserve for Amortization	D-21	14,426,667.04	13,590,597.99
Deferred Reserve for Amortization	D-22	248,600.00	387,800.00
Capital Improvement Fund	D-23	25,516.95	25,516.95
Fund Balance	D-2	97,551.55	4,080.76
		<u>97,551.55</u>	<u>4,080.76</u>
Total Capital Fund		\$ 22,532,791.87	\$ 20,758,510.78
		<u>\$ 22,532,791.87</u>	<u>\$ 20,758,510.78</u>
		<u>\$ 23,107,055.24</u>	<u>\$ 21,295,595.52</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$1,920,713.00 and on December 31, 2015 of \$352,013.00 (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	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
Fund Balance Utilized	D-3	\$ 100,000.00	\$ 85,000.00
Water-Sewer Rents	D-3	2,573,507.26	2,526,843.50
Miscellaneous	D-3	542,477.93	570,723.80
Non-Budget Revenue			
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	<u>97,590.71</u>	<u>83,864.23</u>
 Total Income		 <u>\$ 3,313,575.90</u>	 <u>\$ 3,266,431.53</u>
 Expenditures			
Budget:			
Operating		\$ 2,110,115.00	\$ 2,110,784.00
Capital Appropriations		-	8,000.00
Debt Service		893,703.47	879,674.77
Deferred Charges and Statutory Expenditures		<u>146,172.00</u>	<u>144,000.00</u>
 Total Expenditures	D-4	 <u>\$ 3,149,990.47</u>	 <u>\$ 3,142,458.77</u>
 Excess in Revenue		 \$ 163,585.43	 \$ 123,972.76
 Fund Balance, January 1	D	 <u>125,400.16</u>	 <u>86,427.40</u>
		\$ 288,985.59	\$ 210,400.16
 Less: Utilized as Anticipated Revenue - Utility	D-3	 <u>100,000.00</u>	 <u>85,000.00</u>
 Fund Balance, December 31	D	 <u><u>\$ 188,985.59</u></u>	 <u><u>\$ 125,400.16</u></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, 2015	D	\$ 4,080.76
Increased by:		
Canceled Improvement Authorizations		\$ 90,392.79
Premium on Bond Anticipation Notes	D-6	<u>3,078.00</u>
		<u>93,470.79</u>
Balance December 31, 2016	D	<u>\$ 97,551.55</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	\$ 100,000.00	\$ 100,000.00	\$ -
Water-Sewer Rents	D-1,3	2,500,000.00	2,573,507.26	73,507.26
Miscellaneous	D-1,3	550,000.00	542,477.93	(7,522.07)
		<u>\$ 3,150,000.00</u>	<u>\$ 3,215,985.19</u>	<u>\$ 65,985.19</u>

**Analysis of Realized Revenues**

	<u>Ref.</u>	
Water-Sewer Rents:		
2016 Collections	D-8	\$ 2,573,233.81
Water-Sewer Overpayments - Applied	D-8	273.45
Prepaid Water-Sewer Rents Applied	D-8	
	D-3	<u>\$ 2,573,507.26</u>

**Analysis of Miscellaneous Revenues**

Gray Water Fees		\$ 492,611.73
Gray Water Fees - Overpayments Applied		668.92
Interest on Investments		5,634.58
Interest on Delinquent Charges		13,552.39
Water Connection Fees		4,432.00
Sewer Connection Fees		2,177.00
Fire Service		17,583.85
Manual Meter Reading		1,275.00
Sale of Meters		960.00
Water Buyer		-
Grease AWWTP		-
Miscellaneous Revenue		<u>3,582.46</u>
	D-3	<u>\$ 542,477.93</u>
Cash Receipts	D-5	\$ 541,809.01
Overpayments Applied	D-8	<u>668.92</u>
	D-3	<u>\$ 542,477.93</u>

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

WATER-SEWER UTILITY OPERATING FUND  
 STATEMENT OF EXPENDITURES  
 REGULATORY BASIS

	Appropriations		Paid or		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Charged	Encumbered	Reserved		
Operating:							
Salaries and Wages	\$ 771,319.00	\$ 771,319.00	\$ 763,318.21	\$ -	\$ 8,000.79	\$ -	
Other Expenses	1,338,796.00	1,338,796.00	1,142,498.47	89,362.81	106,934.72	-	
Capital Improvements:							
Capital Improvement Fund	-	-	-	-	-	-	
Debt Service:							
Payment of Bond Principal	555,000.00	555,000.00	555,000.00	-	-	-	
Payment of Anticipation Notes	16,600.00	16,600.00	16,600.00	-	-	-	
Interest on Bonds	91,112.00	91,112.00	91,111.45	-	-	0.55	
Interest on Bond Anticipation Notes	4,100.00	4,100.00	4,100.00	-	-	-	
Water and Waste Water Supply Loan	226,901.00	226,901.00	226,892.02	-	-	8.98	
Statutory Expenditures:							
Public Employees' Retirement System	77,272.00	77,272.00	77,260.00	-	12.00	-	
Social Security System (O.A.S.I.)	67,000.00	67,000.00	61,650.09	-	5,349.91	-	
Unemployment Insurance	1,900.00	1,900.00	-	-	1,900.00	-	
	<u>\$ 3,150,000.00</u>	<u>\$ 3,150,000.00</u>	<u>\$ 2,938,430.24</u>	<u>\$ 89,362.81</u>	<u>\$ 122,197.42</u>	<u>\$ 9.53</u>	
	Ref	D-1		D	D		D-1
Disbursements	D-5		\$ 2,817,866.65				
Accrued Interest on Bonds and Loans	D-14		116,463.59				
Accrued Interest on Notes	D-15		4,100.00				
			<u>\$ 2,938,430.24</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>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ 90,835.99	\$ 90,835.99
Buildings and Improvements	124,464.00	124,464.00
Equipment	1,618,869.30	1,559,620.85
Motor Vehicles and Equipment	<u>3,747,467.07</u>	<u>2,737,337.47</u>
	<u>\$ 5,581,636.36</u>	<u>\$ 4,512,258.31</u>
Investment in General Fixed Assets	<u>\$ 5,581,636.36</u>	<u>\$ 4,512,258.31</u>

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

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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 2016.

**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.

Continued



**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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

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

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

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

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

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

**C. Basis of Accounting**

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

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

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

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

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**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 cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

**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, 2016 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, 2016 is set forth in Note 4.

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**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 - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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 2016 the following changes occurred in the fixed assets of the Borough:

	<b>Balance Dec. 31, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance Dec. 31, 2016</b>
General Fixed Assets:				
Land	\$ 90,835.99	\$ -	\$ -	\$ 90,835.99
Buildings and Improvements	124,464.00		-	124,464.00
Equipment	1,559,620.85	59,248.45	-	1,618,869.30
Motor Vehicles and Equipment	2,737,337.47	1,010,129.60	-	3,747,467.07
	<u>\$ 4,512,258.31</u>	<u>\$ 1,069,378.05</u>	<u>\$ -</u>	<u>\$ 5,581,636.36</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 - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 2. CASH AND CASH EQUIVALENTS**

**A. Deposits**

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

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

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

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

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

At year-end the carrying amount of the Borough's deposits was \$4,690,431 and the bank balance amount was \$4,924,287. 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 \$4,674,287.

**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 - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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 - COUNTY OF MERCER  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016**

**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:

<b>Category 1</b>	Deposits covered by federal depository insurance, or by collateral held by the Borough or its agent, in the Borough's name.	\$ 4,924,287
<b>Category 2</b>	Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Borough's name.	\$ -
<b>Category 3</b>	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 - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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 \$ 1,965,000

\$ 1,965,000 **Water-**

**Sewer Utility Capital Fund**

4.625% to 4.75% Water-Sewer Utility Bonds Issued March 1, 2002, installment maturities to March 1, 2028 \$ 1,200,000

3.25% to 3.50% Water-Sewer Utility Bonds Issued February 1, 2008, installment maturities to October 1, 2018 680,000

\$ 1,880,000

The General Capital Fund Bonds and Loans and Water-Sewer Utility Capital Fund Bonds mature serially in installments to the year 2033. 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>
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	430,000.00	16,125.00	100,000.00	35,625.00
2022-26			500,000.00	106,875.00
2027-28	-	-	200,000.00	9,500.00
Total	<u>\$ 1,965,000.00</u>	<u>\$ 223,950.00</u>	<u>\$ 1,880,000.00</u>	<u>\$ 371,412.50</u>

Peddie Lake Dam Restoration Loan

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
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	8,256.78	1,668.68
2022-26	43,841.07	5,786.28
2027-30	33,390.24	1,348.89
Total	<u>\$ 116,920.05</u>	<u>\$ 17,073.76</u>

Continued





**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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>
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	42,792.36	14,215.00	4,386.58
2022-26	213,961.80	75,189.00	17,820.72
2027-31	213,961.96	85,046.00	7,962.76
Total	<u>\$ 641,885.56</u>	<u>\$ 229,608.00</u>	<u>\$ 49,418.78</u>

**New Jersey Environmental Infrastructure Trust**

In May 2017, the Borough received loans from the State of New Jersey to fund Water-Sewer Plant Improvements. The Borough has a no interest loan in the amount of \$259,627.00 with principal forgiveness of 173,085 and a loan for \$80,000 at interest rates from 3.125% to 5.00%. The Borough must repay the loan in semi-annual installments over sixteen years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>No Interest Loan</u>	<u>Traditional Loan</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2017	3,461.68		855.00
2018	5,192.52	5,000.00	3,206.26
2019	5,192.52	5,000.00	2,956.26
2020	5,192.52	5,000.00	2,706.26
2021	5,192.52	5,000.00	2,456.26
2022-26	25,962.60	25,000.00	8,531.30
2027-31	25,962.60	25,000.00	3,781.30
2032-33	10,385.04	10,000.00	462.52
Total	<u>\$ 86,542.00</u>	<u>\$ 80,000.00</u>	<u>\$ 24,955.16</u>

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 3. DEBT** (Continued)

**B. Short-Term Debt**

On December 31, 2016 the Borough's outstanding bond anticipation notes were as follows:

**General Capital Fund**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Rate</u></b>	<b><u>Dec. 31, 2016</u></b>
05-24, 09-13	Peddie Lake Dam Improvements	2.00%	\$ 43,000.00
07-04	Automated Garbage Truck and Containers	2.00%	50,846.00
07-21	Acquisition of Ambulance	2.00%	18,600.00
07-26	Police Department Equipment	2.00%	16,900.00
08-01	Westerlea Avenue Improvements	2.00%	35,000.00
09-01	Reconstruction of Morrison Avenue	2.00%	42,200.00
09-10	Improvements to Memorial Parking Lot	2.00%	40,000.00
09-20	Stockton St. Historic District Improvements	2.00%	70,000.00
10-02	Reconstruction of Leshin Lane	2.00%	22,000.00
10-16	Summit Street Sidewalk Improvements	2.00%	35,000.00
11-05	Milling and Paving of Various Roads	2.00%	105,000.00
11-11	DPW Vehicles and DPW/Police Equipment	2.00%	264,900.00
12-04	Hurricane Irene Damage Emergency	2.00%	668,200.00
12-13	Various Capital Improvements	2.00%	249,000.00
12-15	Communication Equip.-Fire Dept., First Aid	2.00%	31,500.00
13-04	Road Imp. Grape Run and Pershing Ave	2.00%	154,400.00
13-07	Peddie Lake Dam Walking Bridge Imp.	2.00%	193,000.00
13-22	Public Safety Equipment	2.00%	150,100.00
13-23	Road Imp. Park Ave., Greeley St. and Glen Brook Place	2.00%	615,954.00
14-13	Various Capital Improvements	2.00%	161,900.00
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	2.00%	180,000.00
15-11	Acquisition of Aerial Ladder Truck	2.00%	952,000.00
15-20	Acquisition of Automated Garbage Truck	2.00%	309,500.00
			<u>\$ 4,409,000.00</u>

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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, 2016</u>
08-10,08-19	Water Sewer Improvements	2.00%	112,000.00
09-02	Morrison Avenue Improvements	2.00%	31,500.00
09-15	Water Main Extension	2.00%	200,000.00
11-03	Water Sewer Improvements	2.00%	163,300.00
11-04	Refurbishment of Water Tanks	2.00%	95,500.00
12-14	Water-Sewer Improvements	2.00%	117,700.00
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	2.00%	80,000.00
14-12	Improvements to Water-Sewer Plants	2.00%	<u>100,000.00</u>
			<u>\$ 900,000.00</u>

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

At December 31, 2016, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 1,526,911.27
Water-Sewer Utility Capital Fund	\$ 1,920,713.00

**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, 2016 was 1.962%. The Borough's remaining borrowing power is 1.538%.

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 - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 3. DEBT** (Continued)

**E. Summary of Debt Activity**

During 2016 the following changes occurred in the debt of the Borough:

	<b>Balance</b> <b><u>Dec. 31, 2015</u></b>	<b><u>Issued</u></b>	<b><u>Retired</u></b>	<b>Balance</b> <b><u>Dec. 31, 2016</u></b>
General Capital Fund:				
Serial Bonds	\$ 2,305,000.00	\$ -	\$ 340,000.00	\$ 1,965,000.00
Peddie Lake Dam Restoration Loan	124,394.81	-	7,474.76	116,920.05
Bond Anticipation Notes	2,849,646.00	4,409,000.00	2,849,646.00	4,409,000.00
Water-Sewer Utility Capital Fund:				
Serial Bonds	2,435,000.00	-	555,000.00	1,880,000.00
Bond Anticipation Notes	675,000.00	900,000.00	675,000.00	900,000.00
Loans Payable	<u>3,198,476.49</u>	<u>-</u>	<u>201,539.88</u>	<u>2,996,936.61</u>
	<u>\$ 11,587,517.30</u>	<u>\$ 5,309,000.00</u>	<u>\$ 4,628,660.64</u>	<u>\$ 12,267,856.66</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 \$162,608 at December 31, 2016. 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, 2016 which have been appropriated and included as anticipated revenue in the year ending December 31, 2017 are as follows:

Current Fund	\$ 1,028,000.00
Water-Sewer Utility Fund	\$ 146,169.00

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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:

	<b>Balance, December 31</b>	
	<b>2016</b>	<b>2015</b>
Prepaid Taxes	\$ 116,957.10	\$ 93,261.77

**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.

**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, 2016, there were no deferred charges to be raised.

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS**

**A. Public Employees' Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$226,618 for 2016.

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**A. Public Employees' Retirement System (PERS)** (Continued)

**Contributions** (Continued)

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

**Net Pension Liability and Pension Expense** - At December 31, 2016, the Borough's proportionate share of the PERS net pension liability is valued to be \$6,821,384. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Borough's proportion measured as of June 30, 2016, was .02303%, which was a decrease of .00133% from its proportion measured as of June 30, 2015.

**Collective Balances at December 31, 2016 and December 31, 2015**

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Actuarial Valuation Date	July 1, 2016	July 1, 2015
Net Pension Liability	\$ 6,821,384	\$ 5,469,019
Borough's Portion of the Plans Total		
Net Pension Liability	0.02303%	0.02436%

For the year ended December 31, 2016, the Borough had an allocated pension expense of \$586,585.

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$ 126,857
Changes of assumptions		1,413,027
Net difference between projected and actual earnings on pension plan investments		260,106
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>\$ 310,752</u>	<u>                    </u>
	<u>\$ 310,752</u>	<u>\$ 1,799,990</u>

Continued



**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**A. Public Employees' Retirement System (PERS)** (Continued)

**Net Pension Liability and Pension Expense** (Continued)

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

<b>Year Ended</b>	
<b><u>June 30</u></b>	<b><u>Amount</u></b>
2017	\$ 343,101
2018	343,101
2019	407,347
2020	332,296
2021	<u>63,393</u>
	<u>\$ 1,489,238</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. These actuarial valuations used the following assumptions:

	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>
Inflation	3.08 Percent	3.04 Percent
Salary Increases (based on age)		
Through 2026	1.65-4.15 Percent	2.15-4.40 Percent
Thereafter	2.65-5.15 Percent	3.15-5.40 Percent
Investment Rate of Return	7.65 Percent	7.90 Percent

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**A. Public Employees' Retirement System (PERS)** (Continued)

**Actuarial Assumptions** (Continued)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<b><u>Asset Class</u></b>	<b>June 30, 2016</b>	
	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**A. Public Employees' Retirement System (PERS)** (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	<b>June 30, 2016</b>		
	<b>1% Decrease</b>	<b>At Current Discount Rate</b>	<b>1% Increase</b>
	<b><u>2.98%</u></b>	<b><u>3.98%</u></b>	<b><u>4.98%</u></b>
Borough's proportionate share of the pension liability	\$ 8,358,811	\$ 6,821,384	\$ 5,552,106

**Pension Plan Fiduciary Net Position**

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

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**B. Police and Firemen's Retirement System (PFRS)**

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

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

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

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

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PFRS amounted to \$279,626 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**B. Police and Firemen's Retirement System (PFRS)** (Continued)

**Net Pension Liability and Pension Expense** - At December 31, 2016, the Borough's proportionate share of the PFRS net pension liability is valued to be \$5,326,216. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Borough's proportion measured as of June 30, 2016, was .02788%, which was a decrease of .00415% from its proportion measured as of June 30, 2015.

**Collective Balances at December 31, 2016 and December 31, 2015**

	<b><u>Dec. 31, 2016</u></b>	<b><u>Dec. 31, 2015</u></b>
Actuarial Valuation Date	July 1, 2016	July 1, 2015
Net Pension Liability	\$ 5,326,216	\$ 5,334,546
Borough's Portion of the Plans Total Net Pension Liability	0.02788%	0.03203%

For the year ended December 31, 2016, the Borough had an allocated pension expense of \$487,989.

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<b><u>Deferred Inflow of Resources</u></b>	<b><u>Deferred Outflow of Resources</u></b>
Differences between expected and actual experience	\$ 34,914	
Changes of assumptions		\$ 737,725
Net difference between projected and actual earnings on pension plan investments		373,197
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>583,285</u>	<u>196,977</u>
	<u>\$ 618,199</u>	<u>\$ 1,307,899</u>

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**B. Police and Firemen's Retirement System (PFRS)** (Continued)

**Net Pension Liability and Pension Expense** (Continued)

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

<b>Year Ended</b>	<b>Amount</b>
<b><u>June 30</u></b>	<b><u>Amount</u></b>
2017	\$ 180,309
2018	180,309
2019	269,787
2020	127,960
2021	<u>(68,665)</u>
	<u><u>\$ 689,700</u></u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>
Inflation	3.08 Percent	3.04 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.60-9.48 Percent
Thereafter	3.10-9.98 Percent	3.60-10.48 Percent
Investment Rate of Return	7.65 Percent	7.90 Percent

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

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**B. Police and Firemen's Retirement System (PFRS)** (Continued)

**Actuarial Assumptions** (Continued)

Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PFRS s target asset allocation as of June 30, 2016 are summarized in the following table:

<b><u>Asset Class</u></b>	<b>June 30, 2016</b>	
	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**B. Police and Firemen's Retirement System (PFRS)** (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond

Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	<b>June 30, 2016</b>		
	<b>1% Decrease <u>4.55%</u></b>	<b>At Current Discount Rate <u>5.55%</u></b>	<b>1% Increase <u>6.55%</u></b>
Borough's proportionate share of the PFRS pension liability	\$ 339,583	\$ 5,773,486	\$ 4,496,941

Continued



**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10. PENSION OBLIGATIONS** (Continued)

**B. Police and Firemen's Retirement System (PFRS)** (Continued)

**Funding Situation**

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

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$447,270 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State proportion measured as of June 30, 2016 was .02788%, which was a decrease of .00415% from its proportion measured as of June 30, 2105, which is the same proportion as the Borough's.

At December 31, 2016, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 5,326,216
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>447,270</u>
	<u><u>\$ 5,773,486</u></u>

**Pension Plan Fiduciary Net Position**

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

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**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, 2016, the Borough estimates that no material liabilities will result from such audits.

**Major Tax Assessments**

Taxpayers in 2016 with assessments in excess of 1% of the total assessed valuation were as follows:

<b><u>Owner</u></b>	<b><u>Assessed Value</u></b>	<b><u>Assessed Value</u></b>
Presbyterian Homes at Meadow Lake	\$ 11,200,000.00	2.87%
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.

Continued

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund balances at December 31, 2016.

**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 2016:

<b>Ordinance Number</b>	<b>Project</b>	<b>Amount of Debt Authorized</b>
General Capital Fund:		
2017-09	Retaining Wall and First Avenue Improvements	\$ 554,000.00
2017-12	Various Improvements Police, DPW and Fire Dept.	248,860.00
2017-15	Supplemental Appropriation - Stockton Street and Joseph Street	132,000.00
2017-17	Improvements to Maple Avenue and Sunset Drive	265,000.00
Water-Sewer Capital Fund:		
2017-10	Water-Sewer Improvmennts-NJEIT	\$ 1,270,000.00
2017-11	Secondary Clarifier	245,000.00
2017-16	Water-Sewer Improvmennts-Maple Avenue and Sunset Drive	110,000.00

Concluded

**BOROUGH OF HIGHTSTOWN**  
**COUNTY OF MERCER**  
**PART II**  
**SUPPLEMENTARY DATA**  
**SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2016**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Tax Rate	\$ 4.086	\$ 4.060	\$ 4.086
Apportionment of Tax Rate			
Net County Levy	.626	.615	.646
County Library Tax	.060	.059	.066
County Open Space Tax	.027	.027	.027
Regional School District	2.196	2.197	2.192
Local Municipal Purpose Tax	1.177	1.162	1.155
Assessed Valuation			
2016	\$ 390,467,348		
2015		\$ 389,586,874	
2014			\$ 391,858,797

**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.

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Currently</u></b>	
		<b><u>Cash Collection</u></b>	<b><u>Percentage of Collection</u></b>
2016	\$ 16,003,149	\$ 15,723,604	98.25%
2015	\$ 15,839,644	\$ 15,544,799	98.13%
2014	\$ 16,021,904	\$ 15,673,573	97.82%

**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.

<b><u>Year Ended December 31</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Taxes</u></b>	<b><u>Total Delinquent</u></b>	<b><u>Percentage of Tax Levy</u></b>
2016	\$ 153,605	\$ 267,561	\$ 421,166	2.63%
2015	184,628	263,460	448,088	2.98%
2014	159,451	318,391	477,842	2.98%

**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>
2016	\$1,409,923	\$1,028,000	\$ -0-
2015	1,215,639	610,000	-0-
2014	1,083,918	600,000	-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>
2016	\$ 188,986	\$ -0-	\$ 146,169
2016	125,400	-0-	100,000
2014	86,427	-0-	85,000

**SUMMARY OF MUNICIPAL DEBT**

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<b><u>Issued</u></b>			
General:			
Bonds, Notes and Loans	\$ 6,490,920	\$ 5,279,041	\$ 5,579,269
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>5,776,937</u>	<u>6,308,476</u>	<u>6,948,897</u>
	<u>\$ 12,267,857</u>	<u>\$ 11,587,517</u>	<u>\$ 12,528,166</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes	\$ 1,526,911	\$ 2,958,565	\$ 697,165
Water-Sewer Utility:			
Bonds and Notes	<u>1,920,713</u>	<u>352,013</u>	<u>452,013</u>
Total Authorized but not Issued	<u>\$ 3,447,624</u>	<u>\$ 3,310,578</u>	<u>\$ 1,149,178</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 15,715,481</u>	<u>\$ 14,898,095</u>	<u>\$ 13,677,344</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%.

	<b><u>Gross Debt</u></b>	<b><u>Deductions</u></b>	<b><u>Net Debt</u></b>
Regional School District Debt	\$ 3,635,585	\$ 3,635,585	\$ -0-
Water-Sewer Utility Debt	7,697,650	7,697,650	-0-
General Debt	<u>8,017,831</u>	<u>                    </u>	<u>8,017,831</u>
	<b><u>\$ 19,351,066</u></b>	<b><u>\$ 11,333,235</u></b>	<b><u>\$ 8,017,831</u></b>

Net Debt \$8,017,831 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$408,675,878 = 1.962.

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

3½% of Equalized Valuation Basis (Municipal)	14,303,656
Net Debt	<u>8,017,831</u>
Remaining Borrowing Power	<u>\$ 6,285,825</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		\$ 3,215,985
Deductions:		
Operating and Maintenance Cost	\$ 2,256,287	
Debt Service per Water-Sewer Account	<u>893,703</u>	
Total Deductions		<u>3,149,990</u>
Excess in Revenues		<u>\$ 65,995</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, 2016:

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount of Bond</u></b>
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
Henry Underhill	Administrator	1,000,000
George Lang	Chief Financial Officer	1,000,000
Frederick C. Raffetto, Esq.	Attorney	
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, 2015	\$ 2,040,412.94
Increased by Receipts:	
Taxes Receivable	\$ 15,861,922.61
Tax Title Liens	42,295.68
Revenue Accounts Receivable	1,660,947.59
Miscellaneous Revenue Not Anticipated	54,908.50
Prepaid Taxes	116,957.10
Due from State of N.J. (Ch. 20, P.L. 1971)	23,250.00
Tax Overpayments	4,126.68
Grant Reserve Canceled	922.08
Reserve for Fire Safety and Code Enforcement	4,017.00
Reserve for Sale of Municipal Assets	42,174.90
Due to State of New Jersey	<u>6,474.00</u>
	<u>17,817,996.14</u>
	\$ 19,858,409.08
Decreased by Disbursements:	
2015 Appropriation Reserves	\$ 316,004.62
2016 Appropriations	5,894,302.91
Accounts Payable	525.72
County Taxes	2,785,431.49
Regional School District Tax	8,576,754.00
Tax Overpayments	5,068.22
Reserve For Revaluation	2,626.27
Reserve for Hurricane Irene	797.08
Grant Receivables Canceled	95.00
Prior Year Refund	7,048.00
Due to State of New Jersey	<u>7,048.00</u>
	<u>17,588,653.31</u>
Balance December 31, 2016	<u><u>\$ 2,269,755.77</u></u>

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

Balance December 31, 2015		\$ (745.02)
Increased by:		
Senior Citizens Deductions Per Tax Billings	\$ 3,500.00	
Veterans Deductions Per Tax Billings	19,500.00	
Veterans Deductions Allowed by Collector	<u>250.00</u>	
		<u>23,250.00</u>
		\$ 22,504.98
Decreased by:		
Received in Cash from State of N.J.		<u>23,250.00</u>
Balance December 31, 2016 - (Due To)		<u><u>\$ (745.02)</u></u>

**CALCULATION OF AMOUNT FOR TAXES RECEIVABLE SCHEDULE**

Increased by:		
Deductions Per Tax Billings	\$ 23,000.00	
Deductions Allowed	<u>250.00</u>	
		\$ 23,250.00
Decreased by:		
Deductions Disallowed		<u>-</u>
Taxes Receivable		<u><u>\$ 23,250.00</u></u>

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

Year	Balance Dec. 31, 2015	2016 Levy	Added Taxes	2015 Collections	2016 Collections	Overpayments Applied	Chap. 20 P.L. 1971	Adjusted or Canceled	Transfers To Tax Title Liens	Balance Dec. 31, 2016
2014	\$ 139.52	\$ -	\$ -	\$ -	\$ 139.52	\$ -	\$ -	\$ -	\$ -	\$ -
2015	263,320.57	-	-	-	254,690.87	6,396.70	-	-	-	2,233.00
	<u>263,460.09</u>				<u>254,830.39</u>	<u>6,396.70</u>				<u>2,233.00</u>
2016	-	16,003,149.14	-	93,261.77	15,607,092.22	-	23,250.00	2,943.67	11,273.27	265,328.21
	<u>\$ 263,460.09</u>	<u>\$ 16,003,149.14</u>	<u>\$ -</u>	<u>\$ 93,261.77</u>	<u>\$ 15,861,922.61</u>	<u>\$ 6,396.70</u>	<u>\$ 23,250.00</u>	<u>\$ 2,943.67</u>	<u>\$ 11,273.27</u>	<u>\$ 267,561.21</u>

**Analysis of 2016 Property Tax Levy:**

Tax Yield:	
General Property Tax	\$ 15,954,495.65
Added and Omitted Taxes	<u>48,653.49</u>
Total Tax Yield	<u>\$ 16,003,149.14</u>
Tax Levy:	
Regional School District Taxes	\$ 8,576,754.00
County Taxes:	
General County Levy	\$ 2,444,291.39
County Library	233,617.06
County Open Space Preservation	103,636.43
Due County for Added and Omitted Taxes	<u>8,485.49</u>
	2,790,030.37
Local Tax for Municipal Purposes	\$ 4,595,167.00
Add: Additional Taxes Levied	<u>41,197.77</u>
Local Taxes for Municipal Purposes Levied	<u>4,636,364.77</u>
	<u>\$ 16,003,149.14</u>

CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2015	\$ 184,627.77
Increased by:	
Transfer from Taxes	<u>11,273.27</u>
	<u>195,901.04</u>
Decreased by:	
Receipts	<u>42,295.68</u>
Balance December 31, 2016	<u><u>\$ 153,605.36</u></u>

CURRENT FUND  
 SCHEDULE OF ACCOUNTS PAYABLE

Balance December 31, 2015	\$ 32,558.55
Increased by:	
Charged to Appropriation Reserves	<u>28,715.58</u>
	\$ <u>61,274.13</u>
Decreased by:	
Disbursements	<u>525.72</u>
Balance December 31, 2016	<u><u>\$ 60,748.41</u></u>

SCHEDULE OF RESERVE FOR FIRE SAFETY AND CODE ENFORCEMENT

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Code Enforcement - Property Maintenance Registration Fees	\$ 750.00	\$ 4,017.00	\$ -	\$ 4,767.00
Fire Safety Fees	<u>5,500.00</u>	<u>-</u>	<u>-</u>	<u>5,500.00</u>
	<u><u>\$ 6,250.00</u></u>	<u><u>\$ 4,017.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,267.00</u></u>

CURRENT FUND  
 SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Accrued in</u> <u>2016</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 7,500.00	\$ 7,500.00	\$ -
Other	-	22,430.00	22,430.00	-
Fees and Permits	-	35,604.83	35,604.83	-
Fines and Costs:				
Municipal Court	24,249.73	377,864.90	375,627.48	26,487.15
Interest and Costs on Taxes	-	78,057.19	78,057.19	-
Interest on Investments and Deposits	-	25,974.46	25,974.46	-
Lease of Borough Owned Property	-	58,042.41	58,042.41	-
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	-	96,745.00	96,745.00	-
Shared Services Agreement - 911 Cranbury Township	-			-
Shared Services Agreement - Roosevelt Borough Trash Collection	-	63,000.00	63,000.00	-
Shared Services Agreement - Roosevelt Borough Trash Collection - Tipping Fees	-	30,640.36	30,640.36	-
Shared Services Agreement - Roosevelt Borough Trash Collection - Borough Clerk Services	-	36,333.63	36,333.63	-
Drunk Driving Enforcement Fund	-	4,779.03	4,779.03	-
Click It or Ticket	-	5,000.00	5,000.00	-
Clean Communities Program	-	11,329.70	11,329.70	-
Green Communities Grant	-	3,000.00	3,000.00	-
Alcohol Education Rehabilitation Fund	-	3,746.75	3,746.75	-
Body Armor Grant	-	1,462.38	1,462.38	-
US Dept of Justice - Bulletproof Vests	-	3,484.65	3,484.65	-
Drive Sober or Get Pulled Over	-	5,000.00	5,000.00	-
Recycling Tonnage Grant	-	5,051.10	5,051.10	-
Mercer County NJSCA Local Arts Program	-	500.00	500.00	-
Small Cities CDBG Block Grant	-	150,000.00	150,000.00	-
JIF Safety Grant	-			-
Uniform Fire Safety Act	-	8,388.58	8,388.58	-
CATV - Franchise Fee	-	31,183.32	31,183.32	-
The Peddie School - Gift	-	23,000.00	23,000.00	-
Verizon Franchise Fee	-	37,489.48	37,489.48	-
Hightstown Housing Authority - Payment in Lieu of Taxes	-	34,027.24	34,027.24	-
	<u>\$ 24,249.73</u>	<u>\$ 1,663,185.01</u>	<u>\$ 1,660,947.59</u>	<u>\$ 26,487.15</u>

CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES

	<u>2015 Unexpended</u>	<u>Encumbered</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
General Administration					
Other Expenses	\$ 261.10	\$ -	\$ 261.10	\$ -	\$ 261.10
Mayor and Council					
Other Expenses	179.00	535.00	714.00	320.00	394.00
Municipal Clerk					
Salaries and Wages	6,636.45	-	6,636.45	3,054.70	3,581.75
Other Expenses	806.28	647.86	1,454.14	158.42	1,295.72
Elections					
Other Expenses	2,525.00	-	2,525.00	-	2,525.00
Office Supplies and Paper Products					
Other Expenses	1,379.94	553.95	1,933.89	553.95	1,379.94
Financial Administration					
Salaries and Wages	1,044.73	-	1,044.73	616.02	428.71
Other Expenses	935.23	-	935.23	65.01	870.22
Audit Services					
Other Expenses	14,000.00	-	14,000.00	14,000.00	-
Grant Writing and Administration					
Other Expenses	7,596.25	1,375.00	8,971.25	8,970.10	1.15
Central Computer (Data Processing Tech)					
Salaries and Wages	292.31	-	292.31	-	292.31
Other Expenses	8,448.23	652.05	9,100.28	2,694.55	6,405.73
Tax Collection					
Salaries and Wages	72.26	-	1,572.26	772.02	800.24
Other Expenses	991.16	-	991.16	-	991.16
Tax Assessment					
Salaries and Wages	732.39	-	732.39	-	732.39
Other Expenses	4,324.71	-	4,324.71	-	4,324.71
Interest on Tax Appeals					
Other Expenses	100.00	-	100.00	-	100.00
Legal Services and Costs					
Other Expenses	28,398.80	-	35,898.80	35,848.66	50.14
Engineering Services					
Other Expenses	2,405.00	7,032.50	9,437.50	3,222.50	6,215.00
Historical Commission					
Other Expenses	1,900.00	-	1,900.00	-	1,900.00
Planning Board					
Salaries and Wages	4,280.77	-	4,280.77	-	4,280.77
Other Expenses	229.60	4,333.25	4,562.85	2,968.25	1,594.60
Insurance					
Insurance Deductibles	3,000.00	-	3,000.00	500.00	2,500.00
General Liability	8,302.00	-	8,302.00	-	8,302.00
Workers Compensation Insuranc	903.48	-	903.48	-	903.48
Employee Group Health Insuran	12,745.40	-	12,745.40	677.28	12,068.12
Unemployment Insurance	-	-	-	-	-
Health Benefit Waiver	5,000.00	-	5,000.00	-	5,000.00
Police Department					
Salaries and Wages	56,997.99	-	63,997.99	37,927.68	26,070.31
Other Expenses	18,882.58	11,420.51	30,303.09	13,721.92	16,581.17
Police Vehicle Purchase	1,361.75	-	1,361.75	-	1,361.75
Police - Fire Radio Communications					
Salaries and Wages	8,989.47	-	3,989.47	3,021.41	968.06
Other Expenses	652.78	21,663.43	22,316.21	21,663.43	652.78

Continued

CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
(CONTINUED FROM PRIOR PAGE)

	<u>2015 Unexpended</u>	<u>Encumbered</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Emergency Management					
Salaries and Wages	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 1,000.00	\$ -
Other Expenses	2,209.12	-	2,209.12	-	2,209.12
Fire Department					
Other Expenses	862.40	15,779.48	16,641.88	15,226.28	1,415.60
Uniform Fire Safety Act					
Salaries and Wages	3,850.00	-	850.00	-	850.00
Other Expenses	2,257.81	449.98	2,707.79	449.98	2,257.81
First Aid Organization:					
Other Expenses	14,735.14	395.50	15,130.64	820.87	14,309.77
Municipal Prosecutor					
Salaries and Wages	1,400.00	1,200.00	2,600.00	2,400.00	200.00
Streets and Roads					
Salaries and Wages	8,373.36	-	8,373.36	-	8,373.36
Other Expenses	9,076.91	2,721.94	11,798.85	3,714.81	8,084.04
Snow Removal					
Other Expenses	1,664.58	-	17,664.58	17,664.58	-
Sanitation/Solid Waste Collection					
Salaries and Wages	1,749.42	-	1,749.42	-	1,749.42
Other Expenses	12,798.18	5,055.55	17,853.73	6,894.56	10,959.17
Public Buildings and Grounds					
Salaries and Wages	963.30	-	1,963.30	-	1,963.30
Other Expenses	23,913.70	1,122.96	25,036.66	5,014.10	20,022.56
Recycling					
Salaries and Wages	2,612.42	-	2,612.42	-	2,612.42
Other Expenses	8,757.93	7,108.89	15,866.82	5,612.89	10,253.93
Vehicle Maintenance					
Other Expenses	9,120.42	1,965.72	11,086.14	2,145.70	8,940.44
Community Services / Condominium Act					
Other Expenses	15,860.64	-	15,860.64	14,881.28	979.36
Board of Health					
Salaries and Wages	597.10	-	597.10	578.00	19.10
Other Expenses	371.52	85.00	956.52	529.58	426.94
Environmental Commission					
Other Expenses	590.00	-	590.00	-	590.00
Child Care Centers:					
Other Expenses					
Better Beginnings		8,500.00	8,500.00	8,500.00	-
Hightstown/East Windsor Rise		4,000.00	4,000.00	4,000.00	-
Maintenance of Parks					
Salaries and Wages	5,050.64	-	5,050.64	-	5,050.64
Other Expenses	2,174.37	-	2,174.37	-	2,174.37
Recreation & Open Space (Parks Commission)					
Other Expenses	2,120.37	140.00	2,260.37	140.00	2,120.37
Celebration of Public Events:					
Other Expenses	6,233.00	840.00	5,573.00	3,000.00	2,573.00
Accumulated Sick and Vacation					
Other Expenses	5,700.84	-	5,700.84	-	5,700.84
Postage and Shipping Charges					
Other Expenses	273.91	413.70	687.61	413.70	273.91

Continued



CURRENT FUND  
 SCHEDULE OF 2015 APPROPRIATION RESERVES  
 (CONTINUED FROM PRIOR PAGE)

	<u>2015</u> <u>Unexpended</u>	<u>Encumbered</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>
Utilities					
Gasoline and Diesel Fuel	\$ 31,640.31	\$ -	\$ 21,640.31	\$ 6,804.45	\$ 14,835.86
Electricity	8,923.83	-	8,923.83	1,145.62	7,778.21
Telephone	6,266.97	1,244.03	7,511.00	4,322.72	3,188.28
Natural Gas and Heating Oil	5,225.24	-	5,225.24	672.76	4,552.48
Street Lighting	12,140.28	-	12,140.28	48.43	12,091.85
Landfill Disposal Costs					
Other Expenses	37,142.23	32,389.91	60,532.14	49,857.37	10,674.77
Municipal Court					
Salaries and Wages	11,402.36	-	6,402.36	1,447.50	4,954.86
Other Expenses	4,580.06	2,494.93	7,074.99	3,425.08	3,649.91
Construction Official					
Salaries and Wages	326.76	-	326.76	-	326.76
Other Expenses	1,167.15	651.95	1,819.10	651.95	1,167.15
Housing Code Enforcement					
Salaries and Wages	728.05	-	728.05	-	728.05
Other Expenses	5.68	-	5.68	-	5.68
Contribution to:					
Public Employees' Retirement Syst	595.00		595.00	-	595.00
Social Security System	4,019.31	-	4,019.31	177.72	3,841.59
Defined Contribution Benefit Plan	5,000.00	-	5,000.00	5,000.00	-
Length of Service Awards Program	5,200.00	-	5,200.00	5,200.00	-
Recycling Tax	1,469.82	844.95	2,314.77	1,300.62	1,014.15
Implementation of 911					
Other Expenses	-	4,334.57	4,334.57	4,334.57	-
Senior Citizen Program					
Other Expenses	0.87	-	0.87	-	0.87
Health Services					
Other Expenses	200.00	-	200.00	50.00	150.00
Emergency Medical Services					
Other Expenses	15,000.00	-	15,000.00	10,500.00	4,500.00
Landfill Disposal Costs (Roosevelt)					
Other Expenses	5,427.54	1,896.62	7,324.16	4,364.83	2,959.33
Borough Clerk Services (Roosevelt)					
Salaries and Wages	3,797.60	-	3,797.60	-	3,797.60
Other Expenses	2,000.00	-	2,000.00	-	2,000.00
Vehicle Maintenance Services					
Other Expenses	9,392.05	1,176.00	10,568.05	1,674.35	8,893.70
	-	-	-	-	-
	<u>\$ 520,342.85</u>	<u>\$ 143,025.23</u>	<u>\$ 663,368.08</u>	<u>\$ 344,720.20</u>	<u>\$ 318,647.88</u>
Encumbrances	<u>143,025.23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 663,368.08</u>	<u>\$ 143,025.23</u>	<u>\$ 663,368.08</u>	<u>\$ 344,720.20</u>	<u>\$ 318,647.88</u>
Disbursements				\$ 316,004.62	
Accounts Payable				<u>28,715.58</u>	
				<u>\$ 344,720.20</u>	

Concluded

CURRENT FUND  
SCHEDULE OF PREPAID TAXES

Balance December 31, 2015	\$ 93,261.77
Increased by:	
Receipts	<u>116,957.10</u>
	\$ 210,218.87
Decreased by:	
Applied to 2016 Taxes	<u>93,261.77</u>
Balance December 31, 2016	<u><u>\$ 116,957.10</u></u>

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

Balance December 31, 2015		\$	19,560.56
Increased by:			
Receipts			<u>4,126.68</u>
		\$	23,687.24
Decreased by:			
Payments	\$	5,068.22	
Applied Taxes		<u>6,396.70</u>	
			<u>11,464.92</u>
Balance December 31, 2016		\$	<u><u>12,222.32</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2015		\$	-
Increased by:			
Levy Calendar year 2016			<u>8,576,754.00</u>
		\$	8,576,754.00
Decreased by:			
Payments			<u>8,576,754.00</u>
Balance December 31, 2016		\$	<u><u>-</u></u>

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2015		\$	3,886.61
Increased by:			
General County Levy	\$ 2,444,291.39		
County Library	233,617.06		
County Open Space Preservation	103,636.43		
Due County for Added and Omitted Taxes	<u>8,485.49</u>		
			<u>2,790,030.37</u>
		\$	2,793,916.98
Decreased by:			
Payments			<u>2,785,431.49</u>
Balance December 31, 2016		\$	<u><u>8,485.49</u></u>

CURRENT FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
State Training Fees	\$ 2,397.00	\$ 5,709.00	\$ 6,133.00	\$ 1,973.00
Marriage Licenses	325.00	750.00	900.00	175.00
Burial Permit Fees	-	15.00	15.00	-
	<u>\$ 2,722.00</u>	<u>\$ 6,474.00</u>	<u>\$ 7,048.00</u>	<u>\$ 2,148.00</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

Balance December 31, 2015	\$ -
Increased by:	
Cash Receipts	<u>42,174.90</u>
	\$ 42,174.90
Balance December 31, 2016	<u><u>\$ 42,174.90</u></u>

GRANT FUND  
SCHEDULE OF CASH

Balance December 31, 2015		\$ 77,065.63
Receipts:		
Grants Receivable	\$ 32,302.44	
Due from Current Fund-Receiveable Canceled	797.08	
Reserve for Grants Unappropriated	<u>1,674.00</u>	
		<u>34,773.52</u>
		\$ 111,839.15
Disbursements:		
Reserve for Grants Appropriated	\$ 29,361.91	
Due to Current Fund-Grant Reserve canceled	<u>922.08</u>	
Reserve for Grants Appropriated		<u>30,283.99</u>
Balance December 31, 2016		<u><u>\$ 81,555.16</u></u>

GRANT FUND  
 SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2015	2016 Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2016
Drunk Driving Enforcement Fund	\$ -	\$ 4,779.03	\$ 4,779.03	\$ -	\$ -
Clean Communities	-	11,329.70	11,329.70	-	-
Green Communities Grant	-	3,000.00	-	-	3,000.00
Municipal Court Alcohol Education and Rehabilitation Fund	-	3,746.75	3,746.75	-	-
Small Cities CDBG Block Grant	-	150,000.00	-	-	150,000.00
Recycling Tonnage Grant	-	5,051.10	5,051.10	-	-
Body Armor Grant - State	-	1,462.38	1,462.38	-	-
Body Armor Grant - Federal	2,812.27	3,484.65	1,159.58	247.08	4,890.26
Drive Sober or Get Pulled Over End of Year Holiday Crackdown-2015	5,000.00	-	4,450.00	550.00	-
Drive Sober or Get Pulled Over End of Year Holiday Crackdown-2016	-	5,000.00	-	-	5,000.00
Mercer County NJSCA Local Arts Prog. Click It or Ticket	-	500.00	375.00	-	125.00
	\$ 7,812.27	\$ 193,353.61	\$ 37,353.54	\$ 797.08	\$ 163,015.26
		\$ 5,000.00	\$ 5,000.00		



GRANT FUND  
 SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance	Transferred from 2016		Disbursed	Canceled	Balance
	Dec. 31, 2015	Budget	Appropriation By 40A:4-87			
Drunk Driving Enforcement Fund	\$ 19,529.72	\$ -	\$ 4,779.03	\$ 1,009.98	\$ -	\$ 23,298.77
Clean Communities	-	11,329.70	-	6,258.13	-	5,071.57
Green Communities Grant	-	-	3,000.00	-	-	3,000.00
Municipal Court Alcohol Education and Rehabilitation Fund	8,489.42	-	3,746.75	6,990.00	-	5,246.17
Small Cities CDBG Block Grant	-	-	150,000.00	-	-	150,000.00
Recycling Tonnage Grant	40,491.08	5,051.10	-	-	-	45,542.18
Click It or Ticket	-	5,000.00	-	5,000.00	-	-
Body Armor Grant	3,974.21	-	1,462.38	2,901.88	-	2,534.71
Body Armor Grant - Federal	2,812.27	-	3,484.65	2,901.92	247.08	3,147.92
Drive Sober or Get Pulled Over End of Year Holiday Crackdown-2015	2,375.00	-	-	1,700.00	-	-
Drive Sober or Get Pulled Over End of Year Holiday Crackdown-2016	-	-	-	-	675.00	-
Mercer County NJSCA Local Arts Prog. JIF Safety Grant	-	500.00	5,000.00	2,600.00	-	2,400.00
	2,155.10	-	-	-	-	500.00
	-	-	-	-	-	2,155.10
					w3	
	<u>\$ 79,826.80</u>	<u>\$ 21,880.80</u>	<u>\$ 171,472.81</u>	<u>\$ 29,361.91</u>	<u>\$ 922.08</u>	<u>\$ 242,896.42</u>

GRANT FUND  
 SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>Grant</u>	Balance	Transferred to	<u>Received</u>	Balance
	<u>Dec. 31, 2015</u>	2014 Budget <u>Appropriations</u>		<u>Dec. 31, 2016</u>
Recycling Tonnage Grant	\$ 5,051.10	\$ 5,051.10	\$ -	\$ -
Sustainable NJ Capacity	-	-	500.00	500.00
Building Stipend	-	-	1,174.00	1,174.00
JIF Safety Grant	-	-	-	-
	<u>\$ 5,051.10</u>	<u>\$ 5,051.10</u>	<u>\$ 1,674.00</u>	<u>\$ 1,674.00</u>

TRUST FUND  
 SCHEDULE OF TRUST CASH - TREASURER

	Animal Control	Other Trust	Escrow Trust
Balance December 31, 2015	\$ 9,279.65	\$ 1,145,389.47	\$ 1,283,453.32
Increased by Receipts:			
Due to State of New Jersey Reserve for Animal Control	\$ 496.80	\$ -	\$ -
Interfund - Current Fund	4,418.00	-	-
Redemption of Tax Title Liens	-	331,650.36	-
Regional Contribution Agreement - Manalapan	-	300.02	-
Interfund - General Capital Fund	-	100,000.00	-
Law Enforcement Fund	-	901.81	-
Public Defender	-	4,272.00	-
Unemployment Trust Fund	-	320.38	-
Payroll Deductions	-	3,952,644.93	-
Miscellaneous Trust Funds	-	223,439.50	-
Housing Trust	-	1,919.08	-
Escrow Fees	-	-	58,922.49
	<u>4,914.80</u>	<u>4,615,448.08</u>	<u>58,922.49</u>
	\$ 14,194.45	\$ 5,760,837.55	\$ 1,342,375.81
Decreased by Disbursements:			
N.J. State Dept. of Health Expenditures Per R.S. 4:19-15.11	\$ 495.60	\$ -	\$ -
Encumbrances	4,911.00	-	-
Redemption of Tax Title Liens	-	347,397.29	-
Regional Contribution Agreement - Manalapan	-	10,000.00	-
Law Enforcement Fund	-	3,200.00	-
Public Defender	-	3,750.00	-
Unemployment Trust Fund	-	24,147.14	-
Payroll Deductions	-	3,929,118.15	-
Miscellaneous Trust Funds	-	435,151.31	-
Housing Trust	-	24,197.75	-
Interfunds:			
Current Fund	525.00	-	-
Water-Sewer Operating Fund	-	-	-
Escrow Fees	-	-	815,513.26
	<u>5,931.60</u>	<u>4,776,961.64</u>	<u>815,513.26</u>
Balance December 31, 2016	\$ 8,262.85	\$ 983,875.91	\$ 526,862.55

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

Balance December 31, 2015	\$ -
Increased by:	
State Registration Fees - 2016	<u>496.80</u>
	\$ 496.80
Decreased by:	
Disbursed to State	<u>495.60</u>
Balance December 31, 2016	<u><u>\$ 1.20</u></u>

**Analysis of Balance**

November 2016 \$ 1.20

TRUST FUND  
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Balance December 31, 2015		\$ 8,254.65
Increased by:		
License Fees Collected - 2016 Licenses	\$ 3,853.00	
Late Fees	<u>565.00</u>	
		<u>4,418.00</u>
		\$ 12,672.65
Decreased by:		
Expenditures Per R.S. 4:19-15.11		
Disbursed	\$ 4,911.00	
Encumbrances payable	<u>500.00</u>	
		<u>5,411.00</u>
Balance December 31, 2016		<u><u>\$ 7,261.65</u></u>

**Municipal Fees Collected**

<u>Year</u>	<u>Amount</u>
2014	\$ 4,376.20
2015	<u>4,904.00</u>
	<u><u>\$ 9,280.20</u></u>

TRUST FUND  
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

Balance December 31, 2015	\$ 43,202.82
Increased by:	
Deposits for Redemption	<u>331,650.36</u>
	\$ 374,853.18
Decreased by:	
Redemption of Tax Title Liens	<u>347,397.29</u>
Balance December 31, 2016	<u><u>\$ 27,455.89</u></u>

SCHEDULE OF REGIONAL CONTRIBUTION AGREEMENT - MANALAPAN

Balance December 31, 2015	\$ 135,088.41
Increased by:	
Interest Earned	<u>300.02</u>
	\$ 135,388.43
Decreased by:	
Disbursements	<u>10,000.00</u>
Balance December 31, 2016	<u><u>\$ 125,388.43</u></u>

TRUST FUND  
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND

Balance December 31, 2015	\$ 100,000.00
Decreased by:	
Disbursements	<u>100,000.00</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND

Balance December 31, 2015	\$ 18,774.20
Increased by:	
Received from County of Mercer	\$ 751.20
Interest Earned	<u>150.61</u>
	<u>901.81</u>
	\$ 19,676.01
Decreased by:	
Disbursements	<u>3,200.00</u>
Balance December 31, 2016	<u><u>\$ 16,476.01</u></u>

TRUST FUND  
SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

Balance December 31, 2015		\$ 8,549.97
Increased by:		
Receipts		<u>4,272.00</u>
		\$ 12,821.97
Decreased by:		
Disbursements		<u>3,750.00</u>
Balance December 31, 2016		<u><u>\$ 9,071.97</u></u>

SCHEDULE OF UNEMPLOYMENT TRUST FUND

Balance December 31, 2015		\$ 72,503.58
Increased by Receipts:		
Interest on Investments	\$ 320.38	
Employee Payroll Deductions	<u>5,194.37</u>	
		<u>5,514.75</u>
		\$ 78,018.33
Decreased by:		
Paid to N.J. Employment Security Agency/ N.J. Unemployment Compensation Fund		<u>24,147.14</u>
Balance December 31, 2016		<u><u>\$ 53,871.19</u></u>



TRUST FUND  
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

Balance December 31, 2015		\$ 65,732.43
Increased by:		
Receipts		<u>3,952,644.93</u>
		\$4,018,377.36
Decreased by:		
Employee Unemployment Deductions due		
Unemployment Trust Fund	\$ 5,194.37	
Disbursements	<u>3,929,118.15</u>	
		<u>3,934,312.52</u>
Balance December 31, 2016		<u><u>\$ 84,064.84</u></u>

TRUST FUND  
SCHEDULE OF MISCELLANEOUS TRUST FUNDS

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Celebration of Public Events:				
Memorial Day Parade Donation	\$ 0.39	\$ 3,000.00	\$ 859.45	\$ 2,140.94
October Fair Donations	430.00	2,023.54	2,453.54	-
D & M Property Drainage	462.75	-	-	462.75
Donations:				
Animal Welfare	2,434.24	5,940.00	5,601.73	2,772.51
Community Garden Project	30.96	-	-	30.96
Historical Site	948.71	-	200.00	748.71
K-9 Unit Police Department	12.49	-	-	12.49
National Night Out	2,313.26	1,000.00	-	3,313.26
Revitalization	69.36	-	-	69.36
Trap Release Animal Program	2,041.42	-	-	2,041.42
Well Baby	70.00	-	-	70.00
Peddie Dam Footbridge	1,574.48	-	515.00	1,059.48
Franklin St. Project Lighting	6,062.93	-	-	6,062.93
Skatepark	19,345.87	-	-	19,345.87
Cultural Arts	100.00	1,905.00	2,005.00	-
Environmental Commission	415.16	4,500.00	264.00	4,651.16
Housing Authority - Dawes	19,119.19	16,230.00	16,973.02	18,376.17
Other Escrows	3,763.70	-	-	3,763.70
Parking Offense Adjudication Act	917.00	46.00	-	963.00
Parks and Recreation Donations:				
General	425.38	-	-	425.38
Triathlon	34,785.05	21,765.70	11,317.89	45,232.86
Shakespeare in the Park	1,443.57	9,511.50	8,747.90	2,207.17
	-	-	-	-
Recaptured Funds Housing Rehabilitatio	14,682.90	6,220.10	17,200.00	3,703.00
Recycling	25,017.88	1,236.20	-	26,254.08
Recycling-Grass Collection Program	6,649.24	395.00	-	7,044.24
Storm Recovery Fund	22,083.96	17,664.58	13,526.78	26,221.76
Special Duty Police	20,227.77	24,290.00	16,393.67	28,124.10
Tax Sale Premium	198,492.73	107,300.00	115,200.00	190,592.73
Uniform Fire Safety Act	2,975.03	-	-	2,975.03
Enchantment Reserve Escrow	43,867.20	-	41,246.19	2,621.01
Reserve for Insurance Refunds	186,111.95	411.88	182,647.14	3,876.69
	<u>\$ 616,874.57</u>	<u>\$ 223,439.50</u>	<u>\$ 435,151.31</u>	<u>\$ 405,162.76</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR ESCROW FEES

Balance December 31, 2015	\$ 1,283,453.32
Increased by:	
Receipts	<u>58,922.49</u>
	\$ 1,342,375.81
Decreased by:	
Disbursements	<u>815,513.26</u>
Balance December 31, 2016	<u><u>\$ 526,862.55</u></u>

TRUST FUND  
SCHEDULE OF HOUSING TRUST

Balance December 31, 2015	\$ 284,663.49
Increased by:	
Interest Earned	<u>1,919.08</u>
	\$ 286,582.57
Decreased by:	
Payments	<u>24,197.75</u>
Balance December 31, 2016	<u><u>\$ 262,384.82</u></u>

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

Balance December 31, 2015		\$ 597,679.67
Increased by:		
Contributions:		
Year 2015	\$ 30,800.00	
Year 2016	30,200.00	
Earnings on Contributions	<u>49,675.09</u>	
		<u>110,675.09</u>
		\$ 708,354.76
Decreased by:		
Withdrawals	\$ 37,132.85	
Account Charge	<u>1,350.00</u>	
		<u>38,482.85</u>
Balance December 31, 2016		<u><u>\$ 669,871.91</u></u>

GENERAL CAPITAL FUND  
 STATEMENT OF FUND BALANCE  
 REGULATORY BASIS

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Balance January 1	C	\$ 88,209.57	\$ 6,679.32
Increased by:			
Premium on Bond Anticipation Notes	C-2	<u>15,027.00</u>	<u>-</u>
		<u>15,027.00</u>	<u>-</u>
		\$ 103,236.57	\$ 6,679.32
Decreased by:			
Appropriated to Finance Capital Ordinances	C-8	<u>30,000.00</u>	<u>-</u>
		<u>30,000.00</u>	<u>-</u>
Balance December 31	C	<u>\$ 73,236.57</u>	<u>\$ 6,679.32</u>

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

GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL CAPITAL FUND CASH-TREASURER

Balance December 31, 2015		\$ 1,992.76
Increased by Receipts:		
Current Fund Appropriations:		
Capital Improvement Fund	\$ 40,000.00	
Payment of BAN Principal	163,100.00	
Premium on Bond Anticipation Notes	15,027.00	
Bond Anticipation Notes	4,409,000.00	
Grants Receivable	134,084.00	
	<u>4,761,211.00</u>	
		\$ 4,763,203.76
Decreased by Disbursements:		
Improvement Authorizations	\$ 1,601,918.97	
Interfunds:		
Trust Fund	100,000.00	
Water-Sewer Capital Fund	-	
Bond Anticipation Notes	2,849,646.00	
	<u>4,551,564.97</u>	
Balance December 31, 2016		<u>\$ 211,638.79</u>





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

Balance December 31, 2015		\$ 2,429,394.81
Decreased by:		
2016 Budget Appropriation to Pay Serial Bonds	\$ 340,000.00	
2016 Budget Appropriation to Pay Loans	<u>7,474.76</u>	
		<u>347,474.76</u>
Balance December 31, 2016		<u><u>\$ 2,081,920.05</u></u>



GENERAL CAPITAL FUND  
 SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2015	Increased	Received	Canceled	Balance Dec. 31, 2016
Receivables not Offset with Reserves:					
Road Improvements to Park Avenue, Greeley Street and Glen Brook Place (13-23)	\$ 63,209.00	\$ -	\$ 63,209.00	\$ -	\$ -
Road Improvements to Park Way, Grant Street and Hutchison Street (15-07)	70,875.00	-	70,875.00	-	-
Rehabilitation of East Ward Street (16-12)	-	300,000.00	-	-	300,000.00
	<u>134,084.00</u>	<u>300,000.00</u>	<u>134,084.00</u>	<u>-</u>	<u>300,000.00</u>
Receivables Offset with Reserves:					
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>606,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>606,000.00</u>
Total	<u>\$ 740,084.00</u>	<u>\$ 300,000.00</u>	<u>\$ 134,084.00</u>	<u>\$ -</u>	<u>\$ 906,000.00</u>

GENERAL CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Reserve for John and Mary Hight Sculpture	\$ 150.00	\$ -	\$ 150.00
Reserve for Donations	50.00	-	50.00
Reserve for Housing Rehabilitation	<u>47.00</u>	<u>-</u>	<u>47.00</u>
	<u>\$ 247.00</u>	<u>\$ -</u>	<u>\$ 247.00</u>

GENERAL CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	2015		2016 Authorizations		Paid or Charged	Encumbrances Dec. 31, 2016	Balance, Dec. 31, 2016	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation			Funded	Unfunded
00-05	Housing Rehabilitation	3/20/2000	360,000.00							0.72	\$ -
00-10	Greenways	6/05/2000	287,000.00							21,810.99	\$ -
07-25		11/19/2007	135,000.00								16,784.33
04-17	Acquisition of Capacity Rights - JCP&L	8/02/2004	100,000.00								17,182.52
05-04	Mercer Street Revitalization Project	2/07/2005	450,000.00								
07-15		6/18/2007	100,000.00								
05-24	Peddle Lake Dam Improvements	7/05/2005	166,250.00		318.74						318.74
09-13		8/03/2009	50,000.00								
05-34	Streetscape / Main Street Redevelopment Area	10/17/2005	450,000.00			6,128.85		6,128.85		11,936.46	
07-26	Police Department Equipment	11/19/2007	62,000.00		618.17						618.17
08-01	Westerlea Avenue Improvements	1/22/2008	332,500.00		2,149.22						2,149.22
09-01	Reconstruction of Morrison Avenue	2/02/2009	292,000.00		2,143.98				61.80		2,082.18
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		22,867.18				102.51		22,764.67
10-02	Reconstruction of Leshin Lane	2/01/2010	568,000.00		13,681.08				39.22		13,648.86
10-16	Summit Street Sidewalk Improvements	9/20/2010	180,000.00		4,486.42				51.25		4,435.17
11-05	Milling and Paving Various Roads	6/06/2011	432,000.00		47,382.26				153.76		47,228.50
11-11	DPW Vehicles and DPW/Police Equipment	8/15/2011	324,000.00			19,247.63		19,247.63			
12-13	Various Capital Improvements	8/20/2012	262,000.00		55,412.99	19,410.00		240.00	364.63		74,218.36
12-15	Communication Equipment - Fire Department, First Aid	9/18/2012	35,000.00		1,922.99				46.13		1,876.86
13-04	Road Improvements Grape Run and Pershing Avenue	2/19/2013	485,000.00		8,098.61	509.50			735.60		7,872.51
13-07	Peddle Lake Dam Walking Bridge Improvements	4/01/2013	210,000.00								
15-14	Public Safety Equipment	8/03/2015	331,000.00		496,785.73	30,090.50		25,665.25	30,373.12		470,837.86
13-22	Road Improvements to Park Avenue, Greeley Street	9/03/2013	165,000.00		23,879.32			9,766.25	219.80		13,893.27
13-23	and Glen Brook Place	11/18/2013	682,000.00								
13-06	Various Capital Improvements including Document	4/20/2015	215,000.00		1,564.69	49,178.13		21,677.44	901.99		28,163.39
14-06	Restoration	3/17/2014	220,000.00		32,242.08	16,500.00		18,250.47	3,374.89		27,116.72
14-13	Various Capital Improvements to Park Way, Grant Street	7/21/2014	170,000.00		4,090.22	7,536.62		7,536.62	237.08		3,853.14
15-07	Road Improvements to Park Way, Grant Street	4/20/2015	619,000.00			190,394.28		32,952.96	263.59		157,177.73
15-11	Acquisition of Aerial Ladder Truck	6/01/2015	1,000,000.00		21,783.00	977,617.00		987,805.00	1,394.08		10,200.92
15-15	Improvements to Stockton Street and Joseph Street	8/21/2015	430,000.00		418,910.00	857.50		313,687.00	453.21		418,910.00
15-20	Acquisition of Automated Garbage Truck	9/08/2015	325,000.00		10,694.25	313,687.00		132,611.50			10,241.04
16-08	Police Vehicles; Public Safety Equipment	3/07/2016	140,000.00					25,492.50			7,388.50
16-12	Rehabilitation of East Ward Street	4/18/2016	550,000.00							274,507.50	250,000.00
					\$ 1,169,030.93	\$ 1,631,157.01		\$ 1,601,918.97	\$ 38,765.66	\$ 342,222.52	\$ 1,574,995.81
					\$ 67,715.02	\$ 325,800.00		\$ 330,000.00		\$ 30,000.00	\$ 300,000.00
											\$ 330,000.00

Capital Fund Balance  
 Grant Receivable

GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	\$ 3,282.50
Increased by:	
2016 Budget Appropriation	<u>40,000.00</u>
	\$ 43,282.50
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>34,200.00</u>
Balance December 31, 2016	<u><u>\$ 9,082.50</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, 2015	Increase	Decrease	Balance Dec. 31, 2016
05-24,										
09-13	Peddle Lake Dam Improvements	8/03/2009	12/09/2011	6/02/2016	2/01/2017	2.00%	\$ 45,000.00	\$ 43,000.00	\$ 45,000.00	\$ 43,000.00
07-04	Automated Garbage Truck and Containers	2/20/2007	12/28/2007	6/02/2016	2/01/2017	2.00%	76,396.00	50,846.00	76,396.00	50,846.00
07-21	Acquisition of Ambulance	9/04/2007	12/28/2007	6/02/2016	2/01/2017	2.00%	28,050.00	18,600.00	28,050.00	18,600.00
07-26	Police Department Equipment	11/19/2007	12/11/2008	6/02/2016	2/01/2017	2.00%	23,900.00	16,900.00	23,900.00	16,900.00
08-01	Westerlea Avenue Improvements	1/22/2008	12/11/2008	6/02/2016	2/01/2017	2.00%	38,000.00	35,000.00	38,000.00	35,000.00
09-01	Reconstruction of Morrison Avenue	2/02/2009	12/23/2009	6/02/2016	2/01/2017	2.00%	45,300.00	42,200.00	45,300.00	42,200.00
09-10	Improvements to Memorial Parking Lot	5/18/2009	12/23/2009	6/02/2016	2/01/2017	2.00%	45,400.00	40,000.00	45,400.00	40,000.00
09-20	Stockton Street Historic District Improvements	9/21/2009	6/05/2014	6/02/2016	2/01/2017	2.00%	70,000.00	70,000.00	70,000.00	70,000.00
10-02	Reconstruction of Leshin Lane	2/01/2010	12/10/2010	6/02/2016	2/01/2017	2.00%	34,000.00	22,000.00	34,000.00	22,000.00
10-16	Summit Street Sidewalk Improvements	9/20/2010	12/06/2013	6/02/2016	2/01/2017	2.00%	37,000.00	35,000.00	37,000.00	35,000.00
11-05	Milling and Paving Various Roads	6/06/2011	12/09/2011	6/02/2016	2/01/2017	2.00%	112,500.00	105,000.00	112,500.00	105,000.00
11-11	DPW Vehicles and DPW/Police Equipment	8/15/2011	6/08/2012	6/02/2016	2/01/2017	2.00%	285,300.00	264,900.00	285,300.00	264,900.00
12-04	Hurricane Irene Damage Emergency	4/16/2012	6/08/2012	6/02/2016	2/01/2017	2.00%	707,600.00	668,200.00	707,600.00	668,200.00
12-13	Various Capital Improvements	8/20/2012	6/05/2014	6/02/2016	2/01/2017	2.00%	249,000.00	249,000.00	249,000.00	249,000.00
12-15	Communication Equipment - Fire Department, First Aid	9/18/2012	6/06/2013	6/02/2016	2/01/2017	2.00%	33,300.00	31,500.00	33,300.00	31,500.00
13-04	Road Improvements Grape Run and Pershing Avenue	2/19/2013	12/06/2013	6/02/2016	2/01/2017	2.00%	200,000.00	154,400.00	200,000.00	154,400.00
13-07	Peddle Lake Dam Walking Bridge Improvements	4/01/2013	12/06/2013	6/02/2016	2/01/2017	2.00%	200,000.00	193,000.00	200,000.00	193,000.00
13-22	Public Safety Equipment	9/03/2013	12/06/2013	6/02/2016	2/01/2017	2.00%	157,000.00	150,100.00	157,000.00	150,100.00
13-23	Road Improvements to Park Avenue, Greeley Street and Glen Brook Place	9/03/2013	6/05/2014	6/02/2016	2/01/2017	2.00%	300,000.00	615,954.00	300,000.00	615,954.00
14-13	Various Capital Improvements	7/21/2014	6/04/2015	6/02/2016	2/01/2017	2.00%	161,900.00	161,900.00	161,900.00	161,900.00
15-07	Road Improvements to Park Way, Grant Street and Hutchison Street	4/20/2015	6/02/2016	6/02/2016	2/01/2017	2.00%	-	180,000.00	-	180,000.00
15-11	Acquisition of Aerial Ladder Truck	6/01/2015	6/02/2016	6/02/2016	2/01/2017	2.00%	-	952,000.00	-	952,000.00
15-20	Acquisition of Automated Garbage Truck	9/08/2015	6/02/2016	6/02/2016	2/01/2017	2.00%	-	309,500.00	-	309,500.00
							<u>\$ 2,849,646.00</u>	<u>\$ 4,409,000.00</u>	<u>\$ 2,849,646.00</u>	<u>\$ 4,409,000.00</u>
								\$ 1,757,454.00	\$ -	\$ 1,757,454.00
								2,651,546.00	2,651,546.00	2,651,546.00
								-	163,100.00	163,100.00
								-	35,000.00	35,000.00
										<u>\$ 4,409,000.00</u>
										<u>\$ 2,849,646.00</u>

Notes Issued New  
 Notes Renewed  
 Notes Paid by Budget Appropriation  
 Notes Paid- Not Renewed or Budgeted

GENERAL CAPITAL FUND  
 SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
General Improvement Bonds of 2008	2/01/2008	\$ 4,000,000	10/01/2017	\$ 360,000	3.25%	\$ 2,305,000.00	\$ 340,000.00	\$ 1,965,000.00
			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>\$ 2,305,000.00</u>	<u>\$ 340,000.00</u>	<u>\$ 1,965,000.00</u>



GENERAL CAPITAL FUND  
 SCHEDULE OF CAPITAL IMPROVEMENT LOANS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
Peddie Lake Dam Restoration Loan	2011	\$ 156,250	6/10/2017	\$ 3,793.53	2.00%	\$ 124,394.81	\$ 7,474.76	\$ 116,920.05
			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					
						<u>\$ 124,394.81</u>	<u>\$ 7,474.76</u>	<u>\$ 116,920.05</u>

GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance December 31, 2015	\$ 1,631,157.01
Increased by:	
Charged to Improvement Authorizations	<u>38,765.66</u>
	\$ 1,669,922.67
Decreased by:	
Transferred to Improvement Authorizations	<u>1,631,157.01</u>
Balance December 31, 2016	<u><u>\$ 38,765.66</u></u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	Authorized 2016	Bond Anticipation Notes Issued	Balance Dec. 31, 2016
05-24,					
09-13	Peddle Lake Dam improvements	\$ 550.00	-	-	\$ 550.00
09-20	Stockton Street Improvements	16,899.57	-	-	16,899.57
10-02	Reconstruction of Leshin Lane	13,000.00	-	-	13,000.00
10-16	Summit Street Sidewalk Improvements	526.45	-	-	526.45
11-05	Milling and Paving Various Roads	14,500.00	-	-	14,500.00
12-04	Hurricane Irene Damage Emergency	625.25	-	-	625.25
12-13	Various Capital Improvements	500.00	-	-	500.00
13-07,					
15-14	Improvements to Peddle Lake Dam Walking Bridge	331,000.00	-	-	331,000.00
13-23	Road Improvements to Park Avenue, Greeley Street and Glen Brook Place	344,164.00	-	315,954.00	28,210.00
14-06	Various Capital Improvements including Document Restoration	209,500.00	-	-	-
15-07	Road Improvements to Park Way, Grant Street and Hutchison Street	335,500.00	-	180,000.00	155,500.00
15-11	Acquisition of Aerial Ladder Truck	952,300.00	-	952,000.00	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	-
16-08	Police Vehicles, Public Safety Equipment	-	75,800.00	-	75,800.00
16-12	Rehabilitation of East Ward Street	-	250,000.00	-	250,000.00
		<u>\$ 2,958,565.27</u>	<u>\$ 325,800.00</u>	<u>\$ 1,757,454.00</u>	<u>\$ 1,526,911.27</u>

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

Balance December 31, 2015		\$ 371,753.32
Increased by Receipts:		
Consumer Accounts Receivable - Rents	\$ 2,573,233.81	
Miscellaneous Revenue	541,809.01	
Interfunds:		
Current Fund		
Animal Control Fund	525.00	
Water-Sewer Rent Overpayment	<u>3,284.20</u>	
		<u>3,118,852.02</u>
		\$ 3,490,605.34
Decreased by Disbursements:		
Budget Appropriations	\$ 2,817,866.65	
Appropriation Reserves	79,115.26	
Accounts Payable	19,000.00	
Accrued Interest on Bonds and Loans	122,179.04	
Accrued Interest on Notes	<u>4,038.75</u>	
		<u>3,042,199.70</u>
Balance December 31, 2016		<u><u>\$ 448,405.64</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF UTILITY CAPITAL CASH

Balance December 31, 2015		\$ 110,291.42
Increased by Receipts:		
Budget Appropriations:		
Bond Anticipation Note Principal	\$ 16,600.00	
Premium on Bond Anticipation Notes	3,078.00	
Refunds Receivable	9,331.88	
Bond Anticipation Notes	<u>900,000.00</u>	
		<u>929,009.88</u>
		\$ 1,039,301.30
Decreased by Disbursements:		
Bond Anticipation Notes	\$ 675,000.00	
Improvement Authorizations	<u>204,426.08</u>	
		<u>879,426.08</u>
Balance December 31, 2016		<u><u>\$ 159,875.22</u></u>



WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2015		\$ 164,806.42
Increased by:		
Water-Sewer Rents Levied	\$ 2,544,297.35	
Fire Service	18,925.04	
Gray Water Fees	<u>482,200.68</u>	
		<u>3,045,423.07</u>
		\$ 3,210,229.49
Decreased by:		
Collections:		
Water-Sewer Rents	\$ 2,573,233.81	
Water-Sewer Rents - Overpayments Applied	273.45	
Fire Service	17,583.85	
Gray Water Fees	492,611.73	
Gray Water Fees - Overpayments Applied	<u>668.92</u>	
		<u>3,084,371.76</u>
Balance December 31, 2016		<u><u>\$ 125,857.73</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

Balance December 31, 2015	\$ 12,962,487.48
Increased by:	
Additions by Ordinance	<u>2,374,029.17</u>
Balance December 31, 2016	<u><u>\$ 15,336,516.65</u></u>



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

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015	Improvement Authorizations	Canceled	Costs To		Balance Dec. 31, 2016
		Date	Amount				Fixed Capital	Fixed Capital	
02-16	Water-Sewer Improvements	9/03/2002	\$ 460,000.00	\$ 460,000.00	-	\$ 46,480.52	\$ 413,519.48	\$ -	
03-19	Construction of Elevated Water Tower	7/10/2003	1,010,000.00	1,010,000.00	-	5,369.57	1,004,630.43	-	
03-26	Construction of Backwash Water Recovery Tank	9/02/2003	186,000.00	186,000.00	-	9,000.00	177,000.00	-	
04-18	Water-Sewer Improvements	9/07/2004	250,000.00	250,000.00	-	4,001.99	245,998.01	-	
06-06	Water-Sewer Improvements	2/21/2006	292,000.00	292,000.00	-	-	-	-	
06-25	Water-Sewer Imp. Morrison and Outcalt	11/06/2006	105,000.00	397,000.00	-	6,905.26	390,094.74	-	
07-02		2/20/2007	145,000.00	145,000.00	-	4,713.49	140,286.51	-	
08-10									
08-19	Water-Sewer Improvements	10/20/2008	155,400.00	155,400.00	-	-	-	155,400.00	
09-02	Water-Sewer Imp. Morrison Avenue	2/02/2009	215,000.00	215,000.00	-	-	-	215,000.00	
09-15	Water Main Extension	9/08/2009	2,200,000.00	2,200,000.00	-	-	-	2,200,000.00	
10-01	Water-Sewer Improvements - Leshin Lane	2/01/2010	52,000.00	52,000.00	-	-	-	-	
11-03	Water-Sewer Improvements	6/06/2011	2,083,000.00	2,188,000.00	-	49,500.00	2,500.00	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 Road and Pershing Avenue	8/19/2013	86,000.00	86,000.00	-	-	-	86,000.00	
14-12	Improvements to Water-Sewer Plants	7/21/2014	100,000.00	100,000.00	-	-	-	100,000.00	
16-14	Improvements to Water-Sewer Plants	6/06/2016	1,860,000.00	1,860,000.00	-	-	-	1,860,000.00	
				\$ 7,676,400.00	\$ 1,860,000.00	\$ 125,970.83	\$ 2,374,029.17	\$ 7,036,400.00	

WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF 2014 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2015</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 1,360.37	\$ 1,360.37	\$ -	\$ 1,360.37
Other Expenses	78,157.38	173,328.35	80,135.47	93,192.88
Statutory Expenditures:		-		
Unemployment Insurance	2,000.00	2,000.00	-	2,000.00
Public Employees' Retirement System	397.00	397.00	-	397.00
Social Security System	640.46	640.46	-	640.46
	<u>82,555.21</u>	<u>177,726.18</u>	<u>80,135.47</u>	<u>97,590.71</u>
Total Appropriation Reserves	\$ 82,555.21	\$ 177,726.18	\$ 80,135.47	\$ 97,590.71
Encumbrances	<u>95,170.97</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 177,726.18</u>	<u>\$ 177,726.18</u>	<u>\$ 80,135.47</u>	<u>\$ 97,590.71</u>
Disbursements			\$ 79,115.26	
Accounts Payable			<u>1,020.21</u>	
			<u>\$ 80,135.47</u>	

WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCOUNTS PAYABLE

Balance December 31, 2015	\$ 25,363.76
Increased by:	
Charged to Appropriation Reserves	<u>1,020.21</u>
	\$ 26,383.97
Decreased by:	
Disbursed	<u>19,000.00</u>
Balance December 31, 2016	<u><u>\$ 7,383.97</u></u>

SCHEDULE OF OVERPAYMENTS

Balance December 31, 2015	\$ 942.37
Increased by:	
Receipts	<u>3,284.20</u>
	\$ 4,226.57
Decreased by:	
Overpayments Applied - Water-Sewer Rents	\$ 273.45
Overpayments Applied - Gray Water	<u>668.92</u>
	<u>942.37</u>
Balance December 31, 2016	<u><u>\$ 3,284.20</u></u>

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

Balance December 31, 2015	\$ 40,534.79
Increased by:	
Charged to 2016 Budget	<u>116,463.59</u>
	\$ 156,998.38
Decreased by	
Payments	<u>122,179.04</u>
Balance December 31, 2016	<u><u>\$ 34,819.34</u></u>

SCHEDULE OF ACCRUED INTEREST ON NOTES

Balance December 31, 2015	\$ 2,311.06
Increased by:	
Charged to 2016 Budget	<u>4,100.00</u>
	\$ 6,411.06
Decreased by	
Payments	<u>4,038.75</u>
Balance December 31, 2016	<u><u>\$ 2,372.31</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF SEWER SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Decreased by Budget Appropriation	Balance Dec. 31, 2016
			Date	Amount				
Water-Sewer Utility Bonds	3/01/2002	\$ 2,295,000.00	3/01/2017-19	100,000.00	4.625%	\$ 1,300,000.00	\$ 100,000.00	\$ 1,200,000.00
			3/01/2020-28	100,000.00	4.750%			
Water-Sewer Utility Bonds	2/01/2008	3,265,000.00	10/01/2017	470,000.00	3.250%	1,135,000.00	455,000.00	680,000.00
			10/01/2018	210,000.00	3.500%			
						<u>\$ 2,435,000.00</u>	<u>\$ 555,000.00</u>	<u>\$ 1,880,000.00</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, 2015	Decreased	Balance Dec. 31, 2016						
			Date	Amount										
NJ Environmental Infrastructure Trust Loan	3/10/2010	\$ 495,000.00	8/01/2017	\$ 20,000.00	5.00%	\$ 400,000.00	\$ 20,000.00	\$ 380,000.00						
			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	8/01/2017-28	51,830.35	0.00%	1,088,437.57	77,745.52	1,010,692.05						
			2/01/2017-29	25,915.17	0.00%									
			8/01/2029	51,830.64	0.00%									
NJ Environmental Infrastructure Trust Loan	5/16/2012	283,382.00	8/01/2017	13,601.00	0.770%	243,131.00	13,523.00	229,608.00						
			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				2/01/2017-31	14,264.12	0.00%	684,677.92	42,792.36	641,885.56
									8/01/2017-30	28,528.24	0.00%			
8/01/2031	28,528.40	0.00%												

Continued



WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Ordinance	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016
08-10,							\$ 118,000.00	\$ 112,000.00	\$ 118,000.00	\$ 112,000.00
08-19	Water-Sewer Improvements	10/20/2008	12/11/2008	6/02/2016	2/01/2017	2.00%	33,000.00	31,500.00	33,000.00	31,500.00
09-02	Morrison Avenue Improvements	2/02/2009	12/23/2009	6/02/2016	2/01/2017	2.00%	-	200,000.00	-	200,000.00
09-15	Water Main Extension	9/08/2009	6/02/2016	6/02/2016	2/01/2017	2.00%	125,000.00	163,300.00	125,000.00	163,300.00
11-03	Water-Sewer Improvements	6/06/2011	12/06/2013	6/02/2016	2/01/2017	2.00%	97,000.00	95,500.00	97,000.00	95,500.00
11-04	Refurbishment of Water Tanks	6/06/2011	12/09/2011	6/02/2016	2/01/2017	2.00%	122,000.00	117,700.00	122,000.00	117,700.00
12-14	Water-Sewer Improvements	9/18/2012	6/06/2013	6/02/2016	2/01/2017	2.00%	-	80,000.00	-	80,000.00
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	8/19/2013	12/06/2013	6/02/2016	2/01/2017	2.00%	100,000.00	100,000.00	100,000.00	100,000.00
14-12	Improvements to Water-Sewer Plants	7/21/2014	6/04/2015	6/02/2016	2/01/2017	2.00%				
							<u>\$ 675,000.00</u>	<u>\$ 900,000.00</u>	<u>\$ 675,000.00</u>	<u>\$ 900,000.00</u>
								\$ 241,600.00	\$ -	
								658,400.00	16,600.00	
								<u>658,400.00</u>	<u>658,400.00</u>	
								<u>\$ 900,000.00</u>	<u>\$ 675,000.00</u>	

Issued for Cash  
 Budget Appropriations  
 Roll-Over



WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance, Dec. 31, 2015		2016 Authorizations Deferred Charge to Future Revenue	Paid or Charged	Canceled	Encumbrances Dec. 31, 2016	Balance, Dec. 31, 2016	
				Funded	Unfunded					Funded	Unfunded
01-01	Various Water Upgrades	2/22/2001	\$ 1,100,000.00	\$ 4,978.87	\$ -	\$ -	\$ -	\$ 4,978.87	\$ -	\$ -	\$ -
01-11	Water Improvements Dey/Outcalt 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	-	-	46,480.52	-	-	-
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 Tank	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	Water-Sewer Improvements	2/24/2006	292,000.00	6,905.26	-	-	-	6,905.26	-	-	-
06-25	Water-Sewer Imp. Morrison and Outcalt	2/20/2007	145,000.00	4,713.49	-	-	-	4,713.49	-	-	-
08-10	Water-Sewer Improvements	10/20/2008	155,400.00	-	6,140.70	-	-	-	-	-	6,140.70
08-19	Water-Sewer Imp. Morrison Avenue	2/02/2009	215,000.00	-	1,539.93	-	-	-	39.09	-	1,500.84
09-02	Water Main Extension	9/08/2009	2,200,000.00	-	122,745.99	-	12,053.03	-	248.21	-	110,444.75
09-15	Water-Sewer Improvements - Leshin Lane	2/04/2010	52,000.00	-	49,500.00	-	-	49,500.00	-	-	-
10-01	Water-Sewer Improvements	6/06/2011	2,083,000.00	-	16,137.42	-	-	-	4,623.40	-	15,879.02
11-03	Refurbishment of Water Tanks	6/06/2011	100,000.00	-	15,062.78	-	-	-	62.78	-	15,000.00
11-04	Mitigation Water Plant/Roof Replacement	8/20/2012	132,000.00	-	60,399.75	-	-	-	12,716.07	-	47,683.68
12-14	Water-Sewer Improvements - Grape Run Road and Pershing Avenue	8/19/2013	86,000.00	-	13,263.88	-	-	-	99.28	-	13,164.60
13-19	Improvements to Water-Sewer Plants	7/21/2014	100,000.00	-	62,090.35	-	28,525.00	-	124.10	-	33,441.25
14-12	Water-Sewer Improvements	6/06/2016	1,860,000.00	-	-	1,860,000.00	163,846.05	-	141,895.45	-	1,554,256.50
16-14				\$ 90,392.79	\$ 347,080.60	\$ 4,365.00	\$ 204,426.08	\$ 140,092.79	\$ 159,808.38	\$ -	\$ 1,797,511.34

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2015	\$ 4,365.00
Increased by:	
Charged to Improvement Authorizations	<u>159,808.38</u>
	\$ 164,173.38
Decreased by:	
Transferred to Improvements Authorizations	<u>4,365.00</u>
Balance December 31, 2016	<u><u>\$ 159,808.38</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2015		\$ 13,590,597.99
Increased by:		
Serial Bonds paid by Operating Budget	\$ 555,000.00	
Funded Projects canceled	14,121.96	
Transfer from Deferred Reserve for Amortization	98,581.25	
Loans paid by Operating Budget	<u>201,539.88</u>	
		<u>869,243.09</u>
Decreased by:		
Projects canceled		<u>33,174.04</u>
Balance December 31, 2016		<u><u>\$ 14,426,667.04</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Balance December 31, 2015		\$ 387,800.00
Increased by:		
Bond Anticipation Notes paid by Operating Budget	<u>16,600.00</u>	
		<u>16,600.00</u>
Decreased by:		
Transfer to Reserve for Amortization - Fixed Capital	\$ 98,581.25	
Canceled to Fund Balance	<u>57,218.75</u>	
		<u>155,800.00</u>
Balance December 31, 2016		<u><u>\$ 248,600.00</u></u>

BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY

D-23

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015 and December 31, 2016

\$ 25,516.95

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Bond Anticipation Notes Issued	Canceled	Balance Dec. 31, 2016
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	-	200,000.00	-	53,750.00
10-01	Water-Sewer Improvements - Leshin Lane	49,500.00	-	-	49,500.00	-
11-03	Water-Sewer Improvements	42,163.00	-	41,600.00	-	563.00
13-19	Water-Sewer Improvements - Grape Run Road and Pershing Avenue	6,000.00	-	-	-	6,000.00
16-14	Water-Sewer Improvements	-	1,860,000.00	-	-	1,860,000.00
		<u>\$ 352,013.00</u>	<u>\$ 1,860,000.00</u>	<u>\$ 241,600.00</u>	<u>\$ 49,700.00</u>	<u>\$ 1,920,713.00</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, 2016**

# *Antonides and Simone*

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.  
-----  
WAYNE M. SIBILIA, C.P.A., R.M.A., P.S.A.

P.O. Box 37  
Adelphia, New Jersey 07710  
732-681-0980

**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, 2016 and 2015, 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 February 26, 2018. 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 February 26, 2018.

### **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.

**Antonides and Simone CPAs**

**Independent Auditors**

Adelphia, New Jersey  
February 26, 2018



**BOROUGH OF HIGHTSTOWN**

**COUNTY OF MERCER**

**SECTION IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

An audit of the financial accounts and transactions of the Borough of Hightstown, in the County of Mercer, for the year ended December 31, 2016, 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 \$40,000 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, 2016 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 (10<sup>th</sup>) 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 14, 2016 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:

<b><u>Year</u></b>	<b><u>Number of Liens</u></b>
2016	15
2015	15
2014	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 2016.

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 2017 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. Finding CR-15-02 was not corrected in 2015 and appears as Finding CR-16-01 for the period under audit.

**FINDINGS/RECOMMENDATIONS**

**CR-16-01 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 2017 financial statements and related notes are in the process of be completed and will be done by June 30.

**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.

\* \* \* \* \*