

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF
BOROUGH OF HIGHTSTOWN
156 Bank Street
Hightstown, New Jersey 08520
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Presented by
Borough of Hightstown
George Lang
Chief Financial Officer**

BOROUGH OF HIGHTSTOWN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1-7
Roster of Officials	8
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	9-11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements – Regulatory Basis Performed in Accordance With <i>Government Auditing Standards</i>	12-13
 <u>Exhibit Number</u>	
<u>FINANCIAL STATEMENTS</u>	
A Current Fund Comparative Balance Sheet – Regulatory Basis	14-15
A-1 Current Fund Statement of Operations and Change in Fund Balance – Regulatory Basis	16
A-2 Current Fund Statement of Revenues - Regulatory Basis	17-19
A-3 Current Fund Statement of Expenditures - Regulatory Basis	20-24
B Trust Fund Comparative Balance Sheet – Regulatory Basis	25-26
C General Capital Fund Comparative Balance – Regulatory Basis	27
C-1 General Capital Fund Statement of Fund Balance – Regulatory Basis	28
D Water-Sewer Utility Fund Comparative Balance Sheet – Regulatory Basis	29-30
D-1 Water-Sewer Utility Fund Comparative Statement of Operations and Change in Operating Fund Balance – Regulatory Basis	31
D-2 Water-Sewer Utility Capital Fund Statement of Capital Fund Balance – Regulatory Basis	32
D-3 Water-Sewer Utility Operating Fund Statement of Revenues - Regulatory Basis	33
D-4 Water-Sewer Utility Operating Fund Statement of Expenditures - Regulatory Basis	34
E Statement of Capital (General Fixed) Assets	35
Notes to Financial Statements	36-86

BOROUGH OF HIGHTSTOWN
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Page

SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES

Exhibit
Number

RSI-1	Schedule of Borough Contributions – Public Employees Retirement System (PERS)	87
RSI-2	Schedule of Borough’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System (PERS)	88
RSI-3	Schedule of Borough’s Proportionate Share of the Net Pension Liability – Police and Fireman Retirement System (PFRS)	89
RSI-4	Schedule of Borough Contributions – Police and Fireman Retirement System (PFRS)	90
	<u>Current Fund:</u>	
A-4	Schedule of Cash	91
A-5	Schedule of Due from/(to) State of New Jersey	92
A-6	Schedule of Taxes Receivable and Analysis of Property Tax Yield	93
A-7	Schedule of Tax Title Liens	94
A-8	Schedule of Accounts Payable	95
A-9	Schedule of Reserve for Fire Safety and Code Enforcement	95
A-10	Schedule of Revenue Accounts Receivable	96
A-11	Schedule of 2020 Appropriation Revenues	97-99
A-12	Schedule of Prepaid Taxes	100
A-13	Schedule of Tax Overpayments	101
A-14	Schedule of Regional District School Tax Payable	101
A-15	Schedule of County Taxes Payable	102
A-16	Schedule of Due to State of New Jersey	103
A-17	Schedule of Cash – Grant Fund	104
A-18	Schedule of Grants Receivable – Grant Fund	105
A-19	Schedule of Reserve for Grants – Appropriated – Grant Fund	106
A-20	Schedule of Reserve for Grants – Unappropriated – Grant Fund	107
	<u>Trust Fund:</u>	
B-1	Schedule of Trust Cash – Treasurer	108
B-2	Schedule of Due to NJS Department of Health	109
B-3	Schedule of Reserve for Animal Control Fund Expenditures	110
B-4	Schedule of Deposits for Redemption of Tax Sale Certificates	111
B-5	Schedule of Regional Contribution Agreement – Manalapan	111
B-6	Schedule of Due from Current Fund	112
B-7	Schedule of Reserve for Law Enforcement Fund	112
B-8	Schedule of Reserve for Public Defender	113
B-9	Schedule of Unemployment Trust Fund	113

BOROUGH OF HIGHTSTOWN
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Page

SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES (CONTINUED)

Exhibit
Number

	<u>Trust Fund: (Continued)</u>	
B-10	Schedule of Reserve for Payroll Deductions	114
B-11	Schedule of Miscellaneous Trust Funds	115
B-12	Schedule of Reserve for Escrow Fees	116
B-13	Schedule of Housing Trust	117
B-14	Schedule of Length of Service Award Program [Unaudited]	118
	<u>General Capital Fund:</u>	
C-2	Schedule of General Capital Fund Cash – Treasurer	119
C-3	Analysis of Capital Fund Cash and Investments	120
C-4	Schedule of Deferred Charges to Future Taxation – Funded	121
C-5	Schedule of Deferred Charges to Future Taxation – Unfunded	122
C-6	Schedule of Grants Receivable	123
C-7	Schedule of Various Reserves	124
C-8	Schedule of Improvement Authorizations	125
C-9	Schedule of Reserve for Capital Improvement Fund	126
C-10	Schedule of Bond Anticipation Notes	127
C-11	Schedule of Due from Water-Sewer Capital Fund	128
C-12	Schedule of General Serial Bonds	129
C-13	Schedule of Capital Improvement Loans	130
C-14	Schedule of Reserve for Encumbrances	131
C-15	Schedule of Bonds and Notes Authorized but Not Issued	132
	<u>Water-Sewer Utility Fund:</u>	
D-5	Schedule of Utility Cash – Collector/Treasurer	133
D-6	Schedule of Utility Capital Cash	134
D-7	Analysis of Cash – Water-Sewer Utility Capital Fund	135
D-8	Schedule of Consumer Accounts Receivable	136
D-9	Schedule of 2020 Appropriation Reserves	137
D-10	Schedule of Overpayments	138
D-11	Schedule of Accrued Interest on Bonds, Loans and Notes	139
D-12	Schedule of Grant Receivable	140
D-13	Schedule of Fixed Capital – Water-Sewer Utility Capital Fund	141
D-14	Schedule of Due from Water-Sewer Utility Capital Fund	142
D-15	Schedule of Fixed Capital Authorized and Uncompleted – Water-Sewer Utility Capital Fund	143

BOROUGH OF HIGHTSTOWN
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Page

SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES (CONTINUED)

Exhibit
Number

<u>Water-Sewer Utility Capital Fund:</u>		
D-16	Schedule of Sewer Serial Bonds	144
D-17	Schedule of Loans Payable	145-147
D-18	Schedule of Bond Anticipation Notes	148
D-19	Schedule of Reserve for Debt Services	149
D-20	Schedule of Improvement Authorizations	150
D-21	Schedule of Reserve for Encumbrances	151
D-22	Schedule of Reserve for Amortization	152
D-23	Schedule of Deferred Reserve for Amortization	152
D-24	Schedule of Capital Improvement Fund	153
D-25	Schedule of Bonds and Notes Authorized but Not Issued	154

SUPPLEMENTARY & STATISTICAL DATA

Combined Balance Sheet – All Funds	155-156
Comparative Statement of Operations and Change in Fund Balance – Current Fund	157
Comparative Statement of Operations and Change in Fund Balance – Water and Sewer Utility Operating Fund	158
Comparative Schedule of Tax Rate Information	159
Comparison of Tax Levies and Current Collection	159
Delinquent Taxes and Tax Title Liens	159
Valuation of Property	160
Real Property Classification	160
Property Acquired by Tax Title Lien Liquidation	161
Comparison of Water and Sewer Utility Levies	161
Comparative Schedule of Fund Balances	161
Summary of Municipal Debt	161
Summary of Statutory Debt condition – Annual Debt Statement	163
Borrowing Power under NJSA 40A:2-6	163
Calculation of Self-Liquidating Purpose Water-Sewer Utility per NJSA 40A:2-45	163

BOROUGH OF HIGHTSTOWN
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Page

AUDITOR'S COMMENTS AND RECOMMENDATIONS

General Comments:

Internal Control Matters	164
Scope of Audit	165
Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4	165
Collection of Interest on Delinquent Taxes, Utility Charges and Assessments	166
Delinquent Taxes and Tax Title Liens	167
Water-Sewer Utility Operating Fund	167
Cash Balances	167
Revenues	168
Expenditures	168
Payroll	168

Miscellaneous Comments:

Interfunds	168
Construction Code Official	168
Reserves	169
Technical Directives – State of New Jersey	169
Length of Service Awards Program	169
Internal Control Documentation	169
Administration and Accounting of State and Federal Grants	169
Cybersecurity	170
Other Officials Collecting Fees	170
Capital Funds	170
Presentation of Financial Statements	170
Appreciation	170
Recommendations	171

INTRODUCTORY SECTION



Borough of Hightstown

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Website: www.hightstownborough.com

March 15, 2024

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

The Annual Financial Report for the Borough of Hightstown, County of Mercer, State of New Jersey, for the year ended December 31, 2021 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designated to set forth fairly the financial position and results of operations of the Borough of Hightstown as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Annual Report is presented in four (4) sections: Introductory, Financial, Supplementary and Statistical Data and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditor's report. The Supplementary and Statistical Data Section includes selected financial detailed schedules. The fourth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

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

PRESENT AND FUTURE CHALLENGES

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

Current Fund

The Current Fund, which finances most of the operational areas of our local government, had total revenues of \$8,062,250.45 exclusive of fund balance and total expenditures of \$8,136,554.14 and a Fund Balance decrease of \$43,844.74 as of December 31, 2021. The following schedule summarizes revenues and expenses for 2021 and 2020.

<u>Revenues</u>	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fund Balance	\$ 975,000.00	\$ 275,000.00	\$ 700,000.00	254.55 %
Miscellaneous Revenue Realized	493,173.84	963,566.03	(470,392.19)	(48.82)
State Aid	503,550.00	503,550.02	(0.02)	(0.00)
Grants	64,036.08	38,096.19	25,939.89	68.09
Interlocal Service Agreement	105,239.48	103,747.20	1,492.28	1.44
Uniform Construction Code	136,863.00	89,624.00	47,239.00	52.71
Municipal Court Fees	176,944.22	160,024.11	16,920.11	10.57
Delinquent Tax Receipts	197,142.06	205,241.20	(8,099.14)	(3.95)
Receipts from Current Taxes	5,926,945.62	5,646,241.54	280,704.08	4.97
Nonbudget Revenue	38,517.88	32,242.04	6,275.84	19.46
Other Credits to Income	419,838.27	635,542.86	(215,704.59)	(33.94)
	<u>\$ 9,037,250.45</u>	<u>\$ 8,652,875.19</u>	<u>\$ 384,375.26</u>	<u>4.44 %</u>

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

Current Fund (Continued)

The decrease in budgetary expenditures in 2021 over 2020 was as follows:

<u>Expenditures</u>	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 815,722.00	\$ 718,828.00	\$ 96,894.00	13.48 %
Public Safety	1,991,633.06	1,967,641.80	23,991.26	1.22
Municipal Court	217,473.00	203,212.00	14,261.00	7.02
Public Works	900,766.00	896,448.00	4,318.00	0.48
Utility Expense and Bulk Purchases	197,500.00	183,000.00	14,500.00	7.92
Landfill	298,000.00	250,000.00	48,000.00	19.20
Other Common Function	197,500.00	127,050.00	70,450.00	55.45
Land Use	60,094.00	60,069.00	25.00	0.04
Insurance	613,684.00	623,546.00	(9,862.00)	(1.58)
Health and Human Services	196,957.00	189,592.00	7,365.00	3.88
Parks and Recreation	75,760.00	62,550.00	13,210.00	21.12
Construction Code	201,660.00	198,135.00	3,525.00	1.78
Education - School	40,093.00	39,879.00	214.00	0.54
Deferred Charges and Statutory Expenditures	739,225.00	673,396.00	65,829.00	9.78
Grants	64,036.08	28,607.81	35,428.27	123.84
Capital Improvements	140,000.00	140,000.00	0.00	0.00
Debt Service	876,451.00	871,426.00	5,025.00	0.58
Reserve for Uncollected Taxes	510,000.00	500,000.00	10,000.00	2.00
	<u>\$ 8,136,554.14</u>	<u>\$ 7,733,380.61</u>	<u>\$ 403,173.53</u>	<u>5.21 %</u>

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

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

Water-Sewer Utility Fund

The Water-Sewer Utility serves the entire Borough, which encompasses 1923 accounts, of which approximately 98 are commercial. Revenues exclusive of fund balance were \$2,941,052.46 and expenditures were \$3,010,098.76 fund balance decreased \$69,046.30. The Water-Sewer Utility Fund was considered to be self-liquidating for 2021 and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenues and expenses for 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 250,000.00	\$ 189,000.00	\$ 61,000.00	32.28 %
Water-Sewer Rents	2,244,712.83	2,500,203.62	(255,490.79)	(10.22)
Gray Water Fees	224,670.64	218,306.64	6,364.00	2.92
Miscellaneous Revenues	259,438.28	52,805.31	206,632.97	391.31
Other Credits to Income	212,230.71	209,949.06	2,281.65	1.09
	<u>\$ 3,191,052.46</u>	<u>\$ 3,170,264.63</u>	<u>\$ 20,787.83</u>	<u>0.66 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 2,284,865.00	\$ 2,239,560.00	\$ 45,305.00	2.02 %
Debt Service	517,831.57	519,236.35	(1,404.78)	(0.27)
Deferred Charges	168,966.00	155,136.00	13,830.00	8.91
Capital	32,000.00		32,000.00	NM
Prior Year Refund	6,436.19	5,991.97	444.22	7.41
	<u>\$ 3,010,098.76</u>	<u>\$ 2,919,924.32</u>	<u>\$ 90,174.44</u>	<u>3.09 %</u>

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

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

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

PROSPECTS FOR THE FUTURE

The 2021 Municipal Budget as adopted reflected a rate of \$1.410 representing an increase from the prior year in the Local Purpose Tax Rate, a decrease in appropriations of \$408,459.52. The 2022 Budget as adopted will have increase of 6¢, to \$1.470 and appropriations will increase \$97,601.37 or .019%.

In 2021, the Borough is continuing a several year plan of beautifying the downtown area.

LOCAL INITIATIVE EVENTS

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

- Road resurfacing and intersection improvements with local funds as well as a variety of other governmental sources to reduce the local financial burden of such work. Being a crossroads community in such a busy part of the region, Hightstown has an unusually large infrastructure renewal burden for a community our size. By taking advantage of multiple sources and continuing to maintain our existing programs, Hightstown is responsibly tending to the transportation needs of our citizens and visitors.
- The Governing Body addresses road projects and underneath infrastructure improvements on an ongoing basis.
- The Water Treatment Plant Generator and Flood Gates project was authorized to update and protect the Water Plant from natural disasters such as Irene.
- Various equipment is being purchased for all departments in order to provide a better level of service to the residents.
- The Governing Body is in constant pursuit of grants from the federal, state and county governments in order to improve the Borough at minimal cost to the local residents.
- Efforts are ongoing to complete the area in need of redevelopment.

LOCAL INITIATIVE EVENTS (CONTINUED)

- The Borough utilizes the NJ I-Bank to finance infrastructure projects. The I-Bank utilizing federal and state funds offers financing at favorable rates.
- The Borough has entered Interlocal/Shared Service Agreement for various services, all of which result in savings for the taxpayers: Garbage and Trash Removal, Municipal Court, Police Dispatch, Senior Center and Senior Transportation, Health Services, EMS Services and Vehicle Maintenance services.

LOCAL ECONOMIC EVENTS

For 2021 the Borough continued to demonstrate important indicators of continued financial strength as follows:

- A Current Fund fund balance of \$1,374,868.09 a decrease of \$43,844.79 or 3.19%, caused primarily by slightly lower revenue and higher expenditures.
- The Borough has continued to maintain an excellent credit rating. Presently, the Borough's latest (August 2018) bond rating is "A1" by Moody's Investor's Services.

During 2021, total real estate tax revenues increased by \$280,704.08 or 4.97% to \$5,926,945.62. The current collection rate (cash basis) of real estate tax revenue (an important indicator of fiscal health) was 98.93% in 2021 and has averaged 99.67% for the prior three years. Although the Borough has maintained a stable collection rate, certain taxpayers were unable to remit their taxes on a current basis.

Revenues from other sources remained relatively flat in 2021 and the Borough has not experienced any major growth in development. Assessed values have increased slightly in the past year, approximating \$1,485,894.00. Consequently, any increased costs for operations must be funded by increases in real estate taxes.

The last revaluation was completed and effective for 2009 and a reassessment was done in 2013 and the current assessed valuation is at approximately 79.37% of full estimated valuation.

CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2021, funds were deposited in interest bearing accounts.

DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$7,980,543.38 which represents 1.71% of its average equalized value. Debt Service appropriations for 2021 were \$1,394,282.51 for both Borough funds.

RISK MANAGEMENT

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

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



Dimitri Musing
Business Administrator



George Lang
Chief Financial Officer

BOROUGH OF HIGHTSTOWN

ROSTER OF OFFICIALS

DECEMBER 31, 2021

Governing Body

Lawrence Quattrone, Mayor
Susan Bluth, Council President
Joe Cicalese, Councilperson
Cristina Fowler, Councilperson
Joshua Jackson, Councilperson
Steven Misiura, Councilperson
Fred Montferrat, Councilperson

Other Officials

Dimitri Musing, Borough Administrator
Margaret Riggio, Borough Clerk, Registrar of Vital Statistics
George Lang, Chief Financial Officer
Angela LoConte, Tax Collector/Water-Sewer Collector
Ken Pacera, Tax Assessor
Seth Kurs, Magistrate
Carolyn Gaynor, Court Administrator
Timothy McNichols, Prosecutor
Carmela Roberts of *Roberts Engineering Group*, Borough Engineer
Frederick Raffetto of Ansell Grimm & Aaron Inc., Borough Attorney
Eric M. Bernstein, Esq. of Bernstein & Associates, Borough Labor Counsel Attorney
Edward McManimon of McManimon, Scotland & Baumann, LLC, Bond Counsel

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

36 WEST MAIN STREET, SUITE 303
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FAX (732) 780-1030

INDEPENDENT AUDITORS' REPORT

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

To the Honorable Mayor and Members of the Borough Council:

Report on the Financial Statements

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of Hightstown, County of Mercer, State of New Jersey as of December 31, 2021, and the related statement of operations and change in fund balance – regulatory basis for the year then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of Jersey which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on the United States Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Hightstown, County of Mercer, State of New Jersey as of December 31, 2021, and change in financial position or cash flows thereof for the year then ended.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund (“LOSAP”)

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough’s financial statements. The LOSAP financial activities are included in the Borough’s Trust Fund, and represent 47.81% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2021.

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

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

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of Hightstown, County of Mercer, State of New Jersey, as of December 31, 2021, and the results of its operations and change in fund balance of such funds – regulatory basis for the year then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds and account groups for the year ended December 31, 2021 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024, on our consideration of the Borough of Hightstown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Hightstown's internal control over financial reporting and compliance.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 15, 2024

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Honorable Mayor and Members of the Borough Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), the financial statements – regulatory basis of the Borough of Hightstown (herein referred to as "the Borough"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's financial statements – regulatory basis, and have issued our report thereon dated March 15, 2024. Our report expressed a modified opinion on the financial statements in conformity with this regulatory basis because we did not audit the Length of Service Award Program (LOSAP). Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements – regulatory basis, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses except for the fact that the financial statements as of December 31, 2021 were not presented on a timely basis; however, the records as reviewed were accurate. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control and compliance, accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 15, 2024

FINANCIAL STATEMENTS

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

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

ASSETS	Ref.	Balance <u>Dec. 31, 2021</u>	Balance <u>Dec. 31, 2020</u>
Cash	A-4	\$ 3,857,048.85	\$ 3,733,891.33
Change Fund		205.00	205.00
Due from State of New Jersey (Ch. 20, P.L. 1971)	A-5	<u>-</u>	<u>1,250.00</u>
		<u>\$ 3,857,253.85</u>	<u>\$ 3,735,346.33</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	\$ 178,357.41	\$ 199,804.52
Tax Title Liens Receivable	A-7	212,328.23	198,631.76
Revenue Accounts Receivable	A-10	11,726.40	4,924.60
Prepaid School Taxes	A-14	<u>-</u>	<u>10.00</u>
	A	<u>\$ 402,412.04</u>	<u>\$ 403,370.88</u>
		<u>\$ 4,259,665.89</u>	<u>\$ 4,138,717.21</u>
Grant Fund:			
Cash	A-17	\$ 39,041.43	\$ 87,111.00
Grants Receivable	A-18	181,929.73	135,321.73
Interfunds:			
Current Fund	A	217,060.95	42,058.72
Other Trust Fund	B	<u>12,116.92</u>	
		<u>\$ 450,149.03</u>	<u>\$ 264,491.45</u>
		<u>\$ 4,709,814.92</u>	<u>\$ 4,403,208.66</u>

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

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

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2021	Balance Dec. 31, 2020
Liabilities:			
Appropriations Reserves	A-3, A-11	\$ 703,851.73	\$ 621,020.45
Reserve for Encumbrances	A-3, A-11	297,411.31	114,195.57
Prepaid Taxes	A-12	165,663.95	169,666.47
Accounts Payable	A-8	142,443.91	90,184.62
Tax Overpayments	A-13	5,320.12	-
Due County for Added Taxes	A-15	3,473.95	5,864.46
Reserve for Fire Safety & Code Enforcement	A-9	39,117.00	39,117.00
Interfunds:			
Water-Sewer Utility Operating Fund	A-4		50,000.00
Water-Sewer Utility Capital Fund	A-4	552,712.02	498,562.36
Grant Fund	A-4	217,060.95	42,058.72
Other Trust Fund	A-4	229,281.55	280,234.52
General Capital Fund	A-4	125,412.27	405,542.28
Animal Control Fund	A-4	28.00	28.00
Due to State of New Jersey	A-16	609.00	159.00
		<u>\$ 2,482,385.76</u>	<u>\$ 2,316,633.45</u>
Reserve for Receivables and Other Assets	A	402,412.04	403,370.88
Fund Balance	A-1	<u>1,374,868.09</u>	<u>1,418,712.88</u>
		<u>\$ 4,259,665.89</u>	<u>\$ 4,138,717.21</u>
Grant Fund:			
Reserve for Grants, Appropriated	A-19	\$ 285,892.73	\$ 260,254.49
Reserve for Encumbrances	A-19	2,213.30	1,736.96
Reserve for Grants, Unappropriated	A-20	<u>162,043.00</u>	<u>2,500.00</u>
		<u>\$ 450,149.03</u>	<u>\$ 264,491.45</u>
		<u><u>\$ 4,709,814.92</u></u>	<u><u>\$ 4,403,208.66</u></u>

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

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

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

Revenue and Other Income Realized	Ref.	Year 2021	Year 2020
Fund Balance Anticipated	A-2	\$ 975,000.00	\$ 275,000.00
Miscellaneous Revenue Realized	A-2	1,479,806.52	1,858,607.55
Receipts from Delinquent Taxes	A-2	197,142.06	205,241.20
Receipts from Current Taxes	A-2	17,724,330.08	17,231,965.87
Nonbudget Revenue	A-2	38,517.88	32,242.04
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	419,828.37	499,874.00
Interfunds Returned		-	134,351.38
Senior Citizen Adjustment		-	245.02
Grant Reserve Canceled		-	1,072.46
Prepaid School Tax	A-17	10.00	-
		<u>\$ 20,834,634.91</u>	<u>\$ 20,238,599.52</u>
Total Income			
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	\$ 2,814,607.05	\$ 2,655,450.80
Other Expenses	A-3	3,056,271.08	2,863,107.81
Capital Improvements	A-3	140,000.00	140,000.00
Municipal Debt Service	A-3	874,779.36	871,425.46
Deferred Charges and Statutory Expenditures	A-3	706,397.00	673,396.00
		<u>\$ 7,592,054.49</u>	<u>\$ 7,203,380.07</u>
Total Budget			
Regional School Taxes	A-14	9,280,152.00	9,015,839.00
County Taxes	A-15	3,027,232.46	3,069,885.33
Grant Receivables Canceled		-	1,072.46
Prior Senior Citizen Deduction Disallowed	A-5	250.00	-
Prior Year Refund	A-16	3,790.75	434.22
		<u>\$ 19,903,479.70</u>	<u>\$ 19,290,611.08</u>
Total Expenditures	A-1		
Excess of Revenue over Expenditures		\$ 931,155.21	\$ 947,988.44
Fund Balance, January 1	A	1,418,712.88	745,724.44
		<u>\$ 2,349,868.09</u>	<u>\$ 1,693,712.88</u>
Decreased by:			
Utilized as Anticipated Revenue	A-2	975,000.00	275,000.00
Balance, December 31	A	<u>\$ 1,374,868.09</u>	<u>\$ 1,418,712.88</u>

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

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

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS

	Ref.	Anticipated Budget Revenues	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 975,000.00	\$ 975,000.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	A-10	\$ 7,500.00	\$ 7,500.00	\$ -
Other	A-10	9,000.00	15,600.00	6,600.00
Fees and Permits	A-10	21,000.00	20,695.00	(305.00)
Fines and Costs:				
Municipal Court	A-10	160,000.00	176,944.22	16,944.22
Interest and Costs on Taxes	A-10	56,700.00	55,755.30	(944.70)
Interest on Investments and Deposits	A-10	25,000.00	35,090.55	10,090.55
Lease of Borough Owned Property	A-10	65,000.00	73,297.13	8,297.13
		<u>344,200.00</u>	<u>384,882.20</u>	<u>40,682.20</u>
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	A-10	6,939.00	6,939.00	-
Energy Receipts Tax	A-10	496,611.00	496,611.00	-
		<u>503,550.00</u>	<u>503,550.00</u>	<u>-</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations:				
Uniform Construction Code Fees	A-10	<u>75,000.00</u>	<u>136,863.00</u>	<u>61,863.00</u>
Special Items of General Revenue Anticipated - Shared Service Agreements:				
Shared Services Agreement - Roosevelt Borough Trash Collection	A-10	69,557.00	69,557.00	-
Shared Services Agreement - Roosevelt Borough Trash Collection -Tipping Fees	A-10	<u>38,000.00</u>	<u>35,682.48</u>	<u>(2,317.52)</u>
		<u>107,557.00</u>	<u>105,239.48</u>	<u>(2,317.52)</u>
Special Items of General Revenue - Local Public and Private Revenues:				
Recycling Tonnage Grant	A-10	4,911.90	4,911.90	-
Clean Communities Program	A-10	9,855.01	9,855.01	-
Alcohol Education Rehabilitation Fund	A-10	1,363.19	1,363.19	-
Street Tree Planting Grant	A-10	14,000.00	14,000.00	-
Body Armor Grant	A-10	1,297.98	1,297.98	-
NJ Body Worn Camera Grant	A-10	<u>32,608.00</u>	<u>32,608.00</u>	<u>-</u>
		<u>64,036.08</u>	<u>64,036.08</u>	<u>-</u>

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

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget Revenues</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Miscellaneous Revenues: (Continued)				
Special Items of General Revenue -				
Other Special Items:				
Uniform Fire Safety Act	A-10	\$ 9,400.00	\$ 9,619.03	\$ 219.03
CATV - Franchise Fee	A-10	28,402.00	28,402.81	0.81
The Peddie School - Gift	A-10	23,000.00	23,000.00	-
Verizon Franchise Fee	A-10	32,150.00	32,150.02	0.02
ARP Revenue Loss	A-10	125,000.00	125,000.00	-
Hightstown Housing Authority -				
Payment in Lieu of Taxes	A-10	30,000.00	35,012.70	5,012.70
Hightstown Housing Authority -				
Payment in Lieu of Taxes-Prior Year	A-10	32,051.20	32,051.20	-
		<u>280,003.20</u>	<u>285,235.76</u>	<u>5,232.56</u>
Total Miscellaneous Revenues	A-1	<u>\$ 1,374,346.28</u>	<u>\$ 1,479,806.52</u>	<u>\$ 105,460.24</u>
Receipts from Delinquent Taxes	A-1, A-2	<u>\$ 200,000.00</u>	<u>\$ 197,142.06</u>	<u>\$ (2,857.94)</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>\$ 5,587,207.85</u>	<u>\$ 5,926,945.62</u>	<u>\$ 339,737.77</u>
Budget Totals		<u>\$ 8,136,554.13</u>	<u>\$ 8,578,894.20</u>	<u>\$ 442,340.07</u>
Nonbudget Revenues	A-1, A-2	<u>-</u>	<u>38,517.88</u>	
		<u>\$ 8,136,554.13</u>	<u>\$ 8,617,412.08</u>	
	<u>Ref.</u>	A-3		

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

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

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS

Analysis of Realized Revenues:	<u>Ref.</u>	<u>Dec. 31, 2021</u>
Allocation of Current Taxes:		
Prepaid Prior Year	A-6	\$ 169,666.47
Collected Current Year	A-6	17,534,663.61
Senior Citizens' and Veterans' Deductions	A-6	<u>20,000.00</u>
	A-1	\$ 17,724,330.08
Allocated to:		
School and County Taxes	A-14, A-15	<u>12,307,384.46</u>
Balance for Support of Municipal Budget Appropriations		\$ 5,416,945.62
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>510,000.00</u>
Amount for Support of Municipal Budget	A-2	<u><u>\$ 5,926,945.62</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2, A-6	<u><u>\$ 197,142.06</u></u>
Analysis of Nonbudget Revenues:	<u>Ref.</u>	<u>Dec. 31, 2021</u>
Prior Year Revenue		\$ 240.81
Refunds		12,045.94
Court Motor Vehicle Inspections		4,850.00
Owners List		120.00
Tax Collector Fees		429.90
Senior Citizens and Veterans Administration Fee		165.00
Police Accident Reports		827.00
Other Police Fees		286.00
Fire Code Other		2,489.00
Shared Services Public Works - Roosevelt		155.00
Americana Lease		12,440.05
Construction Code Miscellaneous Fees		2,715.00
Miscellaneous		<u>1,754.18</u>
	A-2, A-4	<u><u>\$ 38,517.88</u></u>

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

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

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

OPERATIONS - WITHIN "CAPS"	Budget	Emergen- tization	Budget After Modifications	Expended			Unexpended Balance Cancelled
				Paid or Charged	Encumbered	Paid or Charged Reserved	
GENERAL GOVERNMENT							
General Administration:							
Salaries and Wages	\$ 26,291.00		\$ 26,291.00	\$ 25,327.16	\$ -	\$ 25,327.16	\$ 963.84
Other Expenses	2,050.00		2,050.00	1,878.50	42.50	1,921.00	129.00
Mayor and Council:							
Salaries and Wages	29,900.00		29,900.00	27,808.34	-	27,808.34	2,091.66
Other Expenses	2,350.00		2,750.00	2,561.90	-	2,561.90	188.10
Municipal Clerk:							
Salaries and Wages	136,740.00		136,740.00	129,024.23	-	129,024.23	7,715.77
Other Expenses	14,100.00		14,100.00	7,722.60	2,081.32	9,803.92	4,296.08
Elections:							
Other Expenses	5,500.00		5,500.00	4,983.47	-	4,983.47	516.53
Office Supplies and Paper Products							
Other Expenses	12,500.00		12,500.00	7,278.82	3,328.01	10,606.83	1,893.17
Financial Administration:							
Salaries and Wages	149,276.00		149,276.00	143,853.60	-	143,853.60	5,422.40
Other Expenses	14,160.00		14,160.00	13,052.95	-	13,052.95	1,107.05
Audit Services:							
Other Expenses	15,400.00		15,400.00	-	-	-	15,400.00
Grant Writing and Administration:							
Other Expenses	10,000.00		5,000.00	-	-	-	5,000.00
Central Computer (Data Processing/ Info Tech):							
Salaries and Wages	3,753.00		3,753.00	3,753.00	-	3,753.00	-
Other Expenses	108,000.00		108,000.00	85,396.96	4,445.30	89,842.26	18,157.74
Collection of Taxes:							
Salaries and Wages	71,200.00		81,200.00	76,049.13	-	76,049.13	5,150.87
Other Expenses	7,705.00		7,705.00	6,774.55	-	6,774.55	930.45
Assessment of Taxes:							
Salaries and Wages	19,322.00		20,122.00	20,046.21	-	20,046.21	75.79
Other Expenses	8,375.00		6,375.00	2,520.00	893.88	3,413.88	2,961.12
Interest on Tax Appeals:							
Other Expenses	100.00		100.00	-	-	-	100.00
Legal Services and Costs:							
Other Expenses	100,000.00		100,000.00	64,592.21	-	64,592.21	35,407.79
Engineering Services and Costs:							
Other Expenses	71,000.00		71,000.00	34,910.83	30,099.42	65,010.25	5,989.75
Historical Commission:							
Other Expenses	3,800.00		3,800.00	896.94	2,650.00	3,546.94	253.06
LAND USE							
Municipal Land Use Law (N.J.S.A. 40:55D-1) Planning Board:							
Salaries and Wages	26,638.00		29,638.00	27,493.03	-	27,493.03	2,144.97
Other Expenses	30,456.00		30,456.00	28,866.42	1,398.00	30,264.42	191.58
INSURANCE							
Insurance Deductibles	3,000.00		3,000.00	-	-	-	3,000.00
Unemployment Compensation Insurance	5,000.00		5,000.00	-	-	-	5,000.00
General Liability	44,084.00		44,084.00	44,084.00	-	44,084.00	-
Workers Compensation Insurance	84,800.00		84,800.00	84,800.00	-	84,800.00	-
Employee Group Health Insurance	470,000.00		456,800.00	402,254.11	-	402,254.11	54,545.89
Health Benefit Waiver	20,000.00		20,000.00	15,000.00	-	15,000.00	5,000.00
PUBLIC SAFETY FUNCTIONS							
Police Department:							
Salaries and Wages	1,521,600.05		1,521,600.05	1,442,382.20	-	1,442,382.20	79,217.85
Other Expenses	155,189.00		155,189.00	95,788.42	38,261.89	134,050.31	21,138.69
Office of Emergency Management:							
Salaries and Wages	2,000.00		2,000.00	2,000.00	-	2,000.00	-
Other Expenses	4,000.00		4,000.00	1,215.00	-	1,215.00	2,785.00

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

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

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

OPERATIONS - WITHIN "CAPS" (Continued)	Budget	Emergen- tization	Budget After Modifications	Expended			Unexpended Balance Cancelled
				Paid or Charged	Encumbered	Paid or Charged	
PUBLIC SAFETY FUNCTIONS (Continued)							
Fire Department:							
Other Expenses	\$ 88,500.00		\$ 88,500.00	\$ 59,420.27	\$ 27,048.64	\$ 86,468.91	\$ 2,031.09
Uniform Fire Safety Act (P.L. 1983, Ch. 383):							
Salaries and Wages	10,000.00		10,000.00	4,784.36		4,784.36	5,215.64
Other Expenses	12,465.00		12,465.00	4,530.25	1,703.46	6,233.71	6,231.29
First Aid Organization:							
Other Expenses	33,400.00		33,400.00	28,705.66	1,334.30	30,039.96	3,360.04
First Aid Contribution:							
Other Expenses	1,000.00		1,000.00	-		-	1,000.00
Municipal Prosecutor:							
Other Expenses	14,400.00		14,400.00	-		-	14,400.00
PUBLIC WORKS FUNCTIONS							
Streets and Road Maintenance:							
Salaries and Wages	210,000.00		210,000.00	205,126.44		205,126.44	4,873.56
Other Expenses	52,200.00		52,200.00	33,522.09	7,400.61	40,922.70	11,277.30
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	63,000.00		63,000.00	56,687.26		56,687.26	6,312.74
Other Expenses	61,800.00		61,800.00	50,051.25	3,379.50	53,430.75	8,369.25
Public Buildings and Grounds:							
Salaries and Wages	43,300.00		43,300.00	40,780.59		40,780.59	2,519.41
Other Expenses	163,503.00		163,503.00	138,701.86	15,051.25	153,753.11	9,749.89
Recycling:							
Salaries and Wages	98,500.00		98,500.00	95,330.62		95,330.62	3,169.38
Other Expenses	93,963.00		93,963.00	61,365.46	10,643.01	72,008.47	21,954.53
Vehicle Maintenance:							
Other Expenses	42,000.00		42,000.00	11,628.74	9,997.86	21,626.60	20,373.40
Community Condominium Services Act:							
Other Expenses	42,000.00		42,000.00	-		-	42,000.00
HEALTH AND HUMAN SERVICES							
Board of Health:							
Salaries and Wages	59,300.00		62,800.00	59,363.75	-	59,363.75	3,436.25
Other Expenses	13,950.00		13,950.00	5,172.61	1,741.05	6,913.66	7,036.34
Environmental Commission (N.J.S.A. 40:56A-1):							
Other Expenses	5,770.00		5,770.00	2,097.04		2,097.04	3,672.96
PARK AND RECREATION							
Maintenance of Parks:							
Salaries and Wages	37,500.00		37,500.00	35,237.95		35,237.95	2,262.05
Other Expenses	5,000.00		5,000.00	4,129.38	376.55	4,505.93	494.07
Recreation & Open Space (Parks Commission):							
Salaries and Wages	10,000.00		17,100.00	10,000.00		10,000.00	7,100.00
Other Expenses	19,260.00		12,160.00	6,812.81		6,812.81	5,347.19
Cultural Arts Commission							
Other Expenses	4,000.00		4,000.00	2,025.00		2,025.00	1,975.00

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

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

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

OPERATIONS - WITHIN "CAPS" (Continued)	Budget	Emergen- tization	Budget After Modifications	Expended			Unexpended Balance Cancelled	
				Paid or Charged	Encumbered	Paid or Charged		Reserved
OTHER COMMON OPERATING FUNCTIONS (UNCLASSIFIED)								
Celebration of Public Events: Other Expenses	\$ 2,850.00		\$ 2,850.00	\$ 378.08	\$ -	\$ 378.08	\$ 2,471.92	\$ -
Accumulated Sick and Vacation: Other Expenses	65,000.00		65,000.00	65,000.00	-	65,000.00	-	-
Postage and Shipping Charges: Other Expenses	9,000.00		9,000.00	8,944.40	13.32	8,957.72	42.28	-
UTILITY EXPENSE AND BULK PURCHASES								
Gasoline and Diesel Fuel	66,000.00		66,000.00	53,715.23	5,320.11	59,035.34	6,964.66	-
Electricity	50,000.00		50,000.00	25,470.57	1,814.52	27,285.09	22,714.91	-
Telephone	33,000.00		35,500.00	31,886.69	2,279.29	34,165.98	1,334.02	-
Natural Gas	14,000.00		14,000.00	11,927.82	-	11,927.82	2,072.18	-
Street Lighting	32,000.00		32,000.00	26,077.69	334.18	26,411.87	5,588.13	-
LANDFILL/SOLID WASTE DISPOSAL COSTS								
Landfill Disposal Costs: Other Expenses	260,000.00		260,000.00	197,296.26	16,498.00	213,794.26	46,205.74	-
MUNICIPAL COURT								
Municipal Court: Salaries and Wages	32,473.00		32,473.00	32,448.46	-	32,448.46	24.54	-
Other Expenses	185,000.00		185,000.00	167,371.31	24.10	167,395.41	17,604.59	-
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)								
State Uniform Construction Code (N.J.S.A. 52:270-120D et seq.):								
Salaries and Wages	132,573.00		132,573.00	126,231.25	-	126,231.25	6,341.75	-
Other Expenses	7,610.00		7,610.00	3,572.49	-	3,572.49	4,037.51	-
Housing Code Enforcement: Salaries and Wages	58,477.00		58,477.00	55,713.40	-	55,713.40	2,763.60	-
Other Expenses	3,000.00		3,000.00	767.06	-	767.06	2,232.94	-
Total Operations within "CAPS"	\$ 5,323,083.05		\$ 5,323,083.05	\$ 4,524,588.68	\$ 188,160.07	\$ 4,712,748.75	\$ 610,334.30	\$ -
Total Operations Including Contingent - within "CAPS"	\$ 5,323,083.05		\$ 5,323,083.05	\$ 4,524,588.68	\$ 188,160.07	\$ 4,712,748.75	\$ 610,334.30	\$ -
Detail:								
Salaries and Wages	\$ 2,745,843.05		\$ 2,770,243.05	\$ 2,619,440.98	\$ -	\$ 2,619,440.98	\$ 150,802.07	\$ -
Other Expenses (Including Contingent)	\$ 2,577,240.00		\$ 2,552,840.00	\$ 1,905,147.70	\$ 188,160.07	\$ 2,093,307.77	\$ 459,532.23	\$ -
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"								
DEFERRED CHARGES								
Anticipated Deficit Water-Sewer Utility	32,828.00		\$ 32,828.00	\$ -	\$ -	\$ -	\$ -	\$ 32,828.00
STATUTORY EXPENDITURES:								
Public Employees' Retirement System of N.J.	172,650.00		\$ 172,650.00	\$ 172,650.00	\$ -	\$ 172,650.00	\$ -	\$ -
Social Security System (O.A.S.I.)	130,000.00		130,000.00	117,349.44	-	117,349.44	12,650.56	-
Police and Firemen's Retirement System of N.J.	398,747.00		398,747.00	398,747.00	-	398,747.00	-	-
Defined Contribution Benefit Plan	5,000.00		5,000.00	-	-	-	5,000.00	-
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	\$ 739,225.00		\$ 739,225.00	\$ 688,746.44	\$ -	\$ 688,746.44	\$ 17,650.56	\$ 32,828.00
Total General Appropriations for Municipal Purposes within "CAPS"	\$ 6,062,308.05		\$ 6,062,308.05	\$ 5,213,335.12	\$ 188,160.07	\$ 5,401,495.19	\$ 627,984.86	\$ 32,828.00

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

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

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

OPERATIONS - EXCLUDED FROM "CAPS"	Budget	Emergen- torizati	Budget After Modifications	Expended			Unexpended Balance Cancelled
				Paid or Charged	Encumbered	Paid or Charged	
Length of Service Award Program (LOSAP)							
Other Expenses	\$ 30,000.00		\$ 30,000.00	\$ 16,200.00	\$ -	\$ 16,200.00	\$ 13,800.00
Recycling Tax (P.L. 2007, C.311)	6,500.00		6,500.00	5,272.05	430.38	5,702.43	797.57
Total Other Operations - Excluded from "CAPS"	\$ 36,500.00		\$ 36,500.00	\$ 21,472.05	\$ 430.38	\$ 21,902.43	\$ 14,597.57
Shared Service Agreements							
Dispatch Services East Windsor Township							
Other Expenses	195,029.00		\$ 195,029.00	\$ 195,029.00	\$ -	\$ 195,029.00	\$ -
Senior Citizens - Program Service Center:							
Other Expenses	50,125.00		50,125.00	-	-	-	50,125.00
Senior Citizens Transportation- East Windsor:							
Other Expenses	2,180.00		2,180.00	-	-	-	2,180.00
Health Services-West Windsor Township:							
Salaries and Wages	30,364.00		30,364.00	30,364.00	-	30,364.00	-
Other Expenses	31,768.00		31,768.00	31,568.00	-	31,568.00	200.00
Emergency Medical Services:							
Other Expenses	40,000.00		40,000.00	40,000.00	-	40,000.00	-
Landfill Disposal Costs (Roosevelt):							
Other Expenses	38,000.00		38,000.00	30,467.72	2,782.01	33,249.73	4,750.27
Mercer County EMS Dispatch							
Other Expenses	4,700.00		4,700.00	4,700.00	-	4,700.00	-
Vehicle Maintenance Services:							
Other Expenses	15,000.00		15,000.00	10,985.97	-	10,985.97	4,014.03
Total Shared Service Agreements	\$ 407,166.00		\$ 407,166.00	\$ 343,114.69	\$ 2,782.01	\$ 345,896.70	\$ 61,269.30
Public and Private Programs Offset by Revenues							
Clean Communities Program	\$ 9,855.01		\$ 9,855.01	\$ 9,855.01	\$ -	\$ 9,855.01	\$ -
Body Armor Replacement Grant	1,297.98		1,297.98	1,297.98	-	1,297.98	-
Recycling Tonnage Grant	4,911.90		4,911.90	4,911.90	-	4,911.90	-
Alcohol Education and Rehabilitation Fund	1,363.19		1,363.19	1,363.19	-	1,363.19	-
Street Tree Planting Grant	14,000.00		14,000.00	14,000.00	-	14,000.00	-
NJ Body Worn Camera Grant	32,608.00		32,608.00	32,608.00	-	32,608.00	-
Total Public and Private Programs Offset by Revenues	\$ 64,036.08		\$ 64,036.08	\$ 64,036.08	\$ -	\$ 64,036.08	\$ -
Total Operations - Excluded from "CAPS"	\$ 507,702.08		\$ 507,702.08	\$ 428,622.82	\$ 3,212.39	\$ 431,835.21	\$ 75,866.87
Detail:							
Salaries and Wages	\$ 44,364.00		\$ 44,364.00	\$ 44,364.00	\$ -	\$ 44,364.00	\$ -
Other Expenses	\$ 463,338.08		463,338.08	384,258.82	3,212.39	387,471.21	75,866.87

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

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

**CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS**

OPERATIONS - EXCLUDED FROM "CAPS" (Continued)	Budget	Emergen- tization	Budget After Modifications	Expended			Unexpended Balance Cancelled
				Paid or Charged	Encumbered	Paid or Charged	
Capital Improvements - Excluded from "CAPS"							
Capital Improvement Fund	\$ 30,000.00		\$ 30,000.00	\$ 30,000.00	\$ -	\$ 30,000.00	\$ -
Reserve for Police SUV Vehicle	<u>110,000.00</u>		<u>110,000.00</u>	<u>3,961.15</u>	<u>106,038.85</u>	<u>110,000.00</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>\$ 140,000.00</u>		<u>\$ 140,000.00</u>	<u>\$ 33,961.15</u>	<u>\$ 106,038.85</u>	<u>\$ 140,000.00</u>	<u>\$ -</u>
Municipal Debt Service - Excluded from "CAPS"							
Payment of Bond Principal	\$ 670,000.00		\$ 670,000.00	\$ 670,000.00	\$ -	\$ 670,000.00	\$ -
Interest on Bonds	185,325.00		185,325.00	185,325.00	-	185,325.00	-
Interest on Notes	11,200.00		11,200.00	9,528.90	-	9,528.90	-
Dam Restoration Loan	<u>9,926.00</u>		<u>9,926.00</u>	<u>9,925.46</u>		<u>9,925.46</u>	<u>1,671.10</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>\$ 876,451.00</u>		<u>\$ 876,451.00</u>	<u>\$ 874,779.36</u>	<u>\$ -</u>	<u>\$ 874,779.36</u>	<u>\$ 1,671.64</u>
Deferred Charges - Municipal - Excluded from "CAPS"							
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>\$ 40,093.00</u>		<u>\$ 40,093.00</u>	<u>\$ 40,093.00</u>	<u>\$ -</u>	<u>\$ 40,093.00</u>	<u>\$ -</u>
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	<u>\$ 1,564,246.08</u>		<u>\$ 1,564,246.08</u>	<u>\$ 1,377,456.33</u>	<u>\$ 109,251.24</u>	<u>\$ 1,486,707.57</u>	<u>\$ 75,866.87</u>
Total General Appropriations - Excluded from "CAPS"	<u>\$ 1,564,246.08</u>		<u>\$ 1,564,246.08</u>	<u>\$ 1,377,456.33</u>	<u>\$ 109,251.24</u>	<u>\$ 1,486,707.57</u>	<u>\$ 75,866.87</u>
Subtotal General Appropriations	\$ 7,626,554.13		\$ 7,626,554.13	\$ 6,590,791.45	\$ 297,411.31	\$ 6,888,202.76	\$ 34,499.64
Reserve for Uncollected Taxes	<u>510,000.00</u>		<u>510,000.00</u>	<u>510,000.00</u>	<u>-</u>	<u>510,000.00</u>	<u>-</u>
Total General Appropriations	<u>\$ 8,136,554.13</u>		<u>\$ 8,136,554.13</u>	<u>\$ 7,100,791.45</u>	<u>\$ 297,411.31</u>	<u>\$ 7,398,202.76</u>	<u>\$ 34,499.64</u>
Ref.					A		A
Disbursed	A-4					\$ 6,590,791.45	
Reserve for Encumbrances	A					297,411.31	
Reserve for Uncollected Taxes	A-2					<u>510,000.00</u>	
	A-1					<u>\$ 7,398,202.76</u>	

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

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

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

ASSETS	Ref.	Balance <u>Dec. 31, 2021</u>	Balance <u>Dec. 31, 2020</u>
Animal Control Fund:			
Cash and Investments	B-1	\$ 1,906.99	\$ 3,198.27
Interfund - Current Fund	A	<u>28.00</u>	<u>28.00</u>
		1,934.99	3,226.27
Other Trust Funds:			
Cash and Investments	B-1	\$ 681,007.39	\$ 723,649.16
Redevelopment Circulation Study		12,116.92	-
Interfund - Current Fund	B-6	<u>229,281.55</u>	<u>280,234.52</u>
		<u>\$ 922,405.86</u>	<u>\$ 1,003,883.68</u>
Escrow Trust Funds:			
Cash and Investments	B-1	<u>\$ 91,336.71</u>	<u>\$ 66,808.01</u>
Length of Service Awards Program Fund: (LOSAP) - Unaudited:			
Funds Held by Trustee	B-14	<u>\$ 930,166.72</u>	<u>\$ 767,981.03</u>
		<u>\$ 1,945,844.28</u>	<u>\$ 1,841,898.99</u>

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

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

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2021	Balance Dec. 31, 2020
Animal Control Fund:			
Due to N.J. State Department of Health	B-2	\$ 7.20	\$ 6.00
Reserve for Encumbrances		-	1,000.00
Reserve for Expenditures	B-3	<u>1,927.79</u>	<u>2,220.27</u>
		<u>\$ 1,934.99</u>	<u>\$ 3,226.27</u>
Other Trust Funds:			
Interfunds:			
Grant Fund	B-1	\$ 12,116.92	\$ -
Water-Sewer Operating Fund	D	3,102.42	-
Reserve for:			
Redemption of Tax Title Liens	B-4	23,156.53	27,455.89
Regional Contribution Agreement - Manalapan	B-5	139,899.43	138,710.11
Law Enforcement Fund	B-7	51,652.36	52,211.49
Public Defender	B-8	22,006.47	19,199.47
Unemployment	B-9	58,985.09	53,898.43
Payroll Deductions	B-10	46,171.29	66,341.37
Miscellaneous Trust Funds	B-11	493,094.14	578,848.77
Housing Trust	B-13	<u>72,221.21</u>	<u>67,218.15</u>
		<u>\$ 922,405.86</u>	<u>\$ 1,003,883.68</u>
Escrow Trust Funds:			
Escrow Fees	B-12	<u>\$ 91,336.71</u>	<u>\$ 66,808.01</u>
Reserve for Length of Service Awards Program (LOSAP)	B-14	<u>\$ 930,166.72</u>	<u>\$ 767,981.03</u>
		<u>\$ 1,945,844.28</u>	<u>\$ 1,841,898.99</u>

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

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2021	Balance Dec. 31, 2020
Cash - Treasurer	C-2	\$ 9,024.26	\$ 75,583.59
Grants Receivable	C-6	1,909,053.63	1,663,729.50
Interfunds:			
Current Fund	C-2	125,412.27	405,542.28
Water-Sewer Utility Capital Fund	C-11	339,453.97	339,453.97
Deferred Charges to Future Taxation:			
Funded	C-4	3,663,312.07	4,995,488.09
Unfunded	C-5	<u>4,317,231.31</u>	<u>3,110,524.75</u>
		<u>\$ 10,363,487.51</u>	<u>\$ 10,590,322.18</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-12	\$ 4,240,000.00	\$ 4,910,000.00
Loan Payable	C-13	77,231.31	85,488.09
Bond Anticipation Notes	C-10	1,560,000.00	1,560,000.00
Reserve for Encumbrances	C-14	368,033.61	447,597.77
Improvement Authorizations:			
Funded	C-8	1,561,572.79	841,777.31
Unfunded	C-8	1,746,283.96	1,720,952.95
Capital Improvement Fund	C-9	227,842.50	197,842.50
Reserve for Grants Receivable	C-6	358,021.97	405,602.65
Various Reserves	C-7	223,547.25	420,106.79
Fund Balance	C-1	<u>954.12</u>	<u>954.12</u>
		<u>\$ 10,363,487.51</u>	<u>\$ 10,590,322.18</u>
Bonds and Notes Authorized but Not Issued		<u>\$ 2,103,312.07</u>	<u>\$ 1,550,524.75</u>

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

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

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>2021</u>
Balance, December 31, 2020	C	\$ 954.12
AND		
Balance, December 31, 2021	C	<u>\$ 954.12</u>

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

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

WATER-SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2021	Balance Dec. 31, 2020
Operating Fund:			
Cash and Investments	D-5	\$ 244,332.64	\$ 355,467.05
Interfunds:	D-5	-	
Current Fund			50,000.00
Other Trust Fund	D-5	3,102.42	
Water-Sewer Utility Capital Fund	D-15	149,357.89	179,026.89
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-8	<u>119,337.05</u>	<u>102,710.69</u>
Total Operating Fund		<u>\$ 516,130.00</u>	<u>\$ 687,204.63</u>
Capital Fund:			
Cash	D-6	\$ 405,136.89	\$ 83,791.66
Loan Receivable		-	29,717.00
Grant Receivable	D-12	505,500.00	505,500.00
Interfund Receivable		552,712.02	498,562.36
Fixed Capital	D-13	15,336,516.65	15,336,516.65
Fixed Capital Authorized and Uncompleted	D-14	<u>11,557,000.00</u>	<u>10,182,000.00</u>
Total Capital Fund		<u>\$ 28,356,865.56</u>	<u>\$ 26,636,087.67</u>
		<u>\$ 28,872,995.56</u>	<u>\$ 27,323,292.30</u>

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

WATER-SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2021	Balance Dec. 31, 2020
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4, D-9	\$ 100,024.37	\$ 238,933.58
Reserve for Encumbrances	D-4, D-9	76,245.69	57,909.44
Overpayments	D-10	9,660.68	5,704.89
Accrued Interest on Bonds, Loans and Notes	D-11	<u>28,103.01</u>	<u>30,140.53</u>
		\$ 214,033.75	\$ 332,688.44
Reserve for Receivables		119,337.05	102,710.69
Fund Balance	D-1	<u>182,759.20</u>	<u>251,805.50</u>
Total Operating Fund		<u>\$ 516,130.00</u>	<u>\$ 687,204.63</u>
Capital Fund:			
Serial Bonds Payable	D-16	\$ 1,375,000.00	\$ 1,550,000.00
Loans Payable	D-17	3,175,486.54	3,503,639.46
Bond Anticipation Notes	D-18	1,350,000.00	1,480,000.00
Interfunds:			
Water-Sewer Operating Fund	D-15	149,357.89	179,026.89
General Capital Fund	D-6	339,453.97	339,453.97
Improvement Authorization - Funded	D-19	678,153.35	736,079.02
Improvement Authorization - Unfunded	D-19	1,657,446.25	1,249,112.08
Down Payments on Improvements		200.00	200.00
Reserve for Encumbrances	D-20	358,751.34	52,341.18
Reserve for Debt Service	D-19	4,631.21	4,631.21
Reserve for Amortization	D-21	17,014,266.11	16,613,481.19
Deferred Reserve for Amortization	D-23	526,951.00	422,600.00
Reserve for Grants	D-15	505,500.00	505,500.00
Reserve for NJI-Bank Advance		1,221,345.23	-
Capital Improvement Fund	D-24	316.95	16.95
Fund Balance	D-2	<u>5.72</u>	<u>5.72</u>
Total Capital Fund		<u>\$ 28,356,865.56</u>	<u>\$ 26,636,087.67</u>
		<u>\$ 28,872,995.56</u>	<u>\$ 27,323,292.30</u>
Bonds & Notes Authorized but Not Issued		<u>\$ 1,663,511.00</u>	<u>\$ 1,270,211.00</u>

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

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

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

Revenue and Other Income Realized	Ref.	Year 2021	Year 2020
Fund Balance Utilized	D-3	\$ 250,000.00	\$ 189,000.00
Water-Sewer Rents	D-3	2,469,383.47	2,500,203.62
Miscellaneous	D-3	259,438.28	271,111.95
Other Credits to Income:			
Prior Year Reimbursement		-	7,868.75
Unexpended Balance of Appropriation Reserves	D-11	<u>212,230.71</u>	<u>202,080.31</u>
 Total Income		 <u>\$ 3,191,052.46</u>	 <u>\$ 3,170,264.63</u>
 Expenditures			
Budget:			
Operating		\$ 2,284,865.00	\$ 2,239,560.00
Capital Appropriations		32,000.00	-
Debt Service		517,831.57	519,236.35
Deferred Charges and Statutory Expenditures		168,966.00	155,136.00
Refund of Prior Year Revenue		<u>6,436.19</u>	<u>5,991.97</u>
 Total Expenditures	D-4	 <u>\$ 3,010,098.76</u>	 <u>\$ 2,919,924.32</u>
 Excess in Revenue		 \$ 180,953.70	 \$ 250,340.31
Fund Balance, January 1	D	<u>251,805.50</u>	<u>190,465.19</u>
		\$ 432,759.20	\$ 440,805.50
Less: Utilized as Anticipated Revenue - Utility	D-3	<u>250,000.00</u>	<u>189,000.00</u>
Fund Balance, December 31	D	<u>\$ 182,759.20</u>	<u>\$ 251,805.50</u>

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

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

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

	<u>Ref.</u>		
Balance, December 31, 2020	D	\$	5.72
Balance, December 31, 2021	D	<u>\$</u>	<u>5.72</u>

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

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

WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 250,000.00	\$ 250,000.00	\$ -
Water-Sewer Rents	D-1,3	2,498,000.00	2,469,383.47	(28,616.53)
Miscellaneous	D-1,3	265,000.00	259,438.28	(5,561.72)
Anticipated Deficit	D-1,3	32,828.00	-	(32,828.00)
		<u>\$ 3,045,828.00</u>	<u>\$ 2,978,821.75</u>	<u>\$ (67,006.25)</u>

Analysis of Realized Revenues

	<u>Ref.</u>	
Water-Sewer Rents:		
2021 Collections	D-8	\$ 2,464,356.77
Water-Sewer Overpayments - Applied	D-8	<u>5,026.70</u>
	D-3	<u>\$ 2,469,383.47</u>

Analysis of Miscellaneous Revenues

Gray Water Fees		\$ 223,992.45
Gray Water Fees - Overpayments Applied		678.19
Interest on Investments		7,795.87
Water Connection Fees		2,177.00
Fire Service		18,356.54
Manual Meter Reading		1,679.67
Sale of Meters		125.00
Refund of Prior Year Expenditure		3,513.37
Miscellaneous Revenue		<u>1,120.19</u>
	D-3	<u>\$ 259,438.28</u>
Cash Receipts	D-5	\$ 258,760.09
Overpayments Applied	D-8	<u>678.19</u>
	D-3	<u>\$ 259,438.28</u>

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

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

WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 946,810.00	\$ 946,810.00	\$ 906,877.25	\$ -	\$ 39,932.75	\$ -
Other Expenses	1,373,055.00	1,373,055.00	1,208,723.83	76,245.69	53,085.48	35,000.00
Capital Improvements:						
Capital Improvement Fund	32,000.00	32,000.00	32,000.00	-	-	-
Debt Service:						
Payment of Bond Principal	175,000.00	175,000.00	175,000.00	-	-	-
Interest on Bonds	50,564.00	50,564.00	50,563.05	-	-	0.95
Interest on Bond Anticipation Notes	19,629.00	19,629.00	17,471.67	-	-	2,157.33
Water and Waste Water Supply Loan	279,804.00	279,804.00	274,796.85	-	-	5,007.15
Statutory Expenditures:						
Public Employees' Retirement System	92,966.00	92,966.00	92,966.00	-	-	-
Social Security System (O.A.S.I.)	74,000.00	74,000.00	68,993.86	-	5,006.14	-
Unemployment Insurance	2,000.00	2,000.00	-	-	2,000.00	-
	<u>\$ 3,045,828.00</u>	<u>\$ 3,045,828.00</u>	<u>\$ 2,827,392.51</u>	<u>\$ 76,245.69</u>	<u>\$ 100,024.37</u>	<u>\$ 42,165.43</u>
	Ref	D-1		D	D	D-1
Disbursements	D-5		2,734,062.82			
Accrued Interest on Bond,Loans and No	D-14		93,329.69			
			<u>\$ 2,827,392.51</u>			

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

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

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

	<u>2021</u>	<u>2020</u>
General Fixed Assets:		
Land	\$ 90,835.99	\$ 90,835.99
Buildings and Improvements	1,175,452.55	1,175,452.55
Equipment	1,885,459.82	1,885,459.82
Motor Vehicles and Equipment	<u>3,997,143.51</u>	<u>3,997,143.51</u>
	<u>\$ 7,148,891.87</u>	<u>\$ 7,148,891.87</u>
Investment in General Fixed Assets	<u>\$ 7,148,891.87</u>	<u>\$ 7,148,891.87</u>

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

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Hightstown is located in the eastern portion of Mercer County, New Jersey, 16 miles west of Trenton and approximately 51 miles south of New York City and 48 miles North of Philadelphia. The population, according to the 2020 census, is 5,900.

The Borough of Hightstown operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

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 a separate audit and accounting.

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 2020.

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.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Descriptions of Funds (Continued)

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

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

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.

Capital (General Fixed) Assets Account Group - used to account for fixed capital assets used in general government operations.

C. Basis of Accounting

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

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

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

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

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

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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, 2020 is set forth in Note 4.

Deferred Charges to Future Taxation Funded and Unfunded

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

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2020 is set forth in Note 4.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

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.

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

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

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

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

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

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

Volunteer Length of Service Award Plan (LOSAP) - The Borough has established a volunteer Length of Service Award Plan ("LOSAP")("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of service award plan under section 457(e)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

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

E. Financial Statements

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

F. Budgets and Budgetary Accounting

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

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Subsequent Event

Management has reviewed and evaluated all events and transactions from December 31, 2021 through March 15, 2024, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure, with the exception of the Coronavirus Pandemic. Refer to Note 15 Subsequent Event.

H. Other Accounting Standards

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

- *GASB Statement 91. Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statement.

- *GASB Statement 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Implementation has been postponed to June 15, 2021. The Borough does not expect this Statement to impact its financial statement.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Other Accounting Standards (Continued)

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statement.

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021. The Borough does not expect this Statement to impact its financial statement.

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Station.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Other Accounting Standards (Continued)

- *GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

- *GASB Statement 99. Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:
 - Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
 - Clarification of provisions in Statement No. 87, *Leases*.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Other Accounting Standards (Continued)

- *GASB Statement 99. (Continued)*
 - Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
 - Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*
 - *Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for..*
 - Accounting for the distribution benefits (SNAP)
 - Disclosures related to nonmonetary transactions.
 - Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.
 - Terminology used in Statement 53 to refer to resource flows statements.

Effective Date: The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
 - The requirements related to leases, PPPSs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.
 - The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter.
 - The Borough does not expect this Statement to impact its financial statements.
- *GASB Statement 100. Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Other Accounting Standards (Continued)

- *GASB Statement 100. (Continued)*

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

Effective Date: The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement 101. Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

The Borough does not expect this Statement to impact its financial statements.

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.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

At year-end the carrying amount of the Borough's deposits was \$5,625,634 and the book balance amount was \$5,332,980. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$5,375,634.

B. Investments

1. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:
 - (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
 - (b) Government money market mutual funds.
 - (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
 - (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
 - (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.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

2. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
3. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

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

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

Category 1	Deposits covered by federal depository insurance, or by collateral held by the Borough or its agent, in the Borough's name.	\$ 5,625,634
Category 2	Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Borough's name.	None
Category 3	Deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the Borough's name.	None

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 3. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 4. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, there were no deferred charges to be raised.

NOTE 5. CAPITAL (GENERAL FIXED) ASSETS

During 2021 the following changes occurred in the fixed assets of the Borough:

	Balance <u>Dec. 31, 2020</u>	<u>Additions</u>	Balance <u>Dec. 31, 2021</u>
General Fixed Assets:			
Land	\$ 90,835.99	\$ -	\$ 90,835.99
Buildings and Improvements	1,175,452.55	-	1,175,452.55
Equipment	1,885,459.82	-	1,885,459.82
Motor Vehicles and Equipment	<u>3,997,143.61</u>	<u>-</u>	<u>3,997,143.61</u>
	<u>\$ 7,148,891.97</u>	<u>\$ -</u>	<u>\$ 7,148,891.97</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

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

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

	Balance, December 31	
	2021	2020
Prepaid Taxes	\$ 165,663.95	\$ 169,666.47

NOTE 7. DEBT

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

A. Long-Term Debt

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

General Capital Fund

\$4,960,000 Obligation Bonds, Series 2018. Remaining annual maturities of \$400,000 to \$480,000 at interest rates ranging from 2.50% to 5.00% through April 1, 2030.

\$ 4,480,000	*
\$ 4,480,000	

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund

Water-Sewer Utility Capital Fund - Serial Bonds:

\$1,040,000 Water-Sewer System Refunding Bonds, Series 2018. Annual maturities of \$95,000 to \$105,000 at an interest rate of 3.342% commencing April 1, 2019 to April 1, 2028.	\$	665,000	**
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\$875,000 Water-Sewer System Bonds, Series 2018. Annual maturities of \$70,000 to \$75,000 commencing April 1, 2030 at interest rates ranging from 2.50% to 5.00%.		710,000	*
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		710,000	
	\$	1,375,000	

Redemption

* The 2018 Series Bonds maturing prior to April 1, 2026 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after April 1, 2026 are redeemable at the option of the Borough, in whole or in part, on any date on or after April 1, 2025 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

** The General Obligation Refunding Bonds 2018 are not subject to early redemption.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

The General Capital Fund Bonds and Loans and Water-Sewer Utility Capital Fund Bonds mature serially in installments to the year 2030. Aggregate annual bonded indebtedness debt service requirements are as follows:

BONDS:

General Capital

<u>Year</u>	<u>General Improvement Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
		2018	
2022	\$ 480,000	\$ 151,200	\$ 631,200
2023	480,000	127,200	607,200
2024	480,000	103,200	583,200
2025	480,000	79,200	559,200
2026	<u>480,000</u>	<u>61,200</u>	<u>541,200</u>
	<u>2,400,000</u>	<u>522,000</u>	<u>2,922,000</u>
2027	480,000	48,000	528,000
2028	480,000	33,600	513,600
2029	480,000	19,200	499,200
2030	<u>400,000</u>	<u>6,000</u>	<u>406,000</u>
	<u>1,840,000</u>	<u>106,800</u>	<u>1,946,800</u>
	<u>\$ 4,240,000</u>	<u>\$ 628,800</u>	<u>\$ 4,868,800</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

BONDS: (Continued)

Water-Sewer Utility

Year	General Improvement Bonds					
	2018-R			2018		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 105,000	\$ 21,974	\$ 126,974	\$ 70,000	\$ 23,625	\$ 93,625
2023	105,000	18,465	123,465	70,000	20,125	90,125
2024	105,000	14,955	119,955	75,000	16,500	91,500
2025	100,000	11,530	111,530	75,000	12,750	87,750
2026	100,000	8,188	108,188	75,000	9,938	84,938
	515,000	75,111	590,111	365,000	82,938	447,938
2027	100,000	4,846	104,846	75,000	7,875	82,875
2028	95,000	1,587	96,587	75,000	5,625	80,625
2029	-	-	-	75,000	3,375	78,375
2030	-	-	-	75,000	1,125	76,125
	195,000	6,433	201,433	300,000	18,000	318,000
	\$ 710,000	\$ 81,545	\$ 791,545	\$ 665,000	\$ 100,938	\$ 765,938

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

BONDS: (Continued)

Water-Sewer Utility (Continued)

<u>Year</u>	General Improvement Bonds		
	Grand Total		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 175,000	\$ 45,599	\$ 220,599
2023	175,000	38,590	213,590
2024	180,000	31,455	211,455
2025	175,000	24,280	199,280
2026	175,000	18,125	193,125
-	880,000	158,049	1,038,049
2027	175,000	12,721	187,721
2028	170,000	7,213	177,213
2029	75,000	3,375	78,375
2030	75,000	1,125	76,125
-	495,000	24,434	519,434
	\$ 1,375,000	\$ 182,483	\$ 1,557,483

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

LOAN:

NJDEP Green Acres Loan

The loan from the NJ Department of Environmental Protection was for \$156,250 commencing June 10, 2011 through June 10, 2030 at interest rate of 2.0%; principal and interest payment at \$9,926 per year.

Peddie Lake Dam Restoration Loan

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,422.74	\$ 1,502.72	\$ 9,925.46
2023	8,592.04	1,333.43	9,925.47
2024	8,764.74	1,160.73	9,925.47
2025	8,940.92	984.56	9,925.48
2026	9,120.63	804.84	9,925.47
	<u>43,841.07</u>	<u>5,786.28</u>	<u>49,627.35</u>
2027	9,303.95	621.51	9,925.46
2028	9,490.96	434.50	9,925.46
2029	9,681.73	243.74	9,925.47
2030	4,913.60	49.14	4,962.74
	<u>33,390.24</u>	<u>1,348.89</u>	<u>34,739.13</u>
Total	\$ <u>77,231.31</u>	\$ <u>7,135.17</u>	\$ <u>84,366.48</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

Summary of General Capital Debt

<u>Year</u>	<u>Bonded Indebtedness</u>	<u>NJDEP Loan</u>	<u>Total</u>
2022	\$ 631,200.00	\$ 9,925.46	\$ 641,125.46
2023	607,200.00	9,925.47	617,125.47
2024	583,200.00	9,925.47	593,125.47
2025	559,200.00	9,925.48	569,125.48
2026	541,200.00	9,925.47	551,125.47
	<u>2,922,000.00</u>	<u>49,627.35</u>	<u>2,971,627.35</u>
2027	528,000.00	9,925.46	537,925.46
2028	513,600.00	9,925.46	523,525.46
2029	499,200.00	9,925.47	509,125.47
2030	406,000.00	4,962.74	410,962.74
	<u>1,946,800.00</u>	<u>34,739.13</u>	<u>1,981,539.13</u>
	<u>\$ 4,868,800.00</u>	<u>\$ 84,366.48</u>	<u>\$ 4,953,166.48</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

NJI-Bank

In May of 2010 the Borough has a no interest federal (fund) loan in the amount of \$1,451,250 and a state (trust) loan for \$495,000 at interest rates from 3.00% to 5.00%. The Borough must repay the loan in semi-annual installments over twenty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>	<u>State (Trust)</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 77,745.52	\$ 29,000.00	\$ 9,840.00
2023	77,745.52	29,000.00	8,680.00
2024	77,745.52	28,000.00	7,520.00
2025	77,745.52	28,000.00	6,400.00
2026	77,745.52	33,000.00	5,280.00
	<u>388,727.60</u>	<u>147,000.00</u>	<u>37,720.00</u>
2027	77,745.52	33,000.00	3,960.00
2028	77,745.52	33,000.00	2,640.00
2029	77,745.81	33,000.00	1,320.00
	<u>233,236.85</u>	<u>99,000.00</u>	<u>7,920.00</u>
Total	<u>\$ 621,964.45</u>	<u>\$ 246,000.00</u>	<u>\$ 45,640.00</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

NJI-Bank (Continued)

In May 2012, the Borough received loans from the State of New Jersey to fund Water Treatment Facility Improvements. The Borough has a no interest federal (fund) loan in the amount of \$685,482 and a state (trust) loan for \$238,918 at interest rates from 1.68% to 3.14%. The Borough must repay the loan in semi-annual installments over twenty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>	<u>State (Trust)</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 36,078.00	\$ 12,186.00	\$ 3,497.00
2023	36,078.00	12,410.00	3,272.76
2024	36,078.00	12,657.00	3,025.80
2025	36,078.00	12,924.00	2,758.72
2026	36,078.00	13,213.00	2,470.50
	<u>180,390.00</u>	<u>63,390.00</u>	<u>15,024.78</u>
2027	36,078.00	13,521.00	2,162.62
2028	36,078.00	13,907.00	1,775.90
2029	36,078.00	14,317.00	1,365.64
2030	36,078.00	14,751.00	931.82
2031	36,078.00	15,206.00	477.48
	<u>180,390.00</u>	<u>71,702.00</u>	<u>6,713.46</u>
Total	<u>\$ 360,780.00</u>	<u>\$ 135,092.00</u>	<u>\$ 21,738.24</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

NJI-Bank (Continued)

In May 2012, the Borough received loans from the State of New Jersey to fund Advanced Waste Water Treatment Plant Improvements. The Borough has a no interest federal (fund) loan in the amount of \$813,055 and a state (trust) loan for \$283,382 at interest rates from 1.68% to 3.14%. The Borough must repay the loan in semi-annual installments over twenty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>		<u>State (Trust)</u>			
		<u>Principal</u>	<u>Principal</u>	<u>Interest</u>		
2022	\$	42,792.36	\$	14,454.00	\$	4,147.76
2023		42,792.36		14,720.00		3,881.80
2024		42,792.36		15,013.00		3,588.86
2025		42,792.36		15,330.00		3,272.08
2026		42,792.36		15,672.00		2,930.22
		<u>213,961.80</u>		<u>75,189.00</u>		<u>17,820.72</u>
2027		42,792.36		16,037.00		2,565.06
2028		42,792.36		16,495.00		2,106.40
2029		42,792.36		16,982.00		1,619.78
2030		42,792.36		17,497.00		1,105.22
2031		42,792.52		18,035.00		566.30
		<u>213,961.96</u>		<u>85,046.00</u>		<u>7,962.76</u>
Total	\$	<u>427,923.76</u>	\$	<u>160,235.00</u>	\$	<u>25,783.48</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

NJI-Bank (Continued)

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

<u>Year</u>	<u>Federal (Fund)</u>	<u>State (Trust)</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,192.52	\$ 5,000.00	\$ 2,206.26
2023	5,192.52	5,000.00	1,956.26
2024	5,192.52	5,000.00	1,706.26
2025	5,192.52	5,000.00	1,456.26
2026	5,192.52	5,000.00	1,206.26
	<u>25,962.60</u>	<u>25,000.00</u>	<u>8,531.30</u>
2027	5,192.52	5,000.00	1,056.26
2028	5,192.52	5,000.00	906.26
2029	5,192.52	5,000.00	756.26
2030	5,192.52	5,000.00	606.26
2031	5,192.52	5,000.00	456.26
	<u>25,962.60</u>	<u>25,000.00</u>	<u>3,781.30</u>
2032	5,192.52	5,000.00	306.26
2033	1,012.52	5,000.00	156.26
	<u>6,205.04</u>	<u>10,000.00</u>	<u>462.52</u>
Total	<u>\$ 58,130.24</u>	<u>\$ 60,000.00</u>	<u>\$ 12,775.12</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

NJI-Bank (Continued)

In May 2018, the Borough received loans from the State of New Jersey to fund Water-Sewer Plant Improvements. The Borough has a no interest federal (fund) loan in the amount of \$963,975 and a state (trust) loan for \$330,000 at interest rates from 3.73% to 3.75%. The Borough must repay the loan in semi-annual installments over thirty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>Federal (Fund)</u>	<u>State (Trust)</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 32,493.52	\$ 5,000.00	\$ 11,456.24
2023	32,493.52	10,000.00	11,206.24
2024	32,493.52	10,000.00	10,706.24
2025	32,493.52	10,000.00	10,206.24
2026	32,493.52	10,000.00	9,706.24
	<u>162,467.60</u>	<u>45,000.00</u>	<u>53,281.20</u>
2027	32,493.52	10,000.00	9,206.24
2028	32,493.52	10,000.00	8,706.24
2029	32,493.52	10,000.00	8,406.24
2030	32,493.52	10,000.00	8,106.24
2031	32,493.52	10,000.00	7,806.24
	<u>162,467.60</u>	<u>50,000.00</u>	<u>42,231.20</u>
2032	32,493.52	10,000.00	7,506.24
2033	32,493.52	10,000.00	7,193.74
2034	32,493.52	10,000.00	6,881.24
2035	32,493.52	10,000.00	6,556.24
2036	32,493.52	10,000.00	6,231.24
	<u>162,467.60</u>	<u>50,000.00</u>	<u>34,368.70</u>
2037	32,493.52	15,000.00	5,893.74
2038	32,493.52	15,000.00	5,387.50
2039	32,493.52	15,000.00	4,881.24
2040	32,493.52	15,000.00	4,375.00
2041	32,493.52	15,000.00	3,850.00
	<u>162,467.60</u>	<u>75,000.00</u>	<u>24,387.48</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

NJI-Bank (Continued)

<u>Year</u>	<u>Federal (Fund)</u>	<u>State (Trust)</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2042	\$ 32,493.52	\$ 15,000.00	\$ 3,325.00
2043	32,493.52	15,000.00	2,800.00
2044	32,493.52	15,000.00	2,275.00
2045	32,493.52	15,000.00	1,750.00
2046	10,516.61	15,000.00	1,225.00
	<u>140,490.69</u>	<u>75,000.00</u>	<u>11,375.00</u>
2047	<u>-</u>	<u>20,000.00</u>	<u>700.00</u>
Total	<u>\$ 790,361.09</u>	<u>\$ 315,000.00</u>	<u>\$ 166,343.58</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

Summary of the total for all NJI-Bank loans is as follows:

Year	Federal (Fund)	State (Trust)		Total
	Principal	Principal	Interest	
2022	\$ 194,301.92	\$ 65,640.00	\$ 31,147.26	\$ 291,089.18
2023	194,301.92	71,130.00	28,997.06	294,428.98
2024	194,301.92	70,670.00	26,547.16	291,519.08
2025	194,301.92	71,254.00	24,093.30	289,649.22
2026	194,301.92	76,885.00	21,593.22	292,780.14
	<u>971,509.60</u>	<u>355,579.00</u>	<u>132,378.00</u>	<u>1,459,466.60</u>
2027	194,301.92	77,558.00	18,950.18	290,810.10
2028	194,301.92	78,402.00	16,134.80	288,838.72
2029	194,302.21	79,299.00	13,467.92	287,069.13
2030	116,556.40	47,248.00	10,749.54	174,553.94
2031	116,556.56	48,241.00	9,306.28	174,103.84
	<u>816,019.01</u>	<u>330,748.00</u>	<u>68,608.72</u>	<u>1,215,375.73</u>
2032	37,686.04	15,000.00	7,812.50	60,498.54
2033	33,506.04	15,000.00	7,350.00	55,856.04
2034	32,493.52	10,000.00	6,881.24	49,374.76
2035	32,493.52	10,000.00	6,556.24	49,049.76
2036	32,493.52	10,000.00	6,231.24	48,724.76
	<u>168,672.64</u>	<u>60,000.00</u>	<u>34,831.22</u>	<u>263,503.86</u>
2037	32,493.52	15,000.00	5,893.74	53,387.26
2038	32,493.52	15,000.00	5,387.50	52,881.02
2039	32,493.52	15,000.00	4,881.24	52,374.76
2040	32,493.52	15,000.00	4,375.00	51,868.52
2041	32,493.52	15,000.00	3,850.00	51,343.52
	<u>162,467.60</u>	<u>75,000.00</u>	<u>24,387.48</u>	<u>261,855.08</u>
2042	\$ 32,493.52	\$ 15,000.00	\$ 3,325.00	\$ 50,818.52
2043	32,493.52	15,000.00	2,800.00	50,293.52
2044	32,493.52	15,000.00	2,275.00	49,768.52
2045	32,493.52	15,000.00	1,750.00	49,243.52
2046	10,516.61	15,000.00	1,225.00	26,741.61
	<u>140,490.69</u>	<u>75,000.00</u>	<u>11,375.00</u>	<u>226,865.69</u>
2047	-	20,000.00	700.00	20,700.00
	<u>-</u>	<u>20,000.00</u>	<u>700.00</u>	<u>20,700.00</u>
Total	<u>\$2,259,159.54</u>	<u>\$ 916,327.00</u>	<u>\$ 272,280.42</u>	<u>\$ 3,447,766.96</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

Summary of Water-Sewer Utility Capital Debt is as follows:

<u>Year</u>	<u>Total for</u>		
	<u>Bond Indebtedness</u>	<u>NJI-Bank</u>	<u>Total</u>
2022	\$ 220,599.00	\$ 291,089.18	\$ 511,688.18
2023	213,590.00	294,428.98	508,018.98
2024	211,455.00	291,519.08	502,974.08
2025	199,280.00	289,649.22	488,929.22
2026	193,125.00	292,780.14	485,905.14
	<u>1,038,049.00</u>	<u>1,459,466.60</u>	<u>2,497,515.60</u>
2027	187,721.00	290,810.10	478,531.10
2028	177,213.00	288,838.72	466,051.72
2029	78,375.00	287,069.13	365,444.13
2030	76,125.00	174,553.94	250,678.94
2031	-	174,103.84	174,103.84
	<u>519,434.00</u>	<u>1,215,375.73</u>	<u>1,734,809.73</u>
2032	-	60,498.54	60,498.54
2033	-	55,856.04	55,856.04
2034	-	49,374.76	49,374.76
2035	-	49,049.76	49,049.76
2036	-	48,724.76	48,724.76
	<u>-</u>	<u>263,503.86</u>	<u>263,503.86</u>
2037	-	53,387.26	53,387.26
2038	-	52,881.02	52,881.02
2039	-	52,374.76	52,374.76
2040	-	51,868.52	51,868.52
2041	-	51,343.52	51,343.52
	<u>-</u>	<u>261,855.08</u>	<u>261,855.08</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

A. Long-Term Debt (Continued)

Summary of Water-Sewer Utility Capital Debt is as follows: (Continued)

<u>Year</u>	<u>Total for</u>		<u>Total</u>
	<u>Bond</u>	<u>NJI-Bank</u>	
	<u>Indebtedness</u>		
2042		\$ 50,818.52	\$ 50,818.52
2043		50,293.52	50,293.52
2044		49,768.52	49,768.52
2045		49,243.52	49,243.52
2046		26,741.61	26,741.61
	-	<u>226,865.69</u>	<u>226,865.69</u>
2047		<u>20,700.00</u>	<u>20,700.00</u>
Total	<u>\$ 1,557,483.00</u>	<u>\$ 3,447,766.96</u>	<u>\$ 5,005,249.96</u>

B. Short-Term Debt

Bond Anticipation Notes

At December 31, 2021, the Borough's outstanding Bond Anticipation Notes (BAN) are as follows:

<u>Capital Fund</u>	<u>Interest</u>	<u>Original</u>	<u>Amount</u>	<u>Payment</u>		
	<u>Rate</u>	<u>Issue</u>		<u>Required</u>		
		<u>Date</u>		<u>First</u>	<u>Final</u>	
General	0.25 %	0.75%	12/30/2020	\$ <u>1,560,000.00</u>	2023	2031
Water-Sewer	0.25 %	1.00%	4/1/2020	1,020,000.00	2023	2030
Water-Sewer	0.25	0.75%	12/30/2020	<u>330,000.00</u>	2023	2031
				<u>\$ 1,350,000.00</u>		
				<u>\$ 2,910,000.00</u>		

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

B. Short-Term Debt (Continued)

Subsequent Events

General Capital BAN's:

On September 29, 2022 the Borough issued \$2,663,000 of BAN's consisting of new money of \$963,000 and a rollover of \$1,700,000, which was net of a budgeted down-payment of \$76,750. The BAN matures on September 28, 2023 and is at an interest rate of 3.19%.

On September 27, 2023 the Borough issued \$3,671,000 of BAN's consisting of new money of \$1,084,750 which was net of a budgeted down-payment of \$76,750. The BAN matures on June 27, 2024 and is at an interest rate of 4.25%.

Water-Sewer BAN's:

On September 29, 2022 the Borough issued \$1,435,000 of BAN's consisting of new money of \$85,000 and a rollover of \$1,350,000. The BAN matures on September 28, 2023 and is at an interest rate of 3.19%.

On September 27, 2023 the Borough issued \$1,169,000 of BAN's consisting of new money of \$140,324 which was net of a budgeted down-payment of \$6,324. The BAN matures on June 27, 2024 and is at an interest rate of 4.25%.

C. Bonds and Notes Authorized but not Issued

At December 31, 2021, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 2,103,312.07
Water-Sewer Utility Capital Fund	\$ 1,663,511.00

Subsequent Event

During 2022 the Borough adopted bond ordinances for various municipal projects. The total of \$3,672,100 is funded by grants of \$500,000, capital improvements funds of \$46,850 and bonds and notes anticipated of \$3,125,250.

During 2023 the Borough adopted bond ordinance for various municipal projects. The total \$2,527,500 is funded by capital improvements funds of \$13,900, and bonds and notes anticipated of \$2,513,600.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

C. Bonds and Notes Authorized but not Issued (Continued)

Subsequent Event (Continued)

At December 31, 2022 Bonds and Notes Authorized but Not Issued (*unaudited*) were:

General Capital Fund	\$ 2,623,672.75
Water-Sewer Utility Capital Fund	\$ 3,128,011.00

At December 31, 2023 Bonds and Notes Authorized but Not Issued (*unaudited*) were:

General Capital Fund	\$ 2,180,252.75
Water-Sewer Utility Capital Fund	\$ 5,122,266.00

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 percentage at December 31, 2021 was 1.79%. The Borough's remaining borrowing power is 1.71%.

Subsequent Event

The Borough's Statutory Net Debt percentage (*unaudited*) at December 31, 2022 was 1.845% resulting in a remaining borrowing power of 1.655%.

The Borough's statutory net debt percentage (*unaudited*) at December 31, 2023 was 1.718% resulting in a remaining borrowing power of 1.782%.

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.

Calculation of "Self-Liquidating Purpose", Water-Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents and Other Charges for the Year		\$ 2,981,214.93
Deductions:		
Operating and Maintenance Costs	\$ 2,453,831.00	
Debt Service	<u>517,831.57</u>	
		<u>2,971,662.57</u>
Excess in Revenue		<u>\$ 9,552.36</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 7. DEBT (Continued)

D. Borrowing Power (Continued)

Calculation of "Self-Liquidating Purpose", Water-Sewer Utility Per N.J.S. 40A:2-45 (Continued)

There being an excess in revenue for the Water-Sewer Utility, the fund was self-liquidating and therefore, all the related debt as of December 31, 2021 is deductible for purposes of the annual debt statement and resultant net debt calculation.

Subsequent Event – In addition for the year ended December 31, 2022 and 2023 the Water-Sewer Utility Fund was also self-liquidating. (*Unaudited*)

Borrowing Power Under N.J.S.A. 40A:2-6

3½% of Equalized Valuation Basis (Municipal)	\$ 16,382,791.93
Net Debt	7,980,543.38
Remaining Borrowing Power	\$ 8,402,248.55

E. Summary of Debt Activity

During 2021 the following changes occurred in the debt of the Borough:

	Balance <u>Dec. 31, 2020</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>Dec. 31, 2021</u>
General Capital Fund:				
Serial Bonds	\$ 4,910,000.00	\$ -	\$ 670,000.00	\$ 4,240,000.00
Peddie Lake Dam Restoration Loan	85,488.09		8,256.78	77,231.31
Bond Anticipation Notes	1,560,000.00		-	1,560,000.00
	6,555,488.09	-	678,256.78	5,877,231.31
Water-Sewer Utility Capital Fund:				
Serial Bonds	1,550,000.00		175,000.00	1,375,000.00
Bond Anticipation Notes	1,480,000.00	1,020,000.00	1,150,000.00	1,350,000.00
Loans Payable	3,503,839.76		328,152.92	3,175,686.84
	6,533,839.76	1,020,000.00	1,653,152.92	5,900,686.84
	\$13,089,327.85	\$ 1,020,000.00	\$2,331,409.70	\$ 11,777,918.15

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS

Description of Systems

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

Public Employees' Retirement System

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

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

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

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

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Police and Firemen's Retirement System

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

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

The following represents the membership tiers for PFRS:

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

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

Contributions Required to be Made

The contribution policy for PERS is set by N.J.S.A. 43:15A and for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Employee contributions for 2021 were seven and 50/100th percent (7.50%) for PERS and 10% for PFRS of the employee's base wages.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Contributions Required to be Made (Continued)

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

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

	PERS		
	2021	2020	2019
Covered Payroll	\$ 1,666,083	\$ 1,603,412	\$ 1,656,554
Actuarial Contribution Requirements	253,869	218,424	228,646
Total Contributions Employer Share	253,869	218,424	228,646
Percent of Covered Employee - Payroll	15.24 %	13.62 %	13.80 %
Employee's Share	125,015	120,256	124,242
Percent of Covered Payroll	7.50 %	7.50 %	7.50 %

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

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Pension Deferral (PERS) – Chapter 19 P.L. 2009

In May of 2009 the Borough received approval from the State of New Jersey Local Finance Board to defer a portion of its 2009 pension liability for PERS in the amount of \$73,533. The repayment would be made over a fifteen (15) year period with interest beginning in 2013 and ending in 2027 and the amount paid in 2021 was \$11,746. The amount due on April 1, 2022 is \$11,979 and on April 1, 2023 is \$11,526.

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2022 would be needed in the amount of \$252,891 since the obligation relates to the period December 31, 2021 and prior. The accrual (under GAAP) would affect the fund balance at yearend. The amount due on April 1, 2023 is \$309,042.

PFRS

	PFRS		
	2021	2020	2019
Covered Payroll	\$ 1,320,672	\$ 1,185,284	\$ 1,134,792
Actuarial Contribution Requirements	378,359	367,527	316,401
Total Contributions Employer Share	378,359	367,527	316,401
Percent of Covered Employee - Payroll	28.65 %	31.01 %	27.88 %
Employee's Share	132,067	118,528	113,479
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

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

Pension Deferral (PFRS) – Chapter 19 P.L. 2009

In May of 2009 the Borough received approval from the State of New Jersey Local Finance Board to defer a portion of its 2009 pension liability for PFRS in the amount of \$128,160. The repayment would be made over a fifteen (15) year period with interest beginning 2013 and ending 2027 and the amount paid in 2021 was \$19,988. The amount due on April 1, 2022 is \$20,261 and on April 1, 2023 is \$19,496.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2022 would be needed in the amount of \$389,061 since the obligation relates to the period December 31, 2021 and prior. The accrual (under GAAP) would affect the fund balance at yearend. The amount due on April 1, 2023 is \$479,314.

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2021 and June 30, 2020 Independent Auditor's Report dated July 21, 2022 and June 4, 2021 respectively.

The Borough's reported liability of \$2,558,135 and \$3,784,397 for its proportionate share of the net pension liability at December 31, 2021 and December 31, 2020 respectively. The net pension liability was measured as of [*measurement date*] June 30, 2021 and June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2020 and July 1, 2019 which were rolled forward. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (<i>Measurement Date</i>)	
	2021	2020
Local Group Share	\$ 11,972,782,878	\$ 16,435,616,426
Borough Proportionate Percentage	0.0215940139 %	0.0232066458 %
Difference - Increase	(0.0016126319) %	

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2021, the Borough's recognizable pension benefit of \$689,469. At December 31, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 13,323	\$ 910,713
Net difference between expected and actual experience	40,345	18,313
Net difference between projected and actual investment earnings on pension plan investment		673,880
Changes in proportion	104,208	334,580
Borough contributions subsequent to yearend	<u>252,891</u>	
Total	<u>\$ 410,767</u>	<u>\$ 1,937,486</u>

The \$252,891 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2021, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ (597,242)
2023	(426,429)
2024	(290,752)
2025	(218,559)
2026	85

Additional Information:

Collective (local employers) balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$ 1,164,738,169	\$ 2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective net pension liability	11,972,782,878	16,435,616,426
Collective pension expense/(benefit)	(1,599,674,464)	407,705,399
Borough's proportion (of Local Group)	0.0215940139 %	0.0232066458 %

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00 Percent (based on years of service)
Thereafter	3.00 – 7.00 Percent (based on years of service)
Investment Rate of Return	7.00 Percent

Mortality Rates:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return:

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.09 %
Non-U.S. Developed Market Equity	13.50	8.71
Emerging Market Equity	5.50	10.96
Private Equity	13.00	11.30
Real Estate	8.00	9.15
Real Assets	3.00	7.40
High Yield	2.00	3.75
Private Credit	8.00	7.60
Investment Grade Credit	8.00	1.68
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	0.95
Risk Mitigation Strategies	<u>3.00</u>	3.35
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

Public Employees Retirement System (PERS) (Continued)

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, 2021 and June 30, 2020 (*measurement dates*), calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

		December 31, 2021		
		<i>[Measurement Date June 30, 2021]</i>		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$	3,483,661	\$	2,558,135
			\$	1,772,695

		December 31, 2020		
		<i>[Measurement Date June 30, 2020]</i>		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$	4,763,934	\$	3,784,397
			\$	2,952,652

Pension Plan Fiduciary Net Position:

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

Police and Firemen's Retirement System (PFRS):

The information for PFRS was abstracted from State of New Jersey Police and Firemen's Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2021 and June 30, 2020 Independent Auditor's Report dated August 26, 2022 and June 4, 2021, respectively.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

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

The Borough reported liability net of the Special Funding situation, is \$2,439,977 and \$4,381,924 for its proportionate share of the net pension liability at December 31, 2021 and December 31, 2020, respectively. The net pension liability was measured as of June 30, 2021 and June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2020 and July 1, 2019 which were rolled forward. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (Measurement Date)	
	2021	2020
Local Group Share	\$ 9,364,849,587	\$ 14,926,648,722
Borough Proportionate Percentage	0.0333824893 %	0.0339123598 %
Difference - Decrease	(0.0005298705) %	

For the year ended December 31, 2021, the Borough's recognizable pension benefit was \$625,465. At December 31, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 12,983	\$ 731,250
Net difference between expected and actual experience	27,837	292,284
Net difference between projected and actual investment earnings on pension plan investment		1,039,754
Changes in proportion	492,740	328,952
Borough contributions subsequent to yearend	389,061	
Total	\$ 922,621	\$ 2,392,240

The \$389,061 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2021, the *plan measurement date* is June 30, 2021) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2021.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

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

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ (505,342)
2023	(379,331)
2024	(325,493)
2025	(320,976)
2026	(40,487)
Thereafter	(6,883)

Additional Information:

Collective (local employers) balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$ 817,271,932	\$ 1,601,195,680
Collective deferred inflows of resources	6,875,738,520	4,191,274,402
Collective pension expense/(benefit)	(742,955,825)	949,220,570
Collective net pension liability		
Local Group	9,364,849,587	14,926,648,722
Less: Special Funding Situation (1)	<u>2,055,697,552</u>	<u>2,005,329,818</u>
	<u>\$ 7,309,152,035</u>	<u>\$ 12,921,318,904</u>
Borough's proportion (of Local Group)	0.0333824893 %	0.0339123598 %

(1) Special Funding Situation – A special funding situation exists for the local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers 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. The State special funding situation net pension liability amount of \$2,055,697,587 and \$2,005,329,818 as of June 30, 2021 and June 30, 2020, respectively, are the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. Since the local employers do not contribute under this legislation directly to the plan (except for employer required contribution amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local employers related to this legislation.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

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

However, the notes to the financial statements of the local employers must disclose the portion of the nonemployer contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer.

	State Proportionate Share Net Pension Liability <u>Attributed to Borough</u>	State Pension <u>Expense Proportion</u>
June 30, 2021	\$ 686,243.00	\$ 76,427.00
June 30, 2020	680,055.00	77,071.00
June 30, 2019	703,901.00	81,693.00

Actuarial Assumptions:

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

Inflation:	
Police	2.75 Percent
Wages	3.00 Percent
Salaries Increase:	
Through all Future Years	3.25 – 15.25% (based on years of services)
Investment Rate of Return	7.00 Percent

Mortality Rates:

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub=2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

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

Long-Term Rate of Return:

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.09 %
Non-U.S. Developed Market Equity	13.50	8.71
Emerging Market Equity	5.50	10.96
Private Equity	13.00	11.30
Real Estate	8.00	9.15
Real Assets	3.00	7.40
High Yield	2.00	3.75
Private Credit	8.00	7.60
Investment Grade Credit	8.00	1.68
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	0.95
Risk Mitigation Strategies	<u>3.00</u>	3.35
	<u>100.00 %</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 8. PENSION PLANS (Continued)

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

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

The following presents the collective net pension liability net of the Special Funding situation of the participating employers as of June 30, 2021 and June 30, 2020 (*measurement dates*), calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

		December 31, 2021				
		<i>[Measurement Date June 30, 2021]</i>				
		At Current				
		1% Decrease	Discount Rate	1% Increase		
		<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>		
Borough's proportionate share of the pension liability	\$	3,705,029	\$	2,439,977	\$	1,386,958
		December 31, 2020				
		<i>[Measurement Date June 30, 2020]</i>				
		At Current				
		1% Decrease	Discount Rate	1% Increase		
		<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>		
Borough's proportionate share of the pension liability	\$	5,826,691	\$	4,381,924	\$	3,181,431

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System or by visiting their website at www.state.nj.us/treasury/pensions.

NOTE 9. FUND BALANCES

The fund balances at December 31, 2021 which have been appropriated and included as anticipated revenue in the year ending December 31, 2022 are as follows:

Fund	Fund Balance December 31, 2021	Utilized in Budget of Succeeding Year (2022)	Percent of Fund Balance Used
Current	\$ 1,374,368.09	\$ 820,000.00	59.66%
Water-Sewer	182,759.20	182,000.00	99.58%

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 9. FUND BALANCES (Continued)

Subsequent Event:

<u>Fund</u>	<u>Fund Balance [Unaudited] December 31, 2022</u>	<u>Utilized in Budget of Succeeding Year (2023)</u>	<u>Percent of Fund Balance Used</u>
Current	\$ 1,388,658.40	\$ 898,000.00	64.66%
Water-Sewer	227,021.37	200,000.00	88.09%

NOTE 10. POST EMPLOYMENT RETIREMENT BENEFITS

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

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

The State's Total OPEB Liability for special funding situation for last three years is as follows:

June 30, 2021	\$ 3,861,357,890
June 30, 2020	5,462,303,132
June 30, 2019	5,525,718,739

The amount of the State's proportionate share of the net OPEB liability for special funding situation attributable to employees and retirees of the Borough of Hightstown for last three years is as follows:

	<u>Number of Employee</u>	<u>State Proportionate Share of Net OPEB Liability Attributed to Borough</u>	<u>Employer OPEB Expense/(Benefit) & Related Revenue</u>	<u>Percent</u>
June 30, 2021	23	\$ 5,465,636	\$ (745,806)	0.289249
June 30, 2020	22	4,946,498	246,238	0.090557
June 30, 2019	21	3,892,372	51,594	0.070441

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 11. RISK MANAGEMENT

Property and Liability Insurance

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

For the year ended December 31, 2021, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

Statewide Municipal Joint Insurance Fund

At December 31, 2021 the Fund reported for all years combined, total assets of \$50,484,456 liabilities and reserves of \$35,440,239 which includes loss reserves of \$35,146,181 and an unrestricted net position balance of \$15,544,217. This represents the latest available information from their Annual Independent Audit Report dated June 22, 2022, which expressed a qualified opinion with respect to the IBNR's liability.

At December 31, 2022 the Fund reported for all years combined, total assets of \$47,188,767 liabilities and reserves of \$34,787,575 which includes loss reserves of \$34,528,956 and an unrestricted net position balance of \$12,401,193. This represents the latest available information from their Annual Independent Audit Report dated June 13, 2023, which expressed a qualified opinion with respect to the IBNR's liability.

New Jersey Unemployment Compensation Insurance

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

Year Ended <u>December 31,</u>	<u>Contributions</u>		<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
	<u>Employer</u>	<u>Employee</u>			
2021	\$ None	\$ 4,803.51	\$ 383.15	\$ None	\$ 59,085.09
2020	None	5,134.70	332.19	317.43	53,898.43
2019	None	5,227.65	347.21	5,232.08	48,748.97

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 12. CONTINGENT LIABILITIES

A. Accrued Sick and Vacation Benefits

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

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

All vacation time earned by employees can be carried over subject to a five (5) day limit and is to be paid to the employee, upon termination with the Borough, at the current rate of pay. The Borough's estimated total liability for unused sick and unused vacation time at December 31, 2021 totaling \$215,551. Management believes this amount approximates the calculation as required by GASB #16; however, the actual potential liability could ultimately be lower than the reported amount.

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

B. State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2021, the Borough estimates that no material liabilities will result from such audits.

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 12. CONTINGENT LIABILITIES (Continued)

C. Major Tax Assessments

Taxpayers in 2021 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value</u>
Presbyterian Homes at Meadow Lake	\$ 11,200,000.00	2.83%
Hightstown Development Assoc. LLC	9,552,000.00	2.41%
SJP/MCP/LAP - Hightstown c/o Pumerac	5,640,000.00	1.42%

D. Pending Litigation

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

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

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ -	\$ 1,124,494.79
Grant	229,177.87	
Trust Other	229,281.55	15,219.34
Animal Control Fund	28.00	
General Capital	464,866.24	
Water-Sewer Operating	152,460.31	
Water-Sewer Capital	552,712.02	488,811.86
	<u>\$ 1,628,525.99</u>	<u>\$ 1,628,525.99</u>

**BOROUGH OF HIGHTSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 14. LENGTH OF SERVICE AWARD PLAN

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

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

<u>Applicable Year</u>	<u>Total</u>	<u>Per Member</u>		
2021	\$ 24,250.00	\$ 750.00	-	\$ 1,150.00
2020	16,250.00	750.00	-	1,150.00
2019	16,400.00	750.00	-	1,150.00

A separate Accountant Review Report as of December 31, 2021 revealed net position available for benefits of \$930,167 has prepared and submitted in conjunction with the audit.

NOTE 15. SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the Borough (which is essential) has evaluated the impact of the situation and has determined that there is no adverse impact on its December 31, 2021 financial statements (*audited*). Financial impact for 2022 and 2023 is uncertain at this time. A significant portion of the revenue to support Borough operations is tax levy and utility rents; however, certain other miscellaneous revenues may be impacted due to the economic effect of the closures and curfew. It is not known at this time if there are any federal or state funds available for impact relief.

SUPPLEMENTARY – FUND AND ACCOUNT SCHEDULES

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
SCHEDULE OF BOROUGH CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST EIGHT (8) FISCAL YEARS*

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Borough's covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2021	\$ 253,869	\$ 253,869	None	\$ 1,666,083	15.24%
2020	218,424	218,424	None	1,603,412	13.62%
2019	228,646	228,646	None	1,656,554	13.80%
2018	213,657	213,657	None	1,650,745	12.94%
2017	204,612	204,612	None	1,587,077	12.89%
2016	209,457	209,457	None	1,551,245	13.50%
2015	204,791	204,791	None	1,617,734	12.66%
2014	189,679	189,679	None	1,630,202	11.64%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

BOROUGH OF HIGHSTOWN
COUNTY OF MERCER
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST EIGHT (8) FISCAL YEARS*

<u>Year</u>	<u>Borough's proportion of the net pension liability (asset)</u>	<u>Borough's proportionate share of the net pension liability (asset)</u>	<u>Borough's covered- employee payroll</u>	<u>Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.021594013900 %	\$ 2,558,135	\$ 1,666,083	153.54%	70.33%
2020	0.023206645800	3,784,397	1,603,412	236.02%	58.31%
2019	0.022455205000	4,046,087	1,656,554	244.25%	56.27%
2018	0.022835960000	4,496,286	1,650,745	272.38%	48.10%
2017	0.023063316900	5,368,772	1,587,077	338.28%	40.14%
2016	0.023031887600	6,821,384	1,551,245	439.74%	47.92%
2015	0.024804247000	5,469,019	1,617,734	338.07%	48.72%
2014	0.024841652500	4,651,037	1,630,202	285.30%	52.08%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate remained unchanged from 7.00% as of June 30, 2020 to 7.00% as of June 30, 2021.

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
SCHEDULE OF BOROUGH CONTRIBUTIONS
POLICE AND FIREMAN RETIREMENT SYSTEM (PFRS)
LAST EIGHT (8) FISCAL YEARS*

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Borough's covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2021	\$ 378,359	\$ 378,359	None	\$ 1,320,672	28.65%
2020	367,527	367,527	None	1,185,284	31.01%
2019	316,401	316,401	None	1,134,792	27.88%
2018	256,456	256,456	None	1,186,162	21.62%
2017	227,335	227,335	None	1,108,037	20.52%
2016	260,330	260,330	None	939,823	27.70%
2015	228,288	228,288	None	891,986	25.59%
2014	260,330	260,330	None	944,522	27.56%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMAN RETIREMENT SYSTEM (PFRS)
LAST EIGHT (8) FISCAL YEARS*

<u>Year</u>	<u>Borough's proportion of the net pension liability (asset)</u>	<u>Borough's proportionate share of the net pension liability (asset)</u>	<u>Borough's covered- employee payroll</u>	<u>Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.033382489300 %	\$ 2,439,977	\$ 1,320,672	184.75%	77.26%
2020	0.033912359800	4,381,924	1,185,284	369.69%	63.52%
2019	0.036384827700	4,452,709	1,134,792	392.38%	64.99%
2018	0.032363510800	4,379,317	1,186,162	369.20%	62.48%
2017	0.028976796800	4,473,457	1,108,037	403.73%	58.61%
2016	0.027880212900	5,326,216	939,823	566.73%	47.99%
2015	0.032067860000	5,334,546	891,986	598.05%	52.01%
2014	0.031281930000	3,728,793	944,522	394.78%	58.70%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate remained unchanged from 7.00% as of June 30, 2020 to 7.00% as of June 30, 2021.

CURRENT FUND

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

CURRENT FUND
SCHEDULE OF CASH

		Current Fund
Balance, December 31, 2020		\$ 3,733,891.33
Increased by Receipts:		
Taxes Receivable	\$ 17,731,805.67	
Revenue Accounts Receivable	1,479,806.52	
Nonbudget	38,517.88	
Prepaid Taxes	165,663.95	
Due from State of N.J. (Ch. 20, P.L. 1971)	21,000.00	
Tax Overpayments	9,022.26	
Interfunds:		
Grant Fund	173,929.77	
Water-Sewer Utility Capital Fund	54,149.66	
Due to State of New Jersey	6,977.00	
	19,680,872.71	19,680,872.71
		\$ 23,414,764.04
Decreased by Disbursements:		
2020 Appropriation Reserves	\$ 247,637.65	
2021 Appropriations	6,590,791.45	
County Taxes	3,029,622.97	
Regional School District Tax	9,280,142.00	
Tax Overpayments	3,702.14	
Prior Year Refund	3,790.75	
Due to State of New Jersey	6,527.00	
Accounts Payable	14,418.25	
Interfunds:		
General Capital Fund	280,130.01	
Other Trust Fund	50,952.97	
Water-Sewer Utility Operating Fund	50,000.00	
	19,557,715.19	19,557,715.19
Balance, December 31, 2021		\$ 3,857,048.85

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

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

Balance, December 31, 2020		\$ 1,250.00
Increased by:		
Senior Citizens Deductions Per Tax Billings	\$ 2,750.00	
Veterans Deductions Per Tax Billings	17,000.00	
Deductions Allowed by Collector	<u>500.00</u>	
		<u>20,250.00</u>
		\$ 21,500.00
Decreased by:		
Senior Citizens Deductions Disallowed by Collector:		
Current Year	\$ 250.00	
Prior Year	250.00	
Received in Cash from State of N.J.	<u>21,000.00</u>	
		<u>21,500.00</u>
Balance, December 31, 2021		<u><u>\$ -</u></u>

Analysis of Amount for Taxes Receivable Schedule

Increased by:		
Deductions Per Tax Billings	\$ 19,750.00	
Deductions Allowed	<u>250.00</u>	
Taxes Receivable		<u><u>\$ 20,000.00</u></u>

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

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

Year	Balance	2021 Levy	Added Taxes	Collections		Chap. 20 P.L. 1971	Adjusted or Canceled	Transfers To Tax Title Liens	Balance Dec. 31, 2021
	Dec. 31, 2020			2020	2021				
2019	\$ 0.77				\$ 0.77				
2020	199,803.75	-	250.00	-	197,141.29	-	2,595.62	222.97	93.87
	199,804.52	-	250.00	-	197,142.06	-	2,595.62	222.97	93.87
2021	-	17,915,965.49	-	169,666.47	17,534,663.61	20,000.00	-	13,371.87	178,263.54
	<u>\$ 199,804.52</u>	<u>\$ 17,915,965.49</u>	<u>\$ 250.00</u>	<u>\$ 169,666.47</u>	<u>\$ 17,731,805.67</u>	<u>\$ 20,000.00</u>	<u>\$ 2,595.62</u>	<u>\$ 13,594.84</u>	<u>\$ 178,357.41</u>

Analysis of 2021 Property Tax Levy:

Tax Yield:

General Property Tax	\$ 17,891,145.26
Added and Omitted Taxes	24,820.23

Total Tax Yield \$ 17,915,965.49

Tax Levy:

Regional School District Taxes	\$ 9,280,152.00
County Taxes:	
General County Levy	\$ 2,640,373.10
County Library	268,325.65
County Open Space Preservation	115,014.77
Due County for Added and Omitted Taxes	3,518.94
	<u>3,027,232.46</u>
	12,307,384.46
Local Tax for Municipal Purposes	\$ 5,587,207.85
Add: Additional Taxes Levied	21,373.18
Local Taxes for Municipal Purposes Levied	<u>5,608,581.03</u>

\$ 17,915,965.49

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

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance, December 31, 2020		\$ 198,631.76
Increased by:		
Transfer from Taxes Receivable	\$ 13,594.84	
Interest and Costs	<u>101.63</u>	
		<u>13,696.47</u>
Balance, December 31, 2021	A	<u><u>\$ 212,328.23</u></u>

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

Exhibit A-8

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2020		\$ 90,184.62
Increased by:		
Charged to Appropriation Reserves	-	<u>67,750.00</u>
		\$ 157,934.62
Decreased by:		
Cash Disbursed	\$ 14,418.25	
Canceled Disbursements	<u>1,072.46</u>	
		<u>15,490.71</u>
Balance, December 31, 2021		<u><u>\$ 142,443.91</u></u>

Exhibit A-9

SCHEDULE OF RESERVE FOR FIRE SAFETY AND CODE ENFORCEMENT

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Code Enforcement - Property Maintenance Registration Fees	\$ 33,617.00	\$ -	\$ -	\$ 33,617.00
Fire Safety Fees	<u>5,500.00</u>	<u>-</u>	<u>-</u>	<u>5,500.00</u>
	<u><u>\$ 39,117.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,117.00</u></u>

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

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance <u>Dec. 31, 2020</u>	Accrued in <u>2021</u>	<u>Collected</u>	Balance <u>Dec. 31, 2021</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 7,500.00	\$ 7,500.00	\$ -
Other	-	15,600.00	15,600.00	-
Fees and Permits	-	20,695.00	20,695.00	-
Fines and Costs:				
Municipal Court	4,924.60	183,746.02	176,944.22	11,726.40
Interest and Costs on Taxes	-	55,755.30	55,755.30	-
Interest on Investments and Deposits	-	35,090.55	35,090.55	-
Lease of Borough Owned Property	-	73,297.13	73,297.13	-
Consolidated Municipal Property Tax	-	-	-	-
Relief Aid	-	6,939.00	6,939.00	-
Energy Receipts Tax	-	496,611.00	496,611.00	-
Uniform Construction Code Fees	-	136,863.00	136,863.00	-
Shared Services Agreement - Roosevelt Borough	-	-	-	-
Trash Collection	-	69,557.00	69,557.00	-
Shared Services Agreement - Roosevelt Borough	-	-	-	-
Trash Collection - Tipping Fees	-	35,682.48	35,682.48	-
Clean Communities Program	-	9,855.01	9,855.01	-
Alcohol Education Rehabilitation Fund	-	1,363.19	1,363.19	-
Body Armor Grant	-	1,297.98	1,297.98	-
Recycling Tonnage Grant	-	4,911.90	4,911.90	-
NJ Body Worn Camera Grant	-	32,608.00	32,608.00	-
Tree Planting Grant	-	14,000.00	14,000.00	-
Uniform Fire Safety Act	-	9,619.03	9,619.03	-
CATV - Franchise Fee	-	28,402.81	28,402.81	-
The Peddie School - Gift	-	23,000.00	23,000.00	-
Verizon Franchise Fee	-	32,150.02	32,150.02	-
ARP Revenue Loss	-	125,000.00	125,000.00	-
Hightstown Housing Authority -	-	-	-	-
Payment in Lieu of Taxes	-	35,012.70	35,012.70	-
Hightstown Housing Authority -	-	-	-	-
Payment in Lieu of Taxes-Prior Year	-	32,051.20	32,051.20	-
	<u>\$ 4,924.60</u>	<u>\$ 1,486,608.32</u>	<u>\$ 1,479,806.52</u>	<u>\$ 11,726.40</u>
Cash Receipts			<u>\$ 1,479,806.52</u>	

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

CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES

	<u>2020</u> <u>Unexpended</u>	<u>Encumbered</u>	Balance After Transfers and Encumbrances	Paid or Charged	Balance Lapsed
General Administration					
Other Expenses	\$ 503.65	\$ -	\$ 503.65	\$ 36.01	\$ 467.64
Mayor and Council					
Other Expenses	944.00		944.00		944.00
Municipal Clerk					
Salaries and Wages	5,240.87		5,240.87	5,240.00	0.87
Other Expenses	2,633.76	1,899.43	4,533.19	1,899.43	2,633.76
Elections					
Other Expenses	3,930.77		3,930.77	3,140.00	790.77
Office Supplies and Paper Products					
Other Expenses	4,036.51		4,036.51	506.20	3,530.31
Financial Administration					
Salaries and Wages	4,089.39		4,089.39	4,033.95	55.44
Other Expenses	1,528.52	821.00	2,349.52	1,508.50	841.02
Audit Services					
Other Expenses	8,225.00		8,225.00	7,375.00	850.00
Grant Writing and Administration					
Other Expenses	2,153.80		2,153.80	-	2,153.80
Central Computer (Data Processing Tech)					
Other Expenses	40,220.24	132.49	40,352.73	-	40,352.73
Tax Collection					
Salaries and Wages	979.05		979.05	979.05	-
Other Expenses	978.71	-	978.71	-	978.71
Tax Assessment					
Salaries and Wages	190.20	-	190.20	190.20	-
Other Expenses	4,738.55	910.25	5,648.80	910.80	4,738.00
Interest on Tax Appeals					
Other Expenses	100.00	-	100.00	-	100.00
Legal Services and Costs					
Other Expenses	13,352.30	3,746.50	17,098.80	3,918.50	13,180.30
Engineering Services					
Other Expenses	9,304.25		9,304.25	240.50	9,063.75
Historical Commission					
Other Expenses	294.56		294.56	-	294.56
Planning Board					
Salaries and Wages	89.06		89.06	-	89.06
Other Expenses	11,736.01	410.34	12,146.35	658.84	11,487.51
Insurance					
Insurance Deductibles	3,000.00	-	3,000.00		3,000.00
General Liability	251.08		251.08		251.08
Workers Compensation Insurance	3.76	-	3.76		3.76
Employee Group Health Insurance	53,128.89	-	53,128.89	536.97	52,591.92
Unemployment Insurance	5,000.00	-	5,000.00	-	5,000.00
Health Benefit Waiver	5,000.00	-	5,000.00	-	5,000.00

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

CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES

	2020 <u>Unexpended</u>	<u>Encumbered</u>	Balance After Transfers and Encumbrances	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Police Department					
Salaries and Wages	\$ 89,516.15	\$ -	\$ 89,516.15	\$ 54,179.64	\$ 35,336.51
Other Expenses	43,614.62	27,319.33	70,933.95	29,999.32	40,934.63
Emergency Management					
Other Expenses	4,000.00		4,000.00	-	4,000.00
Fire Department					
Other Expenses	1,691.86	14,181.54	15,873.40	14,817.54	1,055.86
Uniform Fire Safety Act					
Salaries and Wages	4,626.10		4,626.10	717.38	3,908.72
Other Expenses	3,827.49		3,827.49	-	3,827.49
First Aid Organization:					
Other Expenses	78.27	3,770.73	3,849.00	3,638.19	210.81
Municipal Prosecutor					
Salaries and Wages	3,300.00		3,300.00	-	3,300.00
Streets and Roads					
Salaries and Wages	21,239.15		21,239.15	11,040.66	10,198.49
Other Expenses	12,213.22	14,321.19	26,534.41	11,990.29	14,544.12
Sanitation/Solid Waste Collection					
Salaries and Wages	1,338.94		1,338.94	1,329.04	9.90
Other Expenses	6,272.42	9,902.80	16,175.22	7,684.34	8,490.88
Public Buildings and Grounds					
Salaries and Wages	225.29		225.29	92.18	133.11
Other Expenses	19,735.15	1,106.66	20,841.81	1,207.80	19,634.01
Recycling					
Salaries and Wages	9,690.42		9,690.42	2,982.29	6,708.13
Other Expenses	29,272.03	3,201.20	32,473.23	23,201.20	9,272.03
Vehicle Maintenance					
Other Expenses	13,388.90	90.28	13,479.18	3,815.45	9,663.73
Community Services / Condominium Act					
Other Expenses	40,000.00		40,000.00	40,000.00	-
Board of Health					
Salaries and Wages	42.55		42.55	-	42.55
Other Expenses	9,623.05	273.20	9,896.25	273.20	9,623.05
Environmental Commission					
Other Expenses	1,729.04		1,729.04	-	1,729.04
Maintenance of Parks					
Salaries and Wages	355.96		355.96	92.18	263.78
Other Expenses	3,560.29		3,560.29	-	3,560.29
Recreation & Open Space (Parks Commission)					
Other Expenses	7,863.41		7,863.41	-	7,863.41
Cultural Arts Commission					
Other Expenses	282.11	616.00	898.11	616.00	282.11
Celebration of Public Events:					
Other Expenses	2,487.00		2,487.00	-	2,487.00
Accumulated Sick and Vacation					
Other Expenses	422.77	-	422.77	-	422.77
Postage and Shipping Charges					
Other Expenses	289.19	-	289.19	9.32	279.87

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

CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES

	2020 <u>Unexpended</u>	<u>Encumbered</u>	Balance After Transfers and Encumbrances	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Utilities					
Gasoline and Diesel Fuel	\$ 6,869.62	\$ 6,272.48	\$ 13,142.10	\$ 6,272.48	\$ 6,869.62
Electricity	6,023.35	2,711.14	8,734.49	4,179.29	4,555.20
Telephone	36.67	-	36.67	-	36.67
Natural Gas and Heating Oil	3,565.07	485.56	4,050.63	485.56	3,565.07
Street Lighting	4,051.23	250.00	4,301.23	4,250.00	51.23
Landfill Disposal Costs					
Other Expenses	1,559.99	18,418.52	19,978.51	18,418.52	1,559.99
Municipal Court					
Salaries and Wages	317.62		317.62	-	317.62
Other Expenses	15,217.91		15,217.91	-	15,217.91
Construction Official					
Salaries and Wages	8,646.62		8,646.62	6,784.48	1,862.14
Other Expenses	4,929.00		4,929.00	750.00	4,179.00
Housing Code Enforcement					
Salaries and Wages	441.60		441.60	441.60	-
Other Expenses	3,000.00		3,000.00	-	3,000.00
Contribution to:					
Public Employees' Retirement System	319.00		319.00	-	319.00
Police and Firemens Retirement System	-		-	-	-
Social Security System	10,173.98		10,173.98	6,740.82	3,433.16
Defined Contribution Benefit Plan	5,000.00		5,000.00	-	5,000.00
Length of Service Awards Program	30,000.00		30,000.00	24,850.00	5,150.00
Recycling Tax	288.36	480.48	768.84	480.48	288.36
Senior Citizen Program					
Other Expenses	3.16	-	3.16	-	3.16
Health Services					
Other Expenses	200.00	-	200.00		200.00
Landfill Disposal Costs (Roosevelt)					
Other Expenses	38.10	2,874.45	2,912.55	2,874.45	38.10
Vehicle Maintenance Services					
Other Expenses	8,000.86	-	8,000.86	-	8,000.86
	<u>\$ 621,020.45</u>	<u>\$ 114,195.57</u>	<u>\$ 735,216.02</u>	<u>\$ 315,387.65</u>	<u>\$ 419,828.37</u>

Disbursements	\$ 247,637.65
Accounts Payable	<u>67,750.00</u>
	<u>\$ 315,387.65</u>

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

CURRENT FUND
SCHEDULE OF PREPAID TAXES

Balance, December 31, 2020	\$ 169,666.47
Increased by:	
Receipts	<u>165,663.95</u>
	\$ 335,330.42
Decreased by:	
Applied to 2021 Taxes Receivable	<u>169,666.47</u>
Balance, December 31, 2021	<u><u>\$ 165,663.95</u></u>

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

Exhibit A-13

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2020	\$	-
Increased by:		
Receipts	\$	9,022.26
Decreased by:		
Payments - Refunds		<u>3,702.14</u>
Balance, December 31, 2021	\$	<u><u>5,320.12</u></u>

Exhibit A-14

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2020 (Prepaid)	\$	(10.00)
Increased by:		
Levy Calendar year 2021		<u>9,280,152.00</u>
Decreased by:		
Payments		<u>9,280,142.00</u>
Balance, December 31, 2021	\$	<u><u>-</u></u>

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

CURRENT FUND
 SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2020		\$	5,864.46
Increased by:			
General County Levy	\$ 2,640,373.10		
County Library	268,325.65		
County Open Space Preservation	115,014.77		
Due County for Added and Omitted Taxes	<u>3,518.94</u>		
			<u>3,027,232.46</u>
		\$	3,033,096.92
Decreased by:			
Payments			<u>3,029,622.97</u>
Balance, December 31, 2021		\$	<u>3,473.95</u>

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

CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	Balance <u>Dec. 31, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2021</u>
State Training Fees	\$ -	\$ 6,377.00	\$ 6,377.00	\$ -
Marriage Licenses	50.00	600.00	150.00	500.00
EDRS Overpayment	109.00			109.00
	<u>\$ 159.00</u>	<u>\$ 6,977.00</u>	<u>\$ 6,527.00</u>	<u>\$ 609.00</u>

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

GRANT FUND
SCHEDULE OF CASH

Balance, December 31, 2020		\$ 87,111.00
Receipts:		
Grants Receivable	\$ 17,428.08	
Reserve for Grants, Unappropriated	284,543.00	
Miscellaneous	<u>2,213.30</u>	
		<u>304,184.38</u>
		\$ 391,295.38
Disbursements:		
Reserve for Grants, Appropriated	\$ 41,207.26	
ARP Realized by Current Fund as Revenue	125,000.00	
Interfund - Current Fund-	173,929.77	
Interfund - Trust Fund	<u>12,116.92</u>	
		<u>352,253.95</u>
Balance, December 31, 2021		<u><u>\$ 39,041.43</u></u>

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

GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance Dec. 31, 2020</u>	<u>2021 Budget Revenue Realized</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2021</u>
Clean Communities	\$ -	\$ 9,855.01	\$ 9,855.01	\$ -	\$ -
Municipal Court Alcohol Education and Rehabilitation Fund	-	1,363.19	1,363.19	-	-
Small Cities CDBG Block Grant	105,760.00				105,760.00
Recycling Tonnage Grant	-	4,911.90	4,911.90	-	-
Body Armor Grant - State	-	1,297.98	1,297.98	-	-
Body Armor Grant - Federal	4,061.73				4,061.73
Street Planting Grant		14,000.00			14,000.00
Mercer at Play	25,000.00				25,000.00
Mercer County NJSCA Local Arts Prog.	500.00				500.00
NJ Body Worn Camera Grant	-	32,608.00		-	32,608.00
	<u>\$ 135,321.73</u>	<u>\$ 64,036.08</u>	<u>\$ 17,428.08</u>	<u>\$ -</u>	<u>\$ 181,929.73</u>

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

GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2020	Transferred from 2021 Budget Appropriations		Prior Year Transfers	Prior Year Encumbrances	Disbursed	Current Year Encumbrances	Balance Dec. 31, 2021
		Budget	Appropriation By 40A:4-87					
Drunk Driving Enforcement Fund	\$ 16,953.29	\$ -	\$ -		\$ 1,736.96	\$ 1,736.96		\$ 16,953.29
Clean Communities	12,034.69	9,855.01	-		-	200.00	-	21,689.70
Municipal Court Alcohol Education and Rehabilitation Fund	-	1,363.19	-		-	-	-	14,815.16
Small Cities CDBG Block Grant	113,760.00		-		-	-	-	113,760.00
Recycling Tonnage Grant	42,535.46	4,911.90	-		-	-	-	47,447.36
Body Armor Grant	879.10	1,297.98			-	2,091.65		85.43
Body Armor Grant - Federal	2,261.74			3,270.76	-	2,106.65	2,213.30	1,212.55
Mercer County NJSCA Local Arts Prog.	2,471.53					1,200.00		1,271.53
Mercer at Play	48,326.00					19,857.00		28,469.00
JIF Safety Grant	7,101.33					-	-	7,101.33
Street Planting Grant		14,000.00				14,000.00		-
NJ Body Worn Camera Grant		32,608.00						32,608.00
Statewide JIF Safety Grant	373.88					-		373.88
Sustainable NJ Capacity Building Stipend	105.50					-		105.50
	<u>\$ 260,254.49</u>	<u>\$ 64,036.08</u>	<u>\$ -</u>	<u>\$ 3,270.76</u>	<u>\$ 1,736.96</u>	<u>\$ 41,192.26</u>	<u>\$ 2,213.30</u>	<u>\$ 285,892.73</u>

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

GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

<u>Grant</u>	<u>Balance Dec. 31, 2020</u>	<u>Received</u>	<u>Applied to Revenue</u>	<u>Balance Dec. 31, 2021</u>
NJ Environmental Comm	\$ 1,000.00	\$ 1,000.00	\$ -	\$ 2,000.00
American Rescue Plan	-	277,581.00	125,000.00	152,581.00
Mercer County Arts	1,500.00	3,000.00	-	4,500.00
Safety Incentive Award	-	250.00	-	250.00
JIF Safety Grant	-	2,712.00	-	2,712.00
	<u>\$ 2,500.00</u>	<u>\$ 284,543.00</u>	<u>\$ 125,000.00</u>	<u>\$ 162,043.00</u>

TRUST FUNDS

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

TRUST FUND
SCHEDULE OF TRUST CASH - TREASURER

	Animal Control	Other Trust	Escrow Trust
Balance, December 31, 2020	\$ 3,198.27	\$ 723,649.16	\$ 66,808.01
Increased by Receipts:			
Due to State of New Jersey	\$ 398.40		\$ -
Reserve for Animal Control	4,420.40		-
Interfund - Current Fund		50,952.97	-
Interfund - Water-Sewer Operating Fund		3,102.42	-
Redemption of Tax Title Liens		51,777.68	-
Regional Contribution Agreement - Manalapan		1,189.32	-
Law Enforcement Fund		440.87	-
Public Defender		2,807.00	-
Unemployment Trust Fund		283.15	-
Payroll Deductions		4,840,665.14	-
Miscellaneous Trust Funds		204,142.88	-
Housing Trust		5,003.06	-
Escrow Fees			81,992.28
	<u>4,818.80</u>	<u>5,160,364.49</u>	<u>81,992.28</u>
Decreased by Disbursements:			
N.J. State Dept. of Health	\$ 397.20		\$ -
Expenditures Per R.S. 4:19-15.11	5,712.88		-
Redemption of Tax Title Liens		56,077.04	-
Law Enforcement Fund		1,000.00	-
Payroll Deductions		4,856,031.71	-
Miscellaneous Trust Funds		289,897.51	-
Escrow Fees			57,463.88
	<u>6,110.08</u>	<u>5,203,006.26</u>	<u>57,463.88</u>
Balance, December 31, 2021	<u>\$ 1,906.99</u>	<u>\$ 681,007.39</u>	<u>\$ 91,336.41</u>

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

**ANIMAL CONTROL TRUST - TRUST FUND
SCHEDULE OF DUE TO N.J. STATE DEPARTMENT OF HEALTH**

Balance, December 31, 2020	\$	6.00
Increased by:		
State Registration Fees - 2021	\$	398.40
Decreased by:		
Disbursed to State		<u>397.20</u>
Balance, December 31, 2021	\$	<u><u>7.20</u></u>

Analysis of Balance

2020	\$	1.80
2021		<u>5.40</u>
	\$	<u><u>7.20</u></u>

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

**ANIMAL CONTROL TRUST - TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

Balance, December 31, 2020	\$ 2,220.27
Increased by:	
License Fees Collected - 2021 Licenses	<u>4,420.40</u>
	\$ 6,640.67
Decreased by:	
Expenditures Per R.S. 4:19-15.11	<u>4,712.88</u>
Balance, December 31, 2021	<u><u>\$ 1,927.79</u></u>

Municipal Fees Collected

<u>Year</u>	<u>Amount</u>
2019	\$ 3,378.60
2020	<u>3,389.80</u>
	<u><u>\$ 6,768.40</u></u>

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

Exhibit B-4

TRUST FUND
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

Balance, December 31, 2020	\$ 27,455.89
Increased by:	
Deposits for Redemption	<u>51,777.68</u>
	\$ 79,233.57
Decreased by:	
Redemption of Tax Title Liens	<u>56,077.04</u>
Balance, December 31, 2021	<u>\$ 23,156.53</u>

Exhibit B-5

SCHEDULE OF REGIONAL CONTRIBUTION AGREEMENT - MANALAPAN

Balance, December 31, 2020	\$ 138,710.11
Increased by:	
Interest Earned	<u>1,189.32</u>
Balance, December 31, 2021	<u>\$ 139,899.43</u>

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

Exhibit B-6

TRUST FUND
SCHEDULE OF INTERFUND - CURRENT FUND

Balance, December 31, 2020 (Due From)	\$ 280,234.52
Decreased by:	
Cash Receipts	<u>50,953.02</u>
Balance, December 31, 2021 (Due From)	<u><u>\$ 229,281.50</u></u>

Exhibit B-7

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND

Balance, December 31, 2020	\$ 52,211.49
Increased by:	
Interest Earned	<u>440.87</u>
	\$ 52,652.36
Decreased by:	
Disbursements	<u>1,000.00</u>
Balance, December 31, 2021	<u><u>\$ 51,652.36</u></u>

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

Exhibit B-8

TRUST FUND
SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

Balance, December 31, 2020		\$ 19,199.47
Increased by:		
Receipts		<u>2,807.00</u>
Balance, December 31, 2021		<u>\$ 22,006.47</u>

Exhibit B-9

SCHEDULE OF UNEMPLOYMENT TRUST FUND

Balance, December 31, 2020		\$ 53,898.43
Increased by Receipts:		
Interest on Investments	\$ 283.15	
Employee Payroll Deductions	<u>4,803.51</u>	
		<u>5,086.66</u>
Balance, December 31, 2021		<u>\$ 58,985.09</u>

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

TRUST FUND
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

Balance, December 31, 2020		\$ 66,341.37
Increased by:		
Receipts		<u>4,840,665.14</u>
		\$ 4,907,006.51
Decreased by:		
Employee Unemployment Deductions due		
Unemployment Trust Fund	\$ 4,803.51	
Disbursements	<u>4,856,031.71</u>	<u>4,860,835.22</u>
Balance, December 31, 2021		<u>\$ 46,171.29</u>
Detail:		
Federal Taxes	\$ 804.30	
PERS	9,940.88	
PFRS	13,150.88	
Other Workers Comp/Excess	<u>22,275.23</u>	<u>\$ 46,171.29</u>

BOROUGH OF HIGHTSTOWN
COUNTY OF MERCER
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF MISCELLANEOUS TRUST FUNDS

	Balance <u>Dec. 31, 2020</u>	Increased by <u>Receipts</u>	Decreased by <u>Disbursements</u>	Balance <u>Dec. 31, 2021</u>
Celebration of Public Events:				
Memorial Day Parade Donation	\$ 2,914.40	\$ -	\$ -	\$ 2,914.40
Donations:				
Animal Welfare	1,289.28	-	-	1,289.28
Historical Site	798.71	-	-	798.71
National Night Out	4,565.91	-	-	4,565.91
Peddie Dam Footbridge	1,059.48	-	-	1,059.48
Franklin St. Project Lighting	6,062.93	-	-	6,062.93
Skatepark	19,345.87	-	-	19,345.87
Cultural Arts	16,232.37	2,390.00	1,101.00	17,521.37
Environmental Commission	2,130.16	-	-	2,130.16
Other Escrows	6,272.75	-	-	6,272.75
Parking Offense				
Adjudication Act	1,115.00	24.00	-	1,139.00
Parks and Recreation Donations:				
General	425.38	-	-	425.38
Triathlon	55,168.13	-	869.91	54,298.22
Shakespeare in the Park	30.05	12,983.00	11,777.80	1,235.25
Dawes	33,280.81	15,591.77	25,215.52	23,657.06
Recaptured Funds Housing Rehabilitation	1,703.00	-	-	1,703.00
Recycling	37,228.83	4,277.80	-	41,506.63
Recycling-Grass Collection Program	7,104.24	-	-	7,104.24
Storm Recovery Fund	73,856.70	-	15,671.01	58,185.69
Special Duty Police	32,407.84	81,803.85	76,481.35	37,730.34
Tax Sale Premium	164,292.73	30,000.00	90,700.00	103,592.73
Uniform Fire Safety Act	6,975.03	-	-	6,975.03
Redevlopment Circulation Study	-	42,759.47	42,759.47	-
Reserve for Insurance Refunds	104,589.17	14,312.99	25,321.45	93,580.71
	<u>\$ 578,848.77</u>	<u>\$ 204,142.88</u>	<u>\$ 289,897.51</u>	<u>\$ 493,094.14</u>

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

TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW FEES

Balance, December 31, 2020	\$ 66,808.01
Increased by:	
Receipts	<u>81,992.28</u>
	\$ 148,800.29
Decreased by:	
Disbursements	<u>57,463.58</u>
Balance, December 31, 2021	<u><u>\$ 91,336.71</u></u>

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

TRUST FUND
SCHEDULE OF HOUSING TRUST

Balance, December 31, 2020		\$ 67,218.15
Increased by:		
Payments in Lieu of Construction	\$ 4,419.00	
Interest Earned	<u>584.06</u>	
		<u>5,003.06</u>
Balance, December 31, 2021		<u>\$ 72,221.21</u>

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

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

Balance, December 31, 2020		\$ 767,981.03
Increased by:		
Municipal Contributions	\$ 24,850.00	
Appreciation on Fair Value of Investments	<u>148,327.14</u>	<u>173,177.14</u>
		\$ 941,158.17
Decreased by:		
Withdrawals	\$ 9,716.45	
Account Charge	<u>1,275.00</u>	<u>10,991.45</u>
Balance, December 31, 2021		<u>\$ 930,166.72</u>

GENERAL CAPITAL FUND

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

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL FUND CASH-TREASURER

Balance, December 31, 2020		\$ 75,583.59
Increased by Receipts:		
Current Fund Appropriation -		
Capital Improvement Fund	\$ 30,000.00	
Interfund -		
Current Fund	280,130.01	
Various Reserves	12,212.34	
Bond Anticipation Notes	1,560,000.00	
Grant Received	854,307.87	
		<u>2,736,650.22</u>
		\$ 2,812,233.81
Decreased by Disbursements:		
Improvement Authorizations	\$ 1,034,437.67	
Various Reserves	208,771.88	
Bond Anticipation Notes	1,560,000.00	
		<u>2,803,209.55</u>
Balance, December 31, 2021		<u>\$ 9,024.26</u>

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

Exhibit C-3

GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL FUND CASH AND INVESTMENTS

	Balance Dec. 31, 2020	Receipts			Disbursements			Balance Dec. 31, 2021
		Budget Appropriation	Bond Anticipation Notes/Miscellaneous	Prior Year Encumbrances	Improvement Authorizations	Bond Anticipation Notes Miscellaneous	Current Year Encumbrances	
Fund Balance	\$ 954.12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 954.12
Federal and State Receivable - Current Fund	(600,000.00)		450,000.00					(150,000.00)
Capital Improvement Fund	197,842.50	30,000.00						227,842.50
Reserve for Encumbrances	447,597.77			(447,597.77)			368,033.61	368,033.61
Interfunds:								
Current Fund	(405,542.28)		280,130.01					(125,412.27)
Water-Sewer Utility Capital Fund	(339,453.97)							(339,453.97)
Various Reserves	420,106.79		12,212.34			208,771.88		223,547.25
Ord. No.	Improvement Authorizations							
	Purpose							
04-17	Acquisition of Capacity Rights - JCP&L	16,784.33	-					16,784.33
05-04	Mercer Street Revitalization Project	17,182.52	-					17,182.52
05-24	Peddle Lake Dam Improvements	(231.26)	-					(231.26)
05-34	Streetscape/Main Street Redevelopment Area	11,936.46	-					11,936.46
07-26	Police Department Equipment	618.17	-					618.17
08-01	Westerlea Avenue Improvements	2,062.34	-					2,062.34
09-20	Stockton Street Historic District Improvements	1,677.82	-					1,677.82
10-02	Reconstruction of Leshin Lane	640.46	-					640.46
10-16	Summit Street Sidewalk Improvements	(267.71)	-					(267.71)
11-05	Milling and Paving Various Roads	6,886.61	14,500.00			14,500.00	-	6,886.61
12-04	Hurricane Irene Damage Emergency	(625.25)	-			-	-	(625.25)
12-13	Various Capital Improvements	57,846.63	-	6,800.00	6,800.00	-	-	57,846.63
12-15	Communication Equipment - Fire Dept., First Aid	1,100.00	-			-		1,100.00
13-07,15-14, 19-04	Peddle Lake Dam Walking Bridge Improvements	(221,716.30)	3,272.44	62,615.29	71,810.08	-	(42,167.21)	(269,805.86)
13-22	Public Safety Equipment	11,048.00	-					11,048.00
13-23, 15-06	Road Improvements to Park Avenue, Greeley St. and Glen Brook Place	2,043.29	13,000.00			13,000.00		2,043.29
14-06	Various Capital Improvements including Document Restoration	14,887.37	-			-		14,887.37
14-13	Various Capital Improvements	3,342.67	-			-		3,342.67
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	3,327.05	10,500.00		656.25	10,500.00		2,670.80
15-11	Acquisition of Aerial Ladder Truck	953.22	-			-		953.22
15-15,17-15	Improvements to Stockton St. and Joseph St.	15,715.56	147,580.68	11,675.51	478,661.65	100,000.00	(25,226.49)	(428,916.39)
15-20	Acquisition of Automated Garbage Truck	6,181.10	-			-		6,181.10
16-08	Police Vehicles, Public Safety Equipment	5,624.53	-			-		5,624.53
16-12	Rehabilitation of East Ward Street	(35,973.41)	-			-		(35,973.41)
17-09, 21-10	Retaining Wall, First Ave Improvements	(49,161.96)	150,000.00	38,394.03	15,223.44	150,000.00	(38,394.03)	(64,385.40)
17-12	Police, Fire, DPW Court Equipment	10,392.41	-			-		10,392.41
17-17, 19-07	Improvements to Maple Avenue and Sunset Ave	(25,983.78)	330,000.00		561.88	330,000.00		(26,545.66)
18-12	Acquisition of Land - YMCA	26,993.50	-			-		26,993.50
18-18	Various Capital Improvements - Public Safety	9,338.79	180,500.00		739.62	180,500.00		8,599.17
18-20	Improvements to Lincoln Ave., Haqemount Ave. and Rocky Brook Court	(104,707.70)	100,000.00	1,380.00	109,889.18	100,000.00		(213,216.88)
19-10	Design Costs - Municipal Complex	(20,110.00)	476,000.00	273,236.04	13,478.01	476,000.00	(260,247.08)	(20,599.05)
19-20	Various Capital Improvements Police, Fire & DPW	23,363.20	185,500.00	53,496.90	56,698.09	185,500.00		20,162.01
20-05	Springcrest, Spruce Ct. and Glen Drive	557,910.00	-		184,409.03	-	(1,998.80)	371,502.17
20-15	Crosswalk Signal and Fire Dept Equipment	5,000.00	-		27,650.94	-		(22,650.94)
21-02	Improvements Various Roads- Hauser Ave, Bennett Pl., Railroad Ave. Dey St.		353,454.75		67,859.50			285,595.25
		\$ 75,583.59	\$ 30,000.00	\$ 2,706,650.22	\$ -	\$ 1,034,437.67	\$ 1,768,771.88	\$ 9,024.26

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

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

Balance, December 31, 2020		\$ 4,995,488.09
Decreased by:		
2021 Budget Appropriation to Pay Serial Bonds	\$ 670,000.00	
2021 Budget Appropriation to Pay Loans	<u>8,256.78</u>	
		<u>678,256.78</u>
Balance, December 31, 2021		<u><u>\$ 4,317,231.31</u></u>

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

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

Ord. No.	Improvement Description	Balance Dec. 31, 2020	Authorized 2021	Grants Received	Balance Dec. 31, 2021	Analysis of Balance		Unexpended Balance of Improvement Authorizations
						Bond Anticipation Notes	Expenditures	
05-24,09-13	Peddie Lake Dam Improvements	\$ 550.00	\$ -	\$ -	\$ 550.00	\$ -	\$ 231.26	\$ 318.74
09-20	Stockton Street Historic District Improvements	16,899.57	-	-	16,899.57	-	-	16,899.57
10-02	Reconstruction of Leshin Lane	13,000.00	-	-	13,000.00	-	-	13,000.00
10-16	Summit Street Sidewalk Improvements	526.45	-	-	526.45	-	267.71	258.74
11-05	Milling and Paving Various Roads	14,500.00	-	-	14,500.00	14,500.00	-	-
12-04	Hurricane Irene Damage Emergency	625.25	-	-	625.25	-	625.25	-
12-13	Various Capital Improvements	500.00	-	-	500.00	-	-	500.00
13-07,15-14, 19-04	Peddie Lake Dam Walking Bridge Improvements	130,602.65	-	-	130,602.65	-	88,023.34	42,579.31
13-23,15-06	Road Improvements to Park Avenue, Greeley St. & Glen Brook Pl.	28,210.00	-	-	28,210.00	13,000.00	-	15,210.00
14-06	Various Capital Improvements including Document Restoration	9,334.00	-	-	9,334.00	-	-	9,334.00
15-07	Road Improvements to Park Way, Grant St. & Hutchison Street	35,500.00	-	-	35,500.00	10,500.00	-	25,000.00
15-11	Acquisition of Aerial Ladder Truck	300.00	-	-	300.00	-	-	300.00
15-15,17-15	Improvements to Stockton Street and Joseph Street	517,436.83	-	47,580.68	469,856.15	100,000.00	358,916.39	10,939.76
16-12	Rehabilitation of East Ward Street	90,000.00	-	-	90,000.00	-	-	90,000.00
17-09, 21-10	Retaining Wall, First Ave Improvements	554,000.00	-	-	554,000.00	150,000.00	-	404,000.00
17-12	Police, Fire, DPW Court Equipment	40.00	-	-	40.00	-	-	40.00
17-17,19-07	Improvements to Maple Avenue and Sunset Avenue	330,000.00	-	-	330,000.00	330,000.00	-	-
18-18	Various Capital Improvements - Public Safety	180,500.00	-	-	180,500.00	180,500.00	-	-
18-20	Improvements to Lincoln Ave., Hagemount Ave. & Rocky Brook Ct.	153,500.00	-	-	153,500.00	100,000.00	-	53,500.00
19-10	Design Costs - Municipal Complex	476,000.00	-	-	476,000.00	476,000.00	-	-
19-20	Various Capital Improvements Police, Fire & DPW	185,500.00	-	-	185,500.00	185,500.00	-	-
20-05	Springcrest, Spruce Ct. and Glen Drive	273,000.00	-	-	273,000.00	-	-	273,000.00
20-15	Crosswalk Signal and Fire Dept Equipment	100,000.00	-	-	100,000.00	-	22,650.94	77,349.06
21-02	Improvements Various Roads- Hauser Ave, Bennet Pl. Railroad Ave. Dey St.		600,368.00		600,368.00			600,368.00
		<u>\$ 3,110,524.75</u>	<u>\$ 600,368.00</u>	<u>\$ 47,580.68</u>	<u>\$ 3,663,312.07</u>	<u>\$ 1,560,000.00</u>	<u>\$ 470,714.89</u>	<u>\$ 1,632,597.18</u>
								Improvement Authorizations - Unfunded \$ 1,746,283.96
								Less: Unexpended Proceeds of Notes
							\$ 6,886.61	11-05
							2,043.29	13-23,15-06
							2,670.80	15-07
							4,409.60	17-09
							23,454.34	17-17, 19-07
							8,599.17	18-18
							42,060.01	18-20
							3,400.95	19-10
							20,162.01	19-20
								<u>113,686.78</u>
								<u>\$ 1,632,597.18</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	Balance <u>Dec. 31, 2020</u>	Increased	Received	Balance <u>Dec. 31, 2021</u>
Receivables not Offset with Reserves:				
NJDOT:				
Rehabilitation of East Ward Street (16-12)	\$ 75,000.00	\$ -	\$ -	\$ 75,000.00
Retaining Wall, First Ave Improvements (17-09, 21-10)	68,795.00			68,795.00
Improvements to Maple Ave and Sunset Ave (17-17, 19-07)	50,000.00		-	50,000.00
Peddie Lake Dam Walking Bridge Improvements (13-07, 15-14, 19-04)	185,054.96		3,272.44	181,782.52
Improvements to Lincoln Ave., Hagemount Ave. and Rocky Brook Court (18-20)	279,276.89		-	279,276.89
Springcrest, Spruce Ct. and Glen Drive (20-05)	600,000.00		450,000.00	150,000.00
Improvements to Various Road:				
Hauser Avenue, Bennet Place (21-02)		500,000.00		500,000.00
Railroad and Dey (21-02)	-	529,632.00	353,454.75	176,177.25
	<u>\$ 1,258,126.85</u>	<u>\$1,029,632.00</u>	<u>\$ 806,727.19</u>	<u>\$ 1,481,031.66</u>
Receivables Offset with Reserves:				
NJDOI:				
Peddie Lake Dam Walking Bridge Improvements (13-07, 15-14, 19-04)	\$ 130,602.65			\$ 130,602.65
Improvements to Stockton Street and Joseph Street(15-15)	275,000.00	-	47,580.68	227,419.32
	<u>\$ 405,602.65</u>	<u>\$ -</u>	<u>\$ 47,580.68</u>	<u>\$ 358,021.97</u>
Other:				
Grants (15-15, 17-15)		\$ 70,000.00		\$ 70,000.00
Total	<u>\$ 1,663,729.50</u>	<u>\$1,099,632.00</u>	<u>\$ 854,307.87</u>	<u>\$ 1,909,053.63</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

	Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2021</u>
Reserve for John and Mary Hight Sculpture	\$ 150.00	\$ -	\$ -	\$ 150.00
Reserve for Donations	50.00	-	-	50.00
Reserve for Municipal Facility	4,859.79	-		4,859.79
Reserve for Housing Rehabilitation	47.00			47.00
Reserve for Municipal Facility-FEMA	375,000.00	12,212.34	208,771.88	178,440.46
Police Vehicle Purchase	40,000.00			40,000.00
	<u>\$ 420,106.79</u>	<u>\$ 12,212.34</u>	<u>\$ 208,771.88</u>	<u>\$ 223,547.25</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

Balance, December 31, 2020	\$ 197,842.50
Increased by: 2021 Budget Appropriation	<u>30,000.00</u>
Balance, December 31, 2021	<u>\$ 227,842.50</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Description	Date of Ordinance	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increase	Decrease	Balance Dec. 31, 2021
11-05	Milling and Paving Various Roads	6/06/2011	12/30/2020	9/30/2021	9/30/2022	0.250%	\$ 14,500.00	\$ 14,500.00	\$ 14,500.00	\$ 14,500.00
13-23/15-06	Road Improvements to Park Ave, Greeley Street and Glen Brook Place	9/03/2013	12/30/2020	9/30/2021	9/30/2022	0.250%	13,000.00	13,000.00	13,000.00	13,000.00
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	4/20/2015	12/30/2020	9/30/2021	9/30/2022	0.250%	10,500.00	10,500.00	10,500.00	10,500.00
15-15,17-15	Improvements to Stockton St. and Joseph St.	8/21/2015	12/30/2020	9/30/2021	9/30/2022	0.250%	100,000.00	100,000.00	100,000.00	100,000.00
17-09, 21-10	Retaining Wall, First Ave Improvements	8/21/2017	12/30/2020	9/30/2021	9/30/2022	0.250%	150,000.00	150,000.00	150,000.00	150,000.00
17-17,19-07	Improvements to Maple Ave and Sunset Ave	11/20/2017	12/30/2020	9/30/2021	9/30/2022	0.250%	330,000.00	330,000.00	330,000.00	330,000.00
18-18	Various Capital Improvements-Public Safety	9/17/2018	12/30/2020	9/30/2021	9/30/2022	0.250%	180,500.00	180,500.00	180,500.00	180,500.00
18-20	Improvements to Lincoln Ave., Hagemount Ave and Rocky Brook Court	11/05/2018	12/30/2020	9/30/2021	9/30/2022	0.250%	100,000.00	100,000.00	100,000.00	100,000.00
19-10	Design Costs - Municipal Complex	6/17/2019	12/30/2020	9/30/2021	9/30/2022	0.250%	476,000.00	476,000.00	476,000.00	476,000.00
19-20	Various Capital Improvements Police, Fire and DPW	11/01/2019	12/30/2020	9/30/2021	9/30/2022	0.250%	185,500.00	185,500.00	185,500.00	185,500.00
							<u>\$ 1,560,000.00</u>	<u>\$ 1,560,000.00</u>	<u>\$ 1,560,000.00</u>	<u>\$ 1,560,000.00</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND - WATER-SEWER CAPITAL FUND

Balance, December 31, 2020	\$ 339,453.97
Balance, December 31, 2021	<u>\$ 339,453.97</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2021</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds of 2008	2/01/2008	\$ 4,000,000			3.75%	\$ 430,000.00	\$ 430,000.00	\$ -
General Improvement Bonds of 2018	9/27/2018	\$ 4,960,000	4/01/2022	\$ 480,000	5.00%	4,480,000.00	240,000.00	4,240,000.00
			4/01/2023	480,000	5.00%			
			4/01/2024	480,000	5.00%			
			4/01/2025	480,000	5.00%			
			4/01/2026	480,000	2.50%			
			4/01/2027	480,000	3.00%			
			4/01/2028	480,000	3.00%			
			4/01/2029	480,000	3.00%			
	4/01/2030	400,000	3.00%					
						<u>\$ 4,910,000.00</u>	<u>\$ 670,000.00</u>	<u>\$ 4,240,000.00</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT LOANS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2021		Interest Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	Amount				
Peddie Lake Dam Restoration Loan	2011	\$ 156,250	6/10/2022	\$ 4,190.42	2.00%	\$ 85,488.09	\$ 8,256.78	\$ 77,231.31
			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>\$ 85,488.09</u>	<u>\$ 8,256.78</u>	<u>\$ 77,231.31</u>

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

GENERAL CAPITAL FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2020	\$ 447,597.77
Increased by:	
Charged to Improvement Authorizations	<u>368,033.61</u>
	\$ 815,631.38
Decreased by:	
Transferred to Improvement Authorizations	<u>447,597.77</u>
Balance, December 31, 2021	<u><u>\$ 368,033.61</u></u>

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

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Authorized 2021</u>	<u>Grants Received</u>	<u>Balance Dec. 31, 2021</u>
05-24,09-13	Peddie 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
12-04	Hurricane Irene Damage Emergency	625.25	-	-	625.25
12-13	Various Capital Improvements	500.00	-	-	500.00
13-07,15-14,19-04	Imp. To Peddle Lake Dam Walking Bridge	130,602.65	-	-	130,602.65
13-23, 15-06	Road Improvements to Park Avenue, Greeley St. and Glen Brook Place	15,210.00	-	-	15,210.00
14-06	Various Capital Improvements including Document Restoration	9,334.00	-	-	9,334.00
15-07	Road Improvements to Park Way, Grant St. and Hutchison Street	25,000.00	-	-	25,000.00
15-11	Acquisition of Aerial Ladder Truck	300.00	-	-	300.00
15-15, 17-15	Improvements to Stockton Street and Joseph St.	417,436.83	-	47,580.68	369,856.15
16-12	Rehabilitation of East Ward Street	90,000.00	-	-	90,000.00
17-09, 21-10	Retaining Wall, First Ave Improvements	404,000.00	-	-	404,000.00
17-12	Police, Fire, DPW Court Equipment	40.00	-	-	40.00
18-20	Improvements to Lincoln Ave., Hagemount Ave. and Rocky Brook Court	53,500.00	-	-	53,500.00
20-05	Springcrest, Spruce Ct. and Glen Drive	273,000.00	-	-	273,000.00
20-15	Crosswalk Signal and Fire Dept Equipment	100,000.00	-	-	100,000.00
21-02	Improvements Various Roads- Hauser Ave, Bennet Pl. Railroad Ave. Dey St.	-	-	-	-
			<u>600,368.00</u>		<u>600,368.00</u>
		<u>\$ 1,550,524.75</u>	<u>\$ 600,368.00</u>	<u>\$ 47,580.68</u>	<u>\$ 2,103,312.07</u>

WATER-SEWER UTILITY FUND

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

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

Balance, December 31, 2020		\$ 355,467.05
Increased by Receipts:		
Consumer Accounts Receivable	\$ 2,464,356.77	
Miscellaneous Revenue	258,760.09	
Interfunds:		
Current Fund	50,000.00	
Water Sewer Utility Capital Fund	29,669.00	
Water-Sewer Rent Overpayment	<u>9,660.68</u>	
		<u>2,812,446.54</u>
		\$ 3,167,913.59
Decreased by Disbursements:		
Budget Appropriations	\$ 2,734,062.82	
Appropriation Reserves	84,612.31	
Interfund - Other Trust Fund	3,102.42	
Refund of Prior Year Revenue	6,436.19	
Accrued Interest on Bonds, Loans and Notes	<u>95,367.21</u>	
		<u>2,923,580.95</u>
Balance, December 31, 2021		<u><u>\$ 244,332.64</u></u>

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF UTILITY CAPITAL CASH

Balance, December 31, 2020		\$ 83,791.66
Increased by Receipts:		
Capital Improvement Fund	\$ 32,000.00	
Bond Anticipation Notes	1,350,000.00	
Interfund:		
Water-Sewer Operating Fund	4,946.31	
Loans Received	29,717.00	
Reserve for I Bank	<u>1,191,628.23</u>	
		<u>2,608,291.54</u>
		\$ 2,692,083.20
Decreased by Disbursements:		
Bond Anticipation Notes	\$ 1,480,000.00	
Improvement Authorizations	718,181.34	
Interfunds:		
Current Fund	54,149.66	
Water-Sewer Utility Operating Fund	<u>34,615.31</u>	
		<u>2,286,946.31</u>
Balance, December 31, 2021		<u><u>\$ 405,136.89</u></u>

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

WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2020	Receipts	Loan Drawdown	Disbursements	Bond Anticipation Notes Paid	Transfers		Balance Dec. 31, 2021
						From	To	
Capital Improvement Fund	\$ 16.95	\$ 32,000.00	\$ -	\$ -	\$ -	\$ 31,700.00	\$ -	\$ 316.95
Interfunds:								
Current Fund	(498,562.36)			54,149.66	-		-	(552,712.02)
General Capital Fund	339,453.97				-		-	339,453.97
Reserve for Encumbrances	52,341.18				-	52,341.18	358,751.34	358,751.34
Due To Water-Sewer Operating	179,026.89	4,946.31		34,615.31				149,357.89
Reserve for Debt Service	4,631.21							4,631.21
Reserve for I Bank	-		1,221,345.23					1,221,345.23
Reserve for NJI-Bank Advance						505,500.00		(505,500.00)
Fund Balance	5.72							5.72
Down Payment on Improvements	200.00							200.00
<u>Ord. No.</u>								
08-10,08-19 Water-Sewer Improvements	6,140.70							6,140.70
09-02 Water-Sewer Imp. Morrison Avenue	(600.00)							(600.00)
09-15 Water Main Extension	5,190.12							5,190.12
11-03 Water-Sewer Improvements	12,551.48					4,365.00	4,365.00	12,551.48
11-04 Refurbishment of Water Tanks	15,000.00							15,000.00
12-14 Mitigation Water Plant/Roof Replacement	41,532.53							41,532.53
13-19 Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	6,801.19							6,801.19
14-12 Improvements to Water-Sewer Plants	43,594.16							43,594.16
16-14 Water-Sewer Improvements	(118,907.59)			4,000.00	1,080,000.00	3,025.00	7,025.00	(1,198,907.59)
17-10 Water Mains, Sewer Imp Stockton & Forman	17,060.12			60,112.46	70,000.00		40,951.18	(72,101.16)
17-11 Secondary Clarifier	5,249.18	210,000.00			210,000.00			5,249.18
17-16 Water-Sewer Imp. Maple Ave Sunset Dr	(7,849.00)							(7,849.00)
18-21 Water-Sewer Imp. Lincoln, Hagemount and Rocky Brook Court	(44,617.50)	70,000.00		213.45	70,000.00			(44,830.95)
19-19 Water-Sewer Improvements	9,658.28	50,000.00		40,100.00	50,000.00			(30,441.72)
20-06/21-08 Drainage Improvements	8,774.43	920,000.00		550,395.88		351,361.34	31,700.00	58,717.21
20-16 Water-Sewer Improvements	7,100.00	100,000.00		20,708.31				86,391.69
20-17 Water-Sewer Flood Mitigation, Generator	-			42,051.24			505,500.00	463,448.76
21-03 Water-Sewer Improvements-Hauser, Bennet, Prospect, Railroad and Dey	-			600.00				(600.00)
	<u>\$ 83,791.66</u>	<u>\$ 1,386,946.31</u>	<u>\$ 1,221,345.23</u>	<u>\$ 806,946.31</u>	<u>\$ 1,480,000.00</u>	<u>\$ 948,292.52</u>	<u>\$ 948,292.52</u>	<u>\$ 405,136.89</u>

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

WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2020		\$ 102,710.69
Increased by:		
Water-Sewer Rents Levied	\$ 2,488,486.18	
Fire Service	18,200.19	
Gray Water Fees	<u>222,350.64</u>	
		<u>2,729,037.01</u>
		\$ 2,831,747.70
Decreased by:		
Collections:		
Water-Sewer Rents	\$ 2,464,356.77	
Water-Sewer Rents - Overpayments Applied	5,026.70	
Fire Service	18,356.54	
Gray Water Fees	223,992.45	
Gray Water Fees - Overpayments Applied	<u>678.19</u>	
		<u>2,712,410.65</u>
Balance, December 31, 2021		<u><u>\$ 119,337.05</u></u>

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

WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2020</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 115,502.69	\$ 115,502.69	\$ 30,342.73	\$ 85,159.96
Other Expenses	115,825.66	173,735.10	51,728.57	122,006.53
Statutory Expenditures:		-		
Unemployment Insurance	2,000.00	2,000.00	-	2,000.00
Social Security System	<u>5,605.23</u>	<u>5,605.23</u>	<u>2,541.01</u>	<u>3,064.22</u>
	<u>\$ 238,933.58</u>	<u>\$ 296,843.02</u>	<u>\$ 84,612.31</u>	<u>\$ 212,230.71</u>

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

WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF OVERPAYMENTS

Balance, December 31, 2020		\$ 5,704.89
Increased by:		
Receipts		<u>9,660.68</u>
		\$ 15,365.57
Decreased by:		
Overpayments Applied - Water-Sewer Rents	\$ 5,026.70	
Overpayments Applied - Gray Water	<u>678.19</u>	
		<u>5,704.89</u>
Balance, December 31, 2021		<u><u>\$ 9,660.68</u></u>

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

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

Balance, December 31, 2020	\$ 30,140.53
Increased by:	
Charged to 2021 Budget	<u>93,329.69</u>
	\$ 123,470.22
Decreased byL	
Payments	<u>95,367.21</u>
Balance, December 31, 2021	<u><u>\$ 28,103.01</u></u>

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

WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF GRANT RECEIVABLE

Balance, December 31, 2020	\$ 505,500.00
Balance, December 31, 2021	<u>\$ 505,500.00</u>

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Balance, December 31, 2020 and December 31, 2021

\$ 15,336,516.65

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

WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF DUE FROM WATER-SEWER CAPITAL FUND

Balance, December 31, 2020	\$ 179,026.89
Decreased by Receipts	<u>29,669.00</u>
Balance, December 31, 2021	<u><u>\$ 149,357.89</u></u>

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

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

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2020	Improvement Authorizations	Balance Dec. 31, 2021
		Date	Amount			
08-10, 08-19	Water-Sewer Improvements	10/20/2008	\$ 155,400.00	\$ 155,400.00	\$ -	\$ 155,400.00
09-02	Water-Sewer Imp. Morrison Avenue	2/02/2009	215,000.00	215,000.00	-	215,000.00
09-15	Water Main Extension	9/08/2009	2,200,000.00	2,200,000.00	-	2,200,000.00
10-01	Water-Sewer Improvements - Leshin Lane	2/01/2010	52,000.00	-	-	-
11-03	Water-Sewer Improvements	6/06/2011	2,083,000.00	2,188,000.00	-	2,188,000.00
11-04	Refurbishment of Water Tanks	6/06/2011	100,000.00	100,000.00	-	100,000.00
12-14	Mitigation Water Plant/Roof Replacement	8/20/2012	132,000.00	132,000.00	-	132,000.00
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	8/19/2013	86,000.00	86,000.00	-	86,000.00
14-12	Improvements to Water-Sewer Plants	7/21/2014	100,000.00	100,000.00	-	100,000.00
16-14	Improvements to Water-Sewer Plants	6/06/2016	1,860,000.00	1,860,000.00	-	1,860,000.00
17-10	Water Mains, Sewer Imp Stockton & Forman	8/21/2017	1,270,000.00	1,435,000.00	-	1,435,000.00
17-11	Secondary Clarifier	8/21/2017	245,000.00	245,000.00	-	245,000.00
17-16	Water-Sewer Imp. Maple Ave Sunset Dr	11/20/2017	110,000.00	110,000.00	-	110,000.00
18-19	Refunding Bonds	10/15/2018	1,040,000.00	40,000.00	-	40,000.00
18-21	Water-Sewer Imp. Lincoln, Hagemount and Rocky Brook Court	11/05/2018	175,000.00	175,000.00	-	175,000.00
19-18	Various Water-Sewer Improvements	11/18/2019	100,000.00	100,000.00	-	100,000.00
19-19	Various Water-Sewer Improvements	11/18/2019	110,000.00	110,000.00	-	110,000.00
20-06/21-08	Drainage Improvements	7/20/2020	310,000.00	310,000.00	665,000.00	975,000.00
20-16	Various Water-Sewer Improvements	12/07/2020	115,100.00	115,100.00	-	115,100.00
20-17	Water-Sewer Flood Mitigation, Generator	12/07/2020	505,500.00	505,500.00	-	505,500.00
21-03	Water-Sewer Improvements-Hauser, Bennet, Prospect, Railroad and Dey	3/15/2021	710,000.00		710,000.00	710,000.00
				<u>\$ 10,182,000.00</u>	<u>\$ 1,375,000.00</u>	<u>\$ 11,557,000.00</u>

WATER-SEWER UTILITY CAPITAL FUND

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance Dec. 31, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Water-Sewer Utility Bonds	9/27/2018	\$ 875,000.00	4/01/2022	70,000.00	5.000%	\$ 735,000.00	\$ 70,000.00	\$ 665,000.00
			4/01/2023	70,000.00	5.000%			
			4/01/2024	75,000.00	5.000%			
			4/01/2025	75,000.00	5.000%			
			4/01/2026	75,000.00	2.500%			
			4/01/2027	75,000.00	3.000%			
			4/01/2028	75,000.00	3.000%			
			4/01/2029	75,000.00	3.000%			
			4/01/2030	75,000.00	3.000%			
Water-Sewer Utility Refunding Bonds	11/27/2018	1,040,000.00	3/1/22-31/24	105,000.00	3.342%	815,000.00	105,000.00	710,000.00
			3/1/25-27	100,000.00	3.342%			
			3/01/2028	95,000.00	3.342%			
						<u>\$ 1,550,000.00</u>	<u>\$ 175,000.00</u>	<u>\$ 1,375,000.00</u>

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

**WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding December 31, 2021		Interest Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	Amount				
NJ Environmental Infrastructure Trust (State) Loan	3/10/2010	\$ 495,000.00	8/01/2022-23	\$ 29,000.00	4.00%	\$ 285,000.00	\$ 39,000.00	\$ 246,000.00
			8/01/2024-25	28,000.00	3.50%-4.00%			
			8/01/2022-26	30,000.00				
			8/01/2027-29	35,000.00				
NJ Environmental Infrastructure Fund (Federal) Loan	3/10/2010	1,451,250.00	8/01/2022-28	51,830.35	0.00%	699,709.97	77,745.52	621,964.45
			2/01/2022-29	25,915.17	0.00%			
			8/01/2029	51,830.64	0.00%			
NJ Environmental Infrastructure Trust (State) Loan	5/16/2012	283,382.00	8/01/2022	14,454.00	1.840%	174,450.00	14,215.00	160,235.00
			8/01/2023	14,720.00	1.990%			
			8/01/2024	15,013.00	2.110%			
			8/01/2025	15,330.00	2.230%			
			8/01/2026	15,672.00	2.330%			
			8/01/2027	16,037.00	2.860%			
			8/01/2028	16,495.00	2.950%			
			8/01/2029	16,982.00	3.030%			
			8/01/2030	17,497.00	3.080%			
			8/01/2031	18,035.00	3.140%			
			NJ Environmental Infrastructure Fund (Federal) Loan	5/16/2012	813,055.00			
8/01/2022-30	28,528.24	0.00%						
8/01/2031	28,528.40	0.00%						
NJ Environmental Infrastructure Fund (State) Loan	5/16/2012	238,918.00	8/01/2022	12,186.00	1.840%	147,077.00	11,985.00	135,092.00
			8/01/2023	12,410.00	1.990%			
			8/01/2024	12,657.00	2.110%			
			8/01/2025	12,924.00	2.230%			
			8/01/2026	13,213.00	2.330%			
			8/01/2027	13,521.00	2.860%			
			8/01/2028	13,907.00	2.950%			
			8/01/2029	14,317.00	3.030%			
			8/01/2030	14,751.00	3.080%			
			8/01/2031	15,206.00	3.140%			

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

**WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding December 31, 2021		Interest Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	Amount				
NJ Environmental Infrastructure Fund Loan	5/16/2012	\$ 685,482.00	2/01/2022-31	\$ 12,026.00	0.00%	\$ 396,858.00	\$ 36,078.00	\$ 360,780.00
			8/01/2022-31	24,052.00	0.00%			
NJ Environmental Infrastructure Fund (State) Loan (2017A-1)	5/25/2017	80,000.00	8/01/2022	5,000.00	5.000%	65,000.00	5,000.00	60,000.00
			8/01/2023	5,000.00	5.000%			
			8/01/2024	5,000.00	5.000%			
			8/01/2025	5,000.00	5.000%			
			8/01/2026	5,000.00	3.000%			
			8/01/2027	5,000.00	3.000%			
			8/01/2028	5,000.00	3.000%			
			8/01/2029	5,000.00	3.000%			
			8/01/2030	5,000.00	3.000%			
			8/01/2031	5,000.00	3.000%			
			8/01/2032	5,000.00	3.000%			
			8/01/2033	5,000.00	3.000%			
NJ Environmental Infrastructure Fund (Federal) Loan	5/25/2017	86,542.00	2/01/2022-32	1,730.52	0.00%	67,502.76	9,372.52	58,130.24
			2/01/2033	3,461.65	0.00%			
			8/01/2022-32	1,012.52				

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding December 31, 2021		Interest Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021	
			Date	Amount					
NJ Environmental Infrastructure Trust Loan 2018 (State) Loan	5/22/2018	\$ 330,000.00	8/01/2022	\$ 5,000.00	3.730%	\$ 320,000.00	\$ 5,000.00	\$ 315,000.00	
			8/01/2023	10,000.00	3.730%				
			8/01/2024	10,000.00	3.730%				
			8/01/2025	10,000.00	3.730%				
			8/01/2026	10,000.00	3.730%				
			8/01/2027	10,000.00	3.730%				
			8/01/2028	10,000.00	3.730%				
			8/01/2029	10,000.00	3.730%				
			8/01/2030	10,000.00	3.730%				
			8/01/2031	10,000.00	3.730%				
			8/01/2032	10,000.00	3.730%				
			8/01/2033	10,000.00	3.730%				
			8/01/2034	10,000.00	3.730%				
			8/01/2035	10,000.00	3.730%				
			8/01/2036	10,000.00	3.730%				
			8/01/2037	15,000.00	3.730%				
			8/01/2038	15,000.00	3.730%				
			8/01/2039	15,000.00	3.730%				
			8/01/2040	15,000.00	3.730%				
			8/01/2041	15,000.00	3.730%				
			8/01/2042	15,000.00	3.750%				
			8/01/2043	15,000.00	3.750%				
			8/01/2044	15,000.00	3.750%				
8/01/2045	15,000.00	3.750%							
8/01/2046	15,000.00	3.750%							
8/01/2047	20,000.00	3.750%							
NJ Environmental Infrastructure Loan Fund (Federal) Loan	5/22/2018	963,975.00	2/01/2022-45	10,831.17	0.00%	877,325.61	86,964.52	790,361.09	
			8/01/2022-45	21,662.35	0.00%				
			8/01/2046	10,516.61	0.00%				
						<u>\$ 3,503,639.46</u>	<u>\$ 328,152.92</u>	<u>\$ 3,175,486.54</u>	
Budget Adjustment - Forgiveness							\$ 255,501.92	72,651.00	
							<u>\$ 328,152.92</u>		

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

No.	Description	Date of Ordinance	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increase	Decrease	Balance Dec. 31, 2021
17-10, 19-09	Water Mains, Sewer Imp Stockton & Forman and First Ave.	8/21/2017	4/01/2020	4/01/2020	1/28/2021	1.00%	\$ 1,080,000.00	\$ -	\$ 1,080,000.00	\$ -
17-10, 19-09	Water Mains, Sewer Imp Stockton & Forman and First Ave.	8/21/2017	12/30/2020	12/30/2020	12/08/2021	0.75%	70,000.00	-	70,000.00	-
17-11	Secondary Clarifier	8/21/2017	12/30/2020	12/08/2021	9/30/2022	0.25%	210,000.00	210,000.00	210,000.00	210,000.00
18-21	Water-Sewer Imp. Lincoln, Hagemount and Rocky Brook Court	11/05/2018	12/30/2020	12/08/2021	9/30/2022	0.25%	70,000.00	70,000.00	70,000.00	70,000.00
19-19	Water-Sewer Improvements	11/18/2019	12/30/2020	12/08/2021	9/30/2022	0.25%	50,000.00	50,000.00	50,000.00	50,000.00
20-06	Drainage Improvements	7/20/2020	9/30/2021	9/30/2021	9/30/2022	0.25%	-	920,000.00	-	920,000.00
20-16	Water-Sewer Improvements	12/07/2020	9/30/2021	9/30/2021	9/30/2022	0.25%	-	100,000.00	-	100,000.00
							-	-	-	-
							<u>\$ 1,480,000.00</u>	<u>\$ 1,350,000.00</u>	<u>\$ 1,480,000.00</u>	<u>\$ 1,350,000.00</u>
							Rollover	\$ 330,000.00		
							New Money	<u>1,020,000.00</u>		
								<u>\$ 1,350,000.00</u>		

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2020	\$	4,631.21
AND		
Balance, December 31, 2021	\$	<u>4,631.21</u>

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance, Dec. 31, 2020		Encumbrances Dec. 31, 2020	2021 Authorizations Deferred Charge to Future Revenue	Capital Improvement Fund	Paid or Charged	Encumbrances Dec. 31, 2021	Balance, Dec. 31, 2021	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
08-10, 08-19	Water-Sewer Improvements	10/20/2008	\$ 155,400.00	\$ 6,140.70	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 6,140.70	\$ -
09-15	Water Main Extension	9/08/2009	2,200,000.00	5,190.12	3,750.00	-	-		-	-	5,190.12	3,750.00
11-03	Water-Sewer Improvements	6/06/2011	2,083,000.00	12,551.48	563.00	4,365.00	-		-	4,365.00	12,551.48	563.00
11-04	Refurbishment of Water Tanks	6/06/2011	100,000.00	15,000.00	-	-	-		-	-	15,000.00	-
12-14	Mitigation Water Plant/Roof Replacement	8/20/2012	132,000.00	41,532.53	-	-	-		-	-	41,532.53	-
13-19	Water-Sewer Improvements - Grape Run Rd and Pershing Avenue	8/19/2013	86,000.00	6,801.19	6,000.00	-	-		-	-	6,801.19	6,000.00
14-12	Improvements to Water-Sewer Plants	7/21/2014	100,000.00	18,855.30	-	-	-		-	-	18,855.30	-
16-14	Water-Sewer Improvements	6/06/2016	1,860,000.00	108,633.27	226,398.00	7,025.00	-		4,000.00	3,025.00	108,633.27	226,398.00
17-10, 19-09	Water Mains, Sewer Imp Stockton & Forman and First Ave.	8/21/2017	1,270,000.00	-	302,060.12	40,951.18	-		60,112.46	-	-	282,898.84
17-11	Secondary Clarifier	8/21/2017	245,000.00	-	40,249.18	-	-		-	-	-	40,249.18
17-16	Water-Sewer Imp. Maple Ave Sunset Dr	11/20/2017	110,000.00	-	102,151.00	-	-		-	-	-	102,151.00
18-19	Refunding Bonds	10/15/2018	1,080,000.00	-	40,000.00	-	-		-	-	-	40,000.00
18-21	Water-Sewer Imp, Lincoln, Hagemount and Rocky Brook Court	11/05/2018	175,000.00	-	60,382.50	-	-		213.45	-	-	60,169.05
19-18	Various Water-Sewer Improvements	11/18/2019	100,000.00	-	-	-	-		-	-	-	-
19-19	Various Water-Sewer Improvements	11/18/2019	110,000.00	-	64,358.28	-	-		-	-	-	-
20-06/21-08	Springcrest, Spruce & Glen Dr.Improvements	7/20/2020	310,000.00	-	-	-	-		40,100.00	-	-	24,258.28
20-16	Water-Sewer Improvements	7/19/2021	665,000.00	8,774.43	295,200.00	-	633,300.00	31,700.00	550,395.88	351,361.34	-	67,217.21
20-17	Water-Sewer Flood Mitigation, Generator	12/07/2020	115,100.00	7,100.00	108,000.00	-	-		20,708.31	-	-	94,391.69
21-03	Water-Sewer Improvements-Hauser, Bennet, Prospect, Railroad and Dey	12/07/2020	505,500.00	505,500.00	-	-	-		42,051.24	-	463,448.76	-
		3/15/2021	710,000.00	-	-	-	710,000.00		600.00	-	-	709,400.00
				<u>\$ 736,079.02</u>	<u>\$ 1,249,112.08</u>	<u>\$ 52,341.18</u>	<u>\$ 1,343,300.00</u>	<u>\$ 31,700.00</u>	<u>\$ 716,181.34</u>	<u>\$ 358,751.34</u>	<u>\$ 678,153.35</u>	<u>\$ 1,657,446.25</u>

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2020	\$ 52,341.18
Increased by:	
Charged to Improvement Authorizations	<u>358,751.34</u>
	\$ 411,092.52
Decreased by:	
Transferred to Improvements Authorizati	<u>52,341.18</u>
Balance, December 31, 2021	<u><u>\$ 358,751.34</u></u>

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

Exhibit D-22

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2020		\$ 16,613,481.19
Increased by:		
Serial Bonds paid by Operating Budget	\$ 175,000.00	
Loans paid by Operating Budget	<u>255,501.92</u>	
		<u>430,501.92</u>
		17,043,983.11
Decreased by:		
Adjustment		<u>29,717.00</u>
Balance, December 31, 2021		<u><u>\$ 17,014,266.11</u></u>

Exhibit D-23

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Balance, December 31, 2020		\$ 422,600.00
Increased by:		
Fixed Capital Authorized	\$ 31,700.00	
NJI-Bank Loan - Forgiveness	<u>72,651.00</u>	
		<u>104,351.00</u>
Balance, December 31, 2021		<u><u>\$ 526,951.00</u></u>

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

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2020	\$ 16.95
Increased by:	
2021 Budget Appropriation	<u>32,000.00</u>
	\$ 32,016.95
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>31,700.00</u>
Balance, December 31, 2021	<u><u>\$ 316.95</u></u>

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

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Bond Anticipation Notes Issued	Adjustment	Balance Dec. 31, 2021
09-02	Morrison Avenue Improvements	\$ 600.00	\$ -	\$ -	\$ -	\$ 600.00
09-15	Water Main Extension	3,750.00	-	-	-	3,750.00
11-03	Water-Sewer Improvements	563.00	-	-	-	563.00
13-19	Water-Sewer Improvements - Grape Run Rd. and Pershing Avenue	6,000.00	-	-	-	6,000.00
16-14	Water-Sewer Improvements	226,398.00	-	-	-	226,398.00
17-10	Water Mains/Sewer Imp Forman and First Ave.	285,000.00	-	-	70,000.00	355,000.00
17-11	Secondary Clarifier	35,000.00	-	-	-	35,000.00
17-16	Maple Ave and Sunset Dr. Improvements	110,000.00	-	-	-	110,000.00
18-19	Refunding Bonds	40,000.00	-	-	-	40,000.00
18-21	Improvements to Lincoln Ave., Hagemount Ave. and Rocky Brook Court	105,000.00	-	-	-	105,000.00
19-19	Various Water-Sewer Improvements	54,700.00	-	-	-	54,700.00
20-06/21-08	Springcrest, Spruce and Glen Drive Improvements	295,200.00	633,300.00	920,000.00	-	8,500.00
20-16	Water-Sewer Improvements	108,000.00	-	100,000.00	-	8,000.00
21-03	Water-Sewer Improvements-Hauser, Bennet, Prospect, Railroad and Dey					
			710,000.00			710,000.00
		<u>\$ 1,270,211.00</u>	<u>\$ 1,343,300.00</u>	<u>\$ 1,020,000.00</u>	<u>\$ 70,000.00</u>	<u>\$ 1,663,511.00</u>

SUPPLEMENTARY AND STATISTICAL DATA

BOROUGH OF HIGHTSTOWN
MERCER COUNTY, NEW JERSEY
COMBINED BALANCE SHEET ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>ASSETS</u>	<u>Current Fund</u>	<u>Trust Fund</u>	<u>General Capital Fund</u>	<u>Water-Sewer Utility Fund</u>	<u>Governmental Capital Assets Account</u>	<u>Totals (Memorandum Only)</u>	
						<u>2021</u>	<u>2020</u>
Cash	\$ 3,896,090.28	\$ 774,251.09	\$ 9,024.26	\$ 649,469.53		\$ 5,328,835.16	\$ 5,129,500.07
Cash Held by Plan Administrator (LOSAP)		930,166.72				930,166.72	746,880.61
Change Fund	205.00					205.00	205.00
Accounts Receivable:							
Grants	181,929.73	12,116.92	1,909,053.63			2,103,100.28	2,304,551.23
Due from State of New Jersey							1,250.00
NJIBANK Loan Receivable				505,500.00		505,500.00	29,717.00
Taxes, Liens and Utility Charges	390,685.64			119,337.05		510,022.69	501,146.97
Interfund Loans	229,177.87	229,309.55	464,866.24	705,172.33		1,628,525.99	1,794,906.74
Other Accounts Receivable	11,726.40					11,726.40	4,934.60
Charges to Future Taxation:							
General Capital Fund			7,980,543.38			7,980,543.38	8,106,012.84
Fixed Capital				26,893,516.65		26,893,516.65	25,518,516.65
Capital Assets					\$ 7,148,891.87	7,148,891.87	7,148,891.87
	<u>\$ 4,709,814.92</u>	<u>\$ 1,945,844.28</u>	<u>\$ 10,363,487.51</u>	<u>\$ 28,872,995.56</u>	<u>\$ 7,148,891.87</u>	<u>\$ 53,041,034.14</u>	<u>\$ 51,286,513.58</u>

BOROUGH OF HIGHTSTOWN
MERCER COUNTY, NEW JERSEY
COMBINED BALANCE SHEET ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Current Fund</u>	<u>Trust Fund</u>	<u>General Capital Fund</u>	<u>Water-Sewer Utility Fund</u>	<u>Governmental Capital Assets Account</u>	<u>Totals (Memorandum Only)</u>	
						<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>							
Bonds, Notes and Loans Payable			\$ 5,877,231.31	\$ 5,900,486.54		\$ 11,777,717.85	\$ 13,089,127.55
Prepaid Taxes	\$ 165,663.95					165,663.95	169,666.47
Tax, Utility Charges and Other Overpayments	5,320.12			9,660.68		14,980.80	5,704.89
Accounts Payable	142,443.91					142,443.91	90,184.62
Appropriation Reserves	703,851.73			100,024.37		803,876.10	862,174.30
Reserve for Encumbrances	299,624.61		368,033.61	434,997.03		1,102,655.25	673,043.96
Amounts Pledged to Specific Purposes (LOSAP)		\$ 930,166.72				930,166.72	746,880.61
Developers Deposits and Escrow Funds		91,336.71				91,336.71	66,808.01
Improvement Authorizations			3,307,856.75	2,335,599.60		5,643,456.35	4,547,921.36
Interfund Loans	1,121,494.79	15,219.34		488,811.86		1,625,525.99	1,794,906.74
Accrued Interest on Bonds, Loans and Notes				28,103.01		28,103.01	30,140.53
Other Liabilities	46,199.95	909,121.51	451,389.75	1,226,493.39		2,633,204.60	1,671,827.59
Reserve for Certain Assets Receivable	402,412.04		358,021.97	624,837.05		1,385,271.06	911,684.22
Reserve for Amortization of Costs of Fixed Capital - Acquired or Authorized				17,014,266.11		17,014,266.11	16,613,481.19
Deferred Reserve for Amortization				526,951.00		526,951.00	422,600.00
Reserve for Grants	447,935.73					447,935.73	769,991.45
Investment in Governmental Capital Assets					\$ 7,148,891.87	7,148,891.87	7,148,891.87
Fund Balance	<u>1,374,868.09</u>	<u> </u>	<u>954.12</u>	<u>182,764.92</u>	<u> </u>	<u>1,558,587.13</u>	<u>1,671,478.22</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 4,709,814.92</u>	<u>\$ 1,945,844.28</u>	<u>\$ 10,363,487.51</u>	<u>\$ 28,872,995.56</u>	<u>\$ 7,148,891.87</u>	<u>\$ 53,041,034.14</u>	<u>\$ 51,286,513.58</u>

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

	Balance December 31, <u>2021</u>	<u>Percent</u>	Balance December 31, <u>2020</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 975,000.00	4.68%	\$ 275,000.00	1.36%
Miscellaneous - from other than Local				
Property Tax Levies	1,479,806.52	7.10%	1,858,607.55	9.18%
Other Credits to Income	419,838.37	2.02%	635,542.86	3.14%
Nonbudget Revenue	38,517.88	0.18%	32,242.04	0.16%
Collection of Delinquent Taxes and Tax Title Liens	197,142.06	0.95%	205,241.20	1.02%
Collection of Current Tax Levy	<u>17,724,330.08</u>	<u>85.07%</u>	<u>17,231,965.87</u>	<u>85.14%</u>
 Total Income	 <u>\$ 20,834,634.91</u>	 <u>100.00%</u>	 <u>\$ 20,238,599.52</u>	 <u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures - Municipal Purposes	\$ 7,592,054.49	38.13%	\$ 7,203,380.07	37.34%
County Taxes	3,027,232.46	15.21%	3,069,885.33	15.91%
Local School Taxes	9,280,152.00	46.63%	9,015,839.00	46.74%
Other Expenditures	<u>4,040.75</u>	<u>0.02%</u>	<u>1,506.68</u>	<u>0.01%</u>
 Total Expenditures	 <u>\$ 19,903,479.70</u>	 <u>100.00%</u>	 <u>\$ 19,290,611.08</u>	 <u>100.00%</u>
 Excess of Revenue over Expenditures	 \$ 931,155.21		 \$ 947,988.44	
Excess to Fund Balance	931,155.21		947,988.44	
Fund Balance, January 1	<u>\$ 1,418,712.88</u>		<u>\$ 745,724.44</u>	
	2,349,868.09		1,693,712.88	
Less: Utilized as Anticipated Revenue	<u>975,000.00</u>		<u>275,000.00</u>	
Fund Balance, December 31	<u>\$ 1,374,868.09</u>		<u>\$ 1,418,712.88</u>	

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

	Balance December 31, <u>2021</u>	<u>Percent</u>	Balance December 31, <u>2020</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 250,000.00	7.83%	\$ 189,000.00	5.96%
Collection of Water and Sewer Rents	2,469,383.47	77.38%	2,500,203.62	78.86%
Other Credits to Income	259,438.28	8.13%	209,949.06	6.62%
Miscellaneous - from other than Water & Sewer Rents	<u>212,230.71</u>	<u>6.64%</u>	<u>271,111.95</u>	<u>8.54%</u>
Total Income	\$ <u>3,191,052.46</u>	<u>100.00%</u>	\$ <u>3,170,264.63</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	\$ 2,284,865.00	75.91%	\$ 2,239,560.00	65.12%
Capital Appropriations	32,000.00	1.06%	519,236.35	15.10%
Debt Service	517,831.57	17.20%	519,236.35	15.10%
Deferred Charges and Statutory Expenditures	168,966.00	5.61%	155,136.00	4.51%
Prior Year Refund	<u>6,436.19</u>	<u>0.21%</u>	<u>5,991.97</u>	<u>0.17%</u>
Total Expenditures	\$ <u>3,010,098.76</u>	<u>100.00%</u>	\$ <u>3,439,160.67</u>	<u>100.00%</u>
Excess of Revenue over Expenditures	\$ 180,953.70		\$ (268,896.04)	
Fund Balance, January 1	<u>(267,430.85)</u>		<u>190,465.19</u>	
	(86,477.15)		(78,430.85)	
Less:				
Utilized as Anticipated Revenue	<u>250,000.00</u>		<u>189,000.00</u>	
Fund Balance, December 31	\$ <u>(336,477.15)</u>		\$ <u>(267,430.85)</u>	

BOROUGH OF HIGHTSTOWN
MERCER COUNTY, NEW JERSEY

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	4.516	4.413	4.290	4.165	4.122
<u>Appointment of Tax Rate:</u>					
County Regular	0.667	0.678	0.659	0.617	0.621
County Library	0.068	0.069	0.066	0.062	0.061
County Open Space	0.029	0.030	0.028	0.026	0.026
Local School	2.342	2.284	2.209	2.170	2.190
Municipal	1.410	1.352	1.328	1.290	1.224

ASSESSED VALUATIONS

2021	\$ 396,172,393.00
2020	394,686,499.00
2019	393,687,820.00
2018	393,095,356.00
2017	392,180,396.00

COMPARISON OF TAX LEVIES AND CURRENT COLLECTION

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$ 17,915,565.49	\$ 17,724,330.08	98.93%
2020	17,451,083.95	17,231,965.87	98.74%
2019	16,390,722.31	16,122,100.50	98.36%
2018	16,198,829.58	15,937,265.41	98.39%
2017	16,003,149.14	15,723,603.99	98.25%

Subsequent Event: [Unaudited]

2022	\$ 18,581,833.03	\$ 18,327,185.00	98.63%
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DELINQUENT TAXES AND TAX TITLE LIENS

The tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last five (5) years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2021	\$ 212,328.23	\$ 178,357.41	\$ 390,685.64	2.18%
2020	198,631.76	199,804.52	398,436.28	2.28%
2019	186,456.28	204,414.99	390,871.27	2.38%
2018	243,407.36	226,579.67	469,987.03	2.90%
2017	201,865.40	224,325.00	426,190.40	2.66%

Subsequent Event: [Unaudited]

2022	\$ 233,865.92	\$ 224,823.29	\$ 458,689.21	2.56%
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BOROUGH OF HIGHTSTOWN
MERCER COUNTY, NEW JERSEY

VALUATION OF PROPERTY

	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2021	\$ 392,578,000	\$ 494,617,614	79.37%	\$ 3,594,393	\$ 498,212,011
2020	391,402,400	452,802,406	86.44%	3,284,099	456,086,505
2019	390,306,400	456,819,288	85.44%	3,381,420	460,200,708
2018	389,512,700	434,578,489	89.63%	3,582,656	438,161,145
2017	388,764,000	402,363,900	96.62%	3,416,396	405,780,296

REAL PROPERTY CLASSIFICATION

	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2021	\$ 2,318,700	\$ 316,258,000	\$ 56,615,600	\$ 4,012,500	\$ 13,373,200	\$ 392,578,000
2020	2,365,800	314,503,000	56,967,000	4,193,400	13,373,200	391,402,400
2019	2,436,800	314,070,100	57,258,400	3,167,900	13,373,200	390,306,400
2018	2,529,900	312,979,100	57,485,900	3,167,900	13,349,900	389,512,700
2017	2,652,000	312,588,100	57,330,600	3,149,400	13,043,900	388,764,000

BOROUGH OF HIGHTSTOWN
MERCER COUNTY, NEW JERSEY

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2021 by foreclosure or deed as a result of liquidation of tax title liens.

There was no property acquired by liquidation of tax title liens on December 31, for the last five (5) years.

COMPARISON OF WATER AND SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections *</u>
2021	\$ 2,729,037.01	\$ 2,712,410.65
2020	2,754,719.30	2,736,944.27
2019	2,716,219.27	2,768,273.56
2018	2,508,439.07	2,502,072.83
2017	2,531,515.31	2,541,893.07

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

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Fund</u>	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current	2021	\$ 1,374,868.69	\$ 820,000.00
	2020	1,418,712.88	975,000.00
	2019	745,724.44	275,000.00
	2018	1,177,326.51	825,000.00
	2017	1,160,794.50	804,400.00
Water-Sewer	2021	\$ 182,795.20	\$ 182,000.00
	2020	251,805.50	250,000.00
	2019	190,465.19	189,000.00
	2018	199,847.45	190,000.00
	2017	244,003.35	240,000.00

Subsequent Event: [Unaudited]

	<u>Fund Balance December 31, 2022</u>	<u>Utilized in Budget of Succeeding Year (2023)</u>	<u>Percent of Fund Balance Used</u>
Current	\$ 1,388,658.40	\$ 898,000.00	64.67%
Water-Sewer	227,021.37	200,000.00	88.10%

BOROUGH OF HIGHTSTOWN
MERCER COUNTY, NEW JERSEY

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 5,877,231.31	\$ 6,470,000.00	\$ 5,653,582.18
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>5,900,486.54</u>	<u>6,533,639.46</u>	<u>5,488,761.38</u>
	<u>\$ 11,777,717.85</u>	<u>\$ 13,003,639.46</u>	<u>\$ 11,142,343.56</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	\$ 2,103,312.07	\$ 1,550,524.75	\$ 2,737,524.75
Water-Sewer Utility:			
Bonds and Notes	<u>1,663,511.00</u>	<u>1,270,211.00</u>	<u>2,347,011.00</u>
	<u>\$ 3,766,823.07</u>	<u>\$ 2,820,735.75</u>	<u>\$ 5,084,535.75</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 15,544,540.92</u>	<u>\$ 15,824,375.21</u>	<u>\$ 16,226,879.31</u>

BOROUGH OF HIGHTSTOWN
MERCER COUNTY, NEW JERSEY

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 2,104,600.40	\$ 2,104,600.40	None
Water-Sewer Utility Debt	7,563,997.54	7,563,997.54	None
General Debt	<u>7,980,543.38</u>	None	<u>\$ 7,980,543.38</u>
	<u>\$ 17,649,141.32</u>	<u>\$ 9,668,597.94</u>	<u>\$ 7,980,543.38</u>

Net Debt \$7,540,742.31 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$468,079,679.33 = 1.71%.

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

3½% of Equalized Valuation Basis (Municipal)	\$ 16,382,791.93
Net Debt	<u>7,980,543.38</u>
Remaining Borrowing Power	<u>\$ 8,402,248.55</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,981,214.93
Deductions:	
Operating and Maintenance Cost	\$ 2,453,831.00
Debt Service	<u>517,831.57</u>
	<u>2,971,662.57</u>
Excess in Revenue	<u>\$ 9,552.36</u>

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

There being an excess in revenue for the Water-Sewer Utility, the fund was self liquidating and therefore, all the related debt as of December 31, 2021 is deductible for purposes of the annual debt statement and resultant net debt calculation.

Subsequent Event:

There being an excess in revenue for the Water-Sewer Utility, the fund was self liquidating and therefore, all the related debt as of December 31, 2022 and December 31, 2023 is deductible for purposes of the annual debt statement and resultant net debt calculation. [Unaudited]

AUDITOR'S COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

DECEMBER 31, 2021

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

Ladies and Gentlemen:

We have audited the financial statements – regulatory basis and supplemental schedules and data of the Borough of Hightstown, County of Mercer, New Jersey for the year ended December 31, 2021 and have issued our report thereon. As part of our audit, we reviewed and tested the Borough's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America; by the Division of Local Government Services of the Department of Community Affairs, State of New Jersey and by the *Government Auditing Standards* issued by the U.S. General Accounting Office.

Our comments with respect to the audit, internal control, and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the audit are herewith set forth.

Internal Control Matters

The deficiencies in internal control, as reported below, are not considered to be significant deficiencies nor material weaknesses. In addition, these deficiencies are not required to be reported in writing, however, these deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

In addition, during our audit we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 15, 2024 on the financial statements of the Borough of Hightstown. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

GENERAL COMMENTS
DECEMBER 31, 2021

An audit of the financial accounts and transactions of the Borough of Hightstown, County of Mercer, New Jersey for the year ended December 31, 2021 has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of Hightstown, County of Mercer, New Jersey.

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.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$44,000.00 due to the presence of a Qualified Purchasing Agent ("QPA"). The municipality appointed Debra Sopronyi as their QPA in 2020. Accordingly, the Borough's 2021 bid threshold is \$44,000.00 thereafter.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$44,000.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Improvements to Stockton Street and Joseph Street

Water Treatment Emergency Generator and Flood Gate
Emergency and On-Call Services for Water and Sewer Utilities

Improvements to Springcrest Drive, Taylor Ave, Spruce Court, Glenn Drive and Schuyler Ave

Improvements to Railroad Ave, Dey Street, Center Street & South Academy Street
Water Treatment - Chemicals

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2021

Contracts and Agreements Required to be Advertised Per N.J.S. 40A:11-4 (Continued)

In addition, purchased under State contract or cooperative purchasing agreements for the following items:

Police Equipment

Roof Repairs

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments contracts or agreements in excess of \$44,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

The Borough has several interlocal service agreements for various municipal services which are beneficial to the taxpayers of the Borough.

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

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

The governing body, on January 4, 2021, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

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

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

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

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2021

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments (Continued)

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

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

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2021, prior years and tax title liens as reflected on the Schedule of Taxes Receivable and Analysis of Property Tax Yield (Exhibit A-7) and Schedule of Tax Title Liens (Exhibit A-8) is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2021, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report.

There was a tax sale held on July 16, 2021 and the sale was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit. The following comparison is made of the number of tax title liens receivable on December 31st of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2021	17
2020	17
2019	17

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Water & Sewer Utility Operating Fund

The Water & Sewer Utility Operating Fund Schedule of Consumer Accounts Receivable (Exhibit D-8) as reflected in this audit report maintained by the Water-Sewer Collector was proven to the detail records.

Cash Balances

The cash balances in all funds were verified by independent certifications obtained from the depositories as at December 31, 2021.

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

The change and petty cash funds were counted.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2021

Revenues

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

Expenditures

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

Payroll

An examination was made of the employees' compensation records for the year 2021 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Our examination of payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's operating funds or Departments.

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

Miscellaneous Comments

The confirmation sent to the Local Board of Education verified that school taxes were paid during December 31, 2021.

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

Interfunds

The Balance Sheets of various funds reflect Interfund Receivable/Payable as of December 31, 2021. The interfunds will be liquidated subsequent to yearend.

Construction Code Official

Our examination of the Uniform Construction Code Annual Report revealed the revenues for 2021 in accordance with the report were \$99,466.00 and expenditures were \$211,026.00. The excess of expenditures over revenue should be reviewed for corrective action. The statutes require (allow) that the revenue of the department be sufficient to support the expenditures. This matter should be monitored for future compliance.

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

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2021

Miscellaneous Comments (Continued)

Reserves

Reserves, receivables, unexpended appropriations, improvements authorizations, payables and reconciling items on bank reconciliations in all funds which are aged or inactive should be reviewed on an ongoing basis for utilization, refund to the funding source or cancellation to the appropriate fund balance.

Technical Directives – State of New Jersey

N.J.A.C. 5:30-5.7 – General Ledger Accounting System

The general ledger for 2021 was maintained in accordance with acceptable accounting control standards.

N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets

A complete encumbrance system for budgetary purposes was maintained during 2021.

N.J.A.C. 5:30-5.2 – Encumbrance Accounting

A fixed assets detail was maintained in 2021.

Length of Service Awards Program

The Borough adopted a Length of Service Awards Program (LOSAP). The participants in the program direct the investments within their individual accounts. A separate Accountants Review Report was prepared on the program for the year ended December 31, 2021.

Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. Internal Controls should be in conjunction with a financial procedure reviewed on an ongoing basis. We suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

Administration and Accounting of State & Federal Grants

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal control. Based upon the matrix of requirements applicable to the specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure with the compliance requirements. In addition, we suggest the Borough review all of the applicable grant agreements and the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet with the various accounting and compliance requirements.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2021

Miscellaneous Comments (Continued)

Cybersecurity

With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with the utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees, which were designed to determine that minimum levels of internal control and accountability were met, and that cash receipts were deposited or turned over to the Borough's Treasurer's accounts within a 48-hour period as required by N.J.S.A. 40A:5-15. There were no exceptions to report.

Capital Funds

General Capital Fund – Analysis of Cash (Exhibit C-3) reflects overdrafts in eleven (11) Improvement Authorizations. The overdrafts will be resolved when the Borough conducts its annual bond anticipation (BAN) sale in 2022 or 2023, receives NJDOT reimbursement, other grant reimbursement or the Borough provides funds in its annual budget.

Water-Sewer Utility Capital Fund – Analysis of Cash (Exhibit D-1) reflects overdrafts of six (6) Improvement Authorizations. The overdrafts will be resolved in 2022 or 2023 when the NJI-Bank loan closes, the annual BAN sale related to this occurs or the Borough provides funds in its annual budget.

Presentation of Financial Statements

The financial statements prepared by the Chief Financial Officer need to be presented for audit in a more timely fashion.

Appreciation

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

A formal exit conference, in accordance with audit requirements generally accepted in the United States of America, has been held on the contents of this audit with the appropriate Borough Officials.

RECOMMENDATIONS
DECEMBER 31, 2021

None.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'G. Stankiewicz', written in a cursive style.

Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431

For the Firm
SAMUEL KLEIN AND COMPANY, LLP