Report of Audit

on the

Financial Statements

of the

Township of Hillsborough

in the

County of Somerset
New Jersey

for the

Year Ended
December 31, 2025

TOWNSHIP OF HILLSBOROUGH

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TOWNSHIP OF HILLSBOROUGH

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TOWNSHIP OF HILLSBOROUGH

PART I

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2025 AND 2024

SUPLEE, CLOONEY & COMPANY LLC
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Hillsborough
County of Somerset
Hillsborough, New Jersey 08844

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Hillsborough (the "Township"), as of and for the year ended December 31, 2025 and 2024, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township as of December 31, 2025 and 2024, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2025.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2025 and 2024, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2025 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with, the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, as required by the are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2026 on our consideration of the Township'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 solely 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 effectiveness of the Township's 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 Township's internal control over financial reporting and compliance.

Suplee Clooney & Co.
CERTIFIED PUBLIC ACCOUNTANTS

Robert W. Suplee
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 4, 2026

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

The Honorable Mayor and Members
of the Township Committee
Township of Hillsborough
County of Somerset
Hillsborough, New Jersey 08844

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Hillsborough, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated August 4, 2026. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Hillsborough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted other matters of noncompliance which are discussed in Part II, General Comments and Recommendations section of this report.

Purpose of This Report

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

CERTIFIED PUBLIC ACCOUNTANTS

REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 4, 2026

CURRENT FUND

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

ASSETS	REF.	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
Current Fund:			
Cash	A-4	$ 6,152,234.82	$ 11,261,160.12
Change Funds	A-6	775.00	775.00
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8	1,016.33	4,661.65
		$ 6,154,026.15	$ 11,266,596.77
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	$ 1,270,451.43	$ 997,476.29
Tax Title Liens Receivable	A-10	430,580.48	398,868.73
Property Acquired for Taxes - Assessed Valuation	A-11	1,843,400.00	1,843,400.00
Revenue Accounts Receivable	A-12	24,224.28	28,490.00
Refunds Receivable	A-31	383,831.45	
Interfunds Receivable	A-13	253,319.15	251,402.79
	A	$ 4,205,806.79	$ 3,519,637.81
Deferred Charges:			
Special Emergency Authorization 40A:4-53	A-32	$ 410,000.00	$ 120,000.00
Overexpenditure of Appropriation	A-3		4,343.10
		$ 410,000.00	$ 124,343.10
		$ 10,769,832.94	$ 14,910,577.68
Grant Fund:			
Cash	A-4	$ 218,649.43	$ 794,699.52
Grants Receivable	A-7	3,518,234.23	4,819,948.57
		$ 3,736,883.66	$ 5,614,648.09
		$ 14,506,716.60	$ 20,525,225.77

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
LIABILITIES, RESERVES AND FUND BALANCE			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-18	$ 817,418.60	$ 812,896.61
Encumbrances Payable	A-19	487,383.39	824,506.29
Accounts Payable	A-35		15,107.85
Tax Overpayments	A-16	4,032.79	
Interfunds Payable	A-13	126,049.78	5,141,861.44
Prepaid Taxes	A-21	1,587,757.88	1,258,245.13
Fire District Tax Payable	A-29	20,000.00	20,000.00
Special Emergency Notes Payable	A-33	350,000.00	
Reserve for Sale of Assets	A-34	40,469.00	
Reserve for Miscellaneous Deposits	A-14	174,808.94	184,708.94
Reserve for Tax Appeals	A-17	19,947.53	19,947.53
Due State of New Jersey-Construction Code Official	A-25	31,336.00	50,719.00
		$ 3,659,203.91	$ 8,327,992.79
Reserve for Receivables	A	4,205,806.79	3,519,637.81
Fund Balance	A-1	2,904,822.24	3,062,947.08
		$ 10,769,832.94	$ 14,910,577.68
Grant Fund:			
Reserve for Grants-Appropriated	A-27	$ 2,701,870.98	$ 2,877,682.28
Reserve for Grants-Unappropriated	A-28	40,494.53	49,639.33
Interfunds Payable	A-30	505,682.61	1,029,119.76
Encumbrances Payable	A-20	488,835.54	1,658,206.72
		$ 3,736,883.66	$ 5,614,648.09
		$ 14,506,716.60	$ 20,525,225.77

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2025	YEAR ENDED DECEMBER 31, 2024
REVENUE AND OTHER INCOME			
Fund Balance Utilized	A-1:A-2	$ 1,880,000.00	$ 3,500,000.00
Miscellaneous Revenues Anticipated	A-2	10,756,527.82	14,571,369.36
Receipts from Delinquent Taxes	A-2	1,000,994.20	888,319.98
Receipts from Current Taxes	A-2	199,822,280.16	178,868,363.55
Non-Budget Revenues	A-2	179,319.12	302,198.03
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	A-18	560,458.71	341,297.98
Encumbrances Canceled	A-19	37,281.12	
Accounts Payable Canceled			90,766.63
Refunds Receivable Collected	A-31	1,021,594.40	1,664,846.90
Total Income		$ 215,258,455.53	$ 200,227,162.43
EXPENDITURES			
Budget and Emergency Appropriations: within "CAPS":			
Operations including Contingent	A-3	$ 29,424,808.00	$ 27,619,439.45
Deferred Charges and Statutory Expenditures - Municipal	A-3	5,236,504.10	5,128,128.43
Excluded from "CAPS"			
Operations	A-3	1,744,597.74	4,856,387.94
Capital Improvement Fund	A-3	850,000.00	1,631,221.00
Municipal Debt Service	A-3	2,696,968.69	3,393,752.73
Deferred Charges and Judgments	A-3	60,000.00	190,147.66
County Tax	A-22	32,887,886.98	30,750,618.91
County Tax for Added and Omitted Taxes	A-22	65,450.68	80,436.09
District School Tax	A-23	131,874,143.00	115,877,655.00
Fire District Tax	A-29	5,043,427.00	4,760,216.00
Municipal Open Space Tax	A-24	2,542,572.91	2,351,591.62
Interfund Advances		1,916.36	111,867.56
Refund Receivable	A-31	1,405,425.85	1,382,376.13
Refund of Prior Years Revenues	A-4	52,879.06	123,774.19
Total Expenditures		$ 213,886,580.37	$ 198,257,612.71
Excess in Revenue		$ 1,371,875.16	$ 1,969,549.72
Adjustments to Income Before Fund Balance:			
Expenditures Included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-3	350,000.00	4,343.10
Regulatory Excess to Fund Balance		$ 1,721,875.16	$ 1,973,892.82
Fund Balance			
Balance, January 1	A	3,062,947.08	4,589,054.26
		$ 4,784,822.24	$ 6,562,947.08
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	1,880,000.00	3,500,000.00
Balance, December 31	A	$ 2,904,822.24	$ 3,062,947.08

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	REF.	ANTICIPATED BUDGET	ANTICIPATED SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	$ 1,880,000.00		$ 1,880,000.00	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-12	$ 38,000.00	$	$ 48,438.00	$ 10,438.00
Other Licenses	A-2	37,000.00		53,778.80	16,778.80
Construction Code Official - Fees and Permits	A-2	1,264,000.00		1,595,140.14	331,140.14
Other Fees and Permits	A-2	245,000.00		317,939.36	72,939.36
Fines and Costs - Municipal Court	A-12	285,000.00		348,727.30	63,727.30
Interest and Costs on Taxes	A-12	250,000.00		265,122.45	15,122.45
Interest on Investments and Deposits	A-12	775,000.00		843,655.41	68,655.41
Energy Receipts Tax	A-12	3,290,868.00		3,290,867.62	(0.38)
Garden State Preservation Trust Fund	A-12	16,718.00		16,718.00	
Health Officer - Borough of Millstone	A-12	21,070.00		10,535.00	(10,535.00)
Shared Service - Municipal Court - Montgomery	A-12	182,412.00		182,412.00	
Shared Service - Municipal Court - Manville	A-12	154,115.00		229,661.41	75,546.41
Shared Service - Municipal Court - Branchburg	A-12	208,080.00		208,080.00	
Shared Service - Finance - Alexandria	A-12	75,000.00		72,763.63	(2,236.37)
Open Space Trust Fund	A-12	868,132.00		868,132.00	
Payment in Lieu of Taxes	A-12	225,000.00		77,752.66	(147,247.34)
Cable TV Franchise Fees	A-12	62,961.00		67,879.15	4,918.15
Cell Tower Lease	A-12	141,251.00		155,841.08	14,590.08
Contribution from Somerville Business Park	A-12	600,000.00		674,662.15	74,662.15
Operating Contribution - Hillsborough Promenade	A-12	42,303.00		42,303.92	0.92
Somerset County Library System	A-12	41,511.00		41,511.00	
Office of Emergency Management	A-7	10,000.00		10,000.00	
NJ Career Accelerant Internship	A-7	16,000.00		16,000.00	
Safe and Secure Communities	A-7	45,150.00		45,150.00	
Youth Services Grant	A-7	6,000.00		6,000.00	
Body Armor Replacement	A-7	4,795.80		4,795.80	
Radon Awareness Program	A-7	2,000.00		2,000.00	
County of Somerset 2025 Historic Preservation	A-7		402,402.00	402,402.00	
NJDOH Private Well Outreach Program	A-7		6,000.00	6,000.00	
County of Somerset Youth Services	A-7		6,000.00	6,000.00	
Alcohol Education and Rehabiliation	A-7		6,705.80	6,705.80	
Drunk Driving Enforcement Fund	A-7		16,844.97	16,844.97	
TJX Companies Law Enforcement Grant	A-7		5,000.00	5,000.00	
Recycling Tonnage Grant	A-7		27,803.73	27,803.73	
Clean Communities	A-7		125,165.44	125,165.44	
NJACCHO Sustaining Local Public Health Infrastructure	A-7		24,951.00	24,951.00	
NJDOH Strenghtening Local Public Health Capacity	A-7		64,788.00	64,788.00	
NJDOT - Camplain Road Truck Safery	A-7		375,000.00	375,000.00	
Capital Surplus	A-12	200,000.00		200,000.00	
	A-1	$ 9,107,366.80	$ 1,060,660.94	$ 10,756,527.82	$ 588,500.08

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	REF.	ANTICIPATED BUDGET	ANTICIPATED SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Receipts From Delinquent Taxes	A-2	$ 700,000.00	$	$ 1,000,994.20	$ 300,994.20
Amount to be Raised by Taxes for Support of Municipal Budget	A-9:A-2	$ 28,424,882.10	$	$ 28,508,799.59	$ 83,917.49
Budget Totals		$ 40,112,248.90	$ 1,060,660.94	$ 42,146,321.61	$ 973,411.77
Non-Budget Revenues	A-2			179,319.12	179,319.12
		$ 40,112,248.90	$ 1,060,660.94	$ 42,325,640.73	$ 1,152,730.89
	REF.	A-3	A-3		

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	REF.		
Allocations of Current Tax Collections:			
Revenues from Collections	A-1:A-9		$ 199,822,280.16
Allocated to:			
School and County Taxes		$ 164,827,480.66	
Fire District Tax		5,043,427.00	
Township Open Space Tax		2,542,572.91	
			172,413,480.57
Balance for Support of Municipal Appropriations			$ 27,408,799.59
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		1,100,000.00
Amount for Support of Municipal Budget Appropriations	A-2		$ 28,508,799.59

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	$ 997,156.82
Tax Title Lien Collections	A-10	3,837.38
	A-1:A-2	$ 1,000,994.20
Licenses - Other:		
Clerk	A-12	$ 10,100.80
Registrar of Vital Statistics	A-12	28,678.00
Health Officer	A-12	15,000.00
	A-2	$ 53,778.80
Other Fees and Permits:		
Engineering Department	A-12	$ 115,396.21
Planning Board/Board of Adjustment	A-12	57,680.70
Police Department	A-12	42,217.00
Health Officer	A-12	32,660.00
Registrar of Vital Statistics	A-12	54,990.00
Township Clerk	A-12	7,037.95
Miscellaneous Fees	A-12	530.00
Zoning Board	A-12	9,030.50
		$ 319,637.36
Less: Refunds	A-4	1,698.00
	A-2	$ 317,939.36

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	REF.	
ANALYSIS OF NON-BUDGET REVENUE		
Miscellaneous Revenue Not Anticipated:		
Administrative Charges - Senior Citizens and Veterans		$ 2,588.23
Municipal Court		375.00
DPW		2,047.97
Elections		3,060.00
Payroll Administrative Fee		3,154.30
Special Police		93,765.00
Interest on Delinquent Assessments		29,749.12
Health Clinics/NJDHHS		14,564.00
Tax Sale Premiums Escheated		27,100.00
Restitution		2,915.50
	A-1:A-4	$ 179,319.12

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
GENERAL GOVERNMENT					
Administrative and Executive:					
Salaries and Wages	$ 261,913.00	$ 262,113.00	$ 261,913.92	$ 199.08	$
Other Expenses:					
Miscellaneous	9,851.00	13,351.00	13,251.96	99.04	
Postage	6,000.00	6,000.00	2,614.73	3,385.27	
Mayor and Committee:					
Salaries and Wages	38,500.00	38,600.00	38,499.96	100.04	
Other Expenses	11,850.00	7,850.00	6,692.72	1,157.28	
Township Clerk:					
Salaries and Wages	303,947.00	299,447.00	297,890.41	1,556.59	
Other Expenses	147,791.00	147,791.00	147,218.87	572.13	
Public Meeting Recording	35,000.00	31,000.00	23,850.00	7,150.00	
Elections:					
Other Expenses	22,000.00	22,000.00	22,000.00		
Central Purchasing:					
Other Expenses	6,000.00	6,000.00	5,605.47	394.53	
Financial Administration:					
Salaries and Wages	219,000.00	218,600.00	218,594.55	5.45	
Other Expenses	100,000.00	91,000.00	87,580.29	3,419.71	
Audit Services	84,200.00	104,200.00	103,748.02	451.98	
Assessment of Taxes:					
Salaries and Wages	343,775.00	343,975.00	343,775.76	199.24	
Other Expenses	69,934.00	57,934.00	54,085.08	3,848.92	
Revenue Administration (Collection of Taxes):					
Salaries and Wages	142,273.00	142,573.00	142,421.20	151.80	
Other Expenses	50,715.00	50,915.00	49,661.48	1,253.52	
Human Services:					
Other Expenses	140,000.00	148,000.00	137,149.10	10,850.90	
Information Technology:					
Salaries and Wages	210,490.00	210,990.00	210,468.58	521.42	
Other Expenses	192,975.00	192,975.00	190,073.34	2,901.66	
Human Resources:					
Salaries and Wages	92,245.00	89,745.00	87,955.20	1,789.80	
Other Expenses	20,000.00	20,000.00	13,041.02	6,958.98	

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
Legal Services and Costs:					
Other Expenses:					
Miscellaneous	$ 250,000.00	$ 270,000.00	$ 223,523.92	$ 46,476.08	$
Outside Services	83,278.00	45,778.00	24,637.62	21,140.38	
Engineering Services and Costs:					
Salaries and Wages	460,889.00	463,389.00	459,627.81	3,761.19	
Other Expenses	93,185.00	40,685.00	27,608.33	13,076.67	
Economic Development Committee:					
Salaries and Wages	146,218.00	152,218.00	151,083.24	1,134.76	
Other Expenses	20,565.00	15,565.00	12,757.33	2,807.67	
Municipal Land Use Law (N.J.S. 40:55D-1):					
Planning Board:					
Salaries and Wages	390,000.00	378,000.00	376,647.69	1,352.31	
Other Expenses	135,070.00	155,070.00	135,003.17	20,066.83	
Insurance:					
Unemployment Compensation	48,000.00	49,500.00	48,516.79	983.21	
General Liability	958,940.00	958,940.00	954,863.53	4,076.47	
Employee Group Health	2,956,887.00	3,304,887.00	3,270,729.55	34,157.45	
Employee Healthcare Waivers	210,000.00	193,000.00	191,492.19	1,507.81	
PUBLIC SAFETY					
Police:					
Salaries and Wages	8,560,000.00	8,246,177.52	8,241,646.65	4,530.87	
Other Expenses	915,000.00	946,000.00	937,691.87	8,308.13	
Municipal Prosecutor:					
Salaries and Wages	140,000.00	140,200.00	140,000.04	199.96	
Emergency Management:					
Salaries and Wages	83,000.00	81,000.00	79,310.36	1,689.64	
Other Expenses	28,250.00	28,250.00	19,511.15	8,738.85	
Contribution to Fire District	14,500.00				
Fire Hydrant Service	925,000.00	967,000.00	880,687.82	86,312.18	

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
PUBLIC WORKS					
Road Repairs and Maintenance:					
Salaries and Wages	$ 2,103,298.00	$ 2,057,298.00	$ 2,053,484.72	$ 3,813.28	$
Other Expenses	678,325.00	726,825.00	677,163.72	49,661.28	
Snow Removal:					
Salaries and Wages	142,000.00	122,000.00	119,030.77	2,969.23	
Other Expenses	275,000.00	405,000.00	308,708.19	96,291.81	
Public Buildings and Grounds:					
Other Expenses	347,000.00	347,000.00	345,650.44	1,349.56	
Solid Waste Flow (Recycling):					
Other Expenses	455,373.00	360,545.48	360,545.48		
Solid Waste Collection (Annual Clean-Up):					
Salaries and Wages	30,000.00	27,200.00	27,182.75	17.25	
Other Expenses	90,000.00	90,000.00	89,538.48	461.52	
Sanitary Landfill:					
Other Expenses	100.00	100.00		100.00	
Municipal Condo Service Act	3,000.00	27,000.00	26,891.24	108.76	
HEALTH AND WELFARE					
Health and Welfare:					
Salaries and Wages	498,436.00	498,436.00	496,880.77	1,555.23	
Other Expenses	68,650.00	48,650.00	26,813.29	21,836.71	
Animal Control Regulation:					
Other Expenses	64,500.00	95,000.00	93,911.00	1,089.00	
Social Services:					
Salaries and Wages	405,000.00	405,200.00	405,086.86	113.14	
Other Expenses	41,386.00	41,386.00	37,235.07	4,150.93	
Contribution to Senior Citizens' Organization	31,000.00	31,000.00	31,000.00		
Wildlife Management:					
Other Expenses	2,000.00	2,150.00	2,040.00	110.00	

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
RECREATION AND EDUCATION					
Parks and Playgrounds					
Salaries and Wages	$ 841,014.00	$ 842,514.00	$ 841,563.69	$ 950.31	$
Other Expenses	275,965.00	275,965.00	257,168.59	18,796.41	
Board of Recreation Commissioners (R.S.40:12-1):					
Salaries and Wages	137,338.00	72,338.00	68,713.60	3,624.40	
Other Expenses	13,060.00	13,060.00	11,117.76	1,942.24	
MUNICIPAL COURT					
Municipal Court:					
Salaries and Wages	438,621.00	421,621.00	419,768.85	1,852.15	
Other Expenses	70,850.00	70,850.00	70,545.24	304.76	
Court Security	35,000.00	38,000.00	37,434.38	565.62	
UNIFORM CONSTRUCTION CODE					
Construction Official:					
Salaries and Wages	1,260,000.00	1,213,000.00	1,210,746.67	2,253.33	
Other Expenses	53,000.00	53,500.00	51,310.27	2,189.73	
UNCLASSIFIED					
Celebration of Public Events	60,000.00	60,000.00	58,662.88	1,337.12	
Utilities:					
Gasoline	315,000.00	285,000.00	251,020.76	33,979.24	
Electricity	986,450.00	1,050,450.00	939,022.79	111,427.21	
Natural Gas	8,000.00	38,000.00	11,866.49	26,133.51	
Telephones	185,000.00	230,000.00	195,837.68	34,162.32	
Sewer	4,500.00	5,000.00	4,800.00	200.00	
Water	80,000.00	180,000.00	153,802.26	26,197.74	
Accumulated Absences Special Emergency		350,000.00	350,000.00		
Sick and Vacation Reserve	1.00	1.00		1.00	
TOTAL OPERATIONS WITHIN "CAPS"	$ 28,926,108.00	$ 29,424,808.00	$ 28,667,975.41	$ 756,832.59	$

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Police and Firemen's Retirement System of NJ	$ 2,647,155.00	$ 2,507,155.00	$ 2,506,712.62	$ 442.38	$
Public Employees' Retirement System	1,432,006.00	1,363,006.00	1,362,283.80	722.20	
Social Security System	1,280,000.00	1,337,000.00	1,326,872.31	10,127.69	
Defined Contribution Retirement Program	25,000.00	25,000.00	22,487.92	2,512.08	
Overexpenditutres 2024 Appropriations	4,343.10	4,343.10	4,343.10		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	$ 5,388,504.10	$ 5,236,504.10	$ 5,222,699.75	$ 13,804.35	$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	$ 34,314,612.10	$ 34,661,312.10	$ 33,890,675.16	$ 770,636.94	$
MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g EXCLUDED FROM "CAPS"					
Public Works (Stormwater):					
Salaries and Wages	$ 96,631.00	$ 99,631.00	$ 98,631.12	$ 999.88	$
Other Expenses	44,000.00	44,000.00	43,854.71	145.29	
Stormwater Engineering:					
Other Expenses	12,000.00	12,000.00	9,000.00	3,000.00	
General Liability	51,060.00	51,060.00	51,060.00		
Employee Group Health	231,113.00	231,113.00	231,113.00		
SFSP (Replacement of Grant Programs)	11,317.00	11,317.00	11,317.00		
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	$ 446,121.00	$ 449,121.00	$ 444,975.83	$ 4,145.17	$
SHARED SERVICES					
Health Officer - Borough of Millstone	$ 21,070.00	$ 21,070.00	$ 3,000.00	$ 18,070.00	$
Finance - Township of Alexandria	31,000.00	31,300.00	31,233.47	66.53	
Court - Branchburg, Montgomery, Manville	78,500.00	78,500.00	74,000.04	4,499.96	
TOTAL SHARED SERVICES AGREEMENTS	$ 130,570.00	$ 130,870.00	$ 108,233.51	$ 22,636.49	$

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS				UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES					
Matching Funds For Grants	$ 20,000.00	$ 20,000.00	$	$ 20,000.00	$
Clean Communities Program (N.J.S.A. 40A:4-87 + $125,165.44)		125,165.44	125,165.44		
Municipal Alliance Fund:					
County (N.J.S.A. 40A:4-87 +$6,705.80)		6,705.80	6,705.80		
NJ Career Accelerant Internship	16,000.00	16,000.00	16,000.00		
Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 + $16,844.97)		16,844.97	16,844.97		
Safe and Secure Communities	45,150.00	45,150.00	45,150.00		
NJ DOH Private Well Outreach Program (N.J.S.A. 40A:4-87 +$6,000.00)		6,000.00	6,000.00		
Office of Emergency Management	10,000.00	10,000.00	10,000.00		
Recycling Tonnage Grant (N.J.S.A. 40A:4-87 +$27,803.73)		27,803.73	27,803.73		
Radon Awareness Program	2,000.00	2,000.00	2,000.00		
TJX Companies Law Enforcement Grant (N.J.S.A. 40A:4-87 +$5,000.00)		5,000.00	5,000.00		
Somerste County Youth Services (N J.S.A. 40A:4-87 +$6,000.00)	6,000.00	12,000.00	12,000.00		
Somerset County 2025 Historical Preservation Grant (N.J.S.A. 40A:4-87 + $402,402.00)		402,402.00	402,402.00		
NJ DOT FY 2025 LFIF Camplain Road Truck Safety (N.J.S.A. 40A:4-87 + $375,000.00)		375,000.00	375,000.00		
NJACCHO Sustaining Local Public Health Infrastructure (N.J.S.A. 40A:4-87 + $24,951.00)		24,951.00	24,951.00		
Strengthening Local Public Health Capacity Program (N.J.S.A. 40A:4-87 + $64,788.00)		64,788.00	64,788.00		
Body Armor Replacement Fund	4,795.80	4,795.80	4,795.80		
TOTAL STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES	$ 103,945.80	$ 1,164,606.74	$ 1,144,606.74	$ 20,000.00	$
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	$ 680,636.80	$ 1,744,597.74	$ 1,697,816.08	$ 46,781.66	$

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	APPROPRIATIONS				UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	$ 850,000.00	$ 850,000.00	$ 850,000.00	$	$
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	$ 850,000.00	$ 850,000.00	$ 850,000.00	$	$
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Anticipation Notes and Capital Notes	$ 565,000.00	$ 565,000.00	$ 170,000.00	$	$ 395,000.00
Interest on Bonds	117,000.00	117,000.00	116,955.28		44.72
Interest on Notes	825,000.00	825,000.00	814,044.13		10,955.87
NJ Environmental Infrastructure Loan	136,000.00	136,000.00	135,435.61		564.39
Somerset County Improvement Authority Lease Payments	1,464,000.00	1,464,000.00	1,460,533.67		3,466.33
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	$ 3,107,000.00	$ 3,107,000.00	$ 2,696,968.69	$	$ 410,031.31
DEFERRED CHARGES-EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A: 4-55)	$ 60,000.00	$ 60,000.00	$ 60,000.00	$	$
TOTAL DEFERRED CHARGES-EXCLUDED FROM "CAPS"	$ 60,000.00	$ 60,000.00	$ 60,000.00	$	$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	$ 4,697,636.80	$ 5,761,597.74	$ 5,304,784.77	$ 46,781.66	$ 410,031.31
SUB-TOTAL GENERAL APPROPRIATIONS	$ 39,012,248.90	$ 40,422,909.84	$ 39,195,459.93	$ 817,418.60	$ 410,031.31
RESERVE FOR UNCOLLECTED TAXES	1,100,000.00	1,100,000.00	1,100,000.00		
TOTAL GENERAL APPROPRIATIONS	$ 40,112,248.90	$ 41,522,909.84	$ 40,295,459.93	$ 817,418.60	$ 410,031.31
REF.	A-2		A-1	A:A-1	

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

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

		APPROPRIATIONS				UNEXPENDED
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
	REF.					
Appropriation by 40A:4-87	A-2		$ 1,060,660.94			
Special Emergency	A-32		350,000.00			
Budget	A-2		40,112,248.90			
			$ 41,522,909.84			
Cash Disbursements	A-4			$ 37,499,126.70		
Reserve for Encumbrances	A-19			487,383.39		
Reserve for Grants Appropriated	A-27			1,144,606.74		
Deferred Charges	A-32			60,000.00		
Overexpenditutres 2024 Appropriations	A			4,343.10		
Reserve for Uncollected Taxes	A-2			1,100,000.00		
				$ 40,295,459.93		

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

TRUST FUND

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
ASSETS			
Assessment Fund:			
Cash	B-2:B-3	$ 242,034.89	$ 302,731.54
Assessments Receivable	B-4	1,366,149.74	1,629,194.75
		$ 1,608,184.63	$ 1,931,926.29
Animal Control Fund:			
Cash	B-2	$ 18,237.29	$ 6,347.09
		$ 18,237.29	$ 6,347.09
Other Funds:			
Cash	B-2	$ 25,275,523.42	$ 26,904,492.48
Investments	B-2	350,000.00	
Interfunds Receivable	B-15	126,049.78	3,217,102.00
		$ 25,751,573.20	$ 30,121,594.48
		$ 27,377,995.12	$ 32,059,867.86
LIABILITIES, RESERVES AND FUND BALANCE			
Assessment Fund:			
Interfunds Payable	B-5	$ 29,749.12	$ 32,618.74
Assessment Serial Bonds	B-6	112,400.00	140,500.00
Assessment Loans	B-7	1,466,035.51	1,758,807.55
		$ 1,608,184.63	$ 1,931,926.29
Animal Control Fund:			
Due State of New Jersey	B-10	$	$ 11.20
Prepaid Licenses	B-8	21.00	5,659.20
Reserve for Animal Control Expenditures	B-11	18,216.29	676.69
		$ 18,237.29	$ 6,347.09
Other Funds:			
Encumbrances Payable	B-14	$ 552,270.45	$ 5,948,431.61
Interfunds Payable	B-15		190,174.67
Reserve For:			
Recreation Commission Expenditures	B-12	19,631.20	66,802.18
Various Trust Deposits	B-13	7,200,163.36	7,980,751.74
Township Open Space	B-17	17,979,508.19	15,935,434.28
		$ 25,751,573.20	$ 30,121,594.48
		$ 27,377,995.12	$ 32,059,867.86

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

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
ASSETS			
Cash	C-2:C-3	$ 3,828,039.12	$ 608,988.30
Deferred Charges to Future Taxation - Funded	C-4	7,291,214.32	667,629.93
Deferred Charges to Future Taxation - Unfunded	C-5	38,396,829.62	29,384,829.62
Deferred Capital Lease Obligations	C-16	19,165,000.00	19,650,000.00
Interfunds Receivable	C-10	282,112.58	2,925,269.82
Accounts Receivable	C-11	250,000.00	250,000.00
		$ 69,213,195.64	$ 53,486,717.67
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-15	$ 6,730,000.00	$
Bond Anticipation Notes	C-13	19,255,443.00	21,102,179.00
N.J.E.I.T. Loan Payable	C-12	561,214.32	667,629.93
Capital Leases Payable	C-16	19,165,000.00	19,650,000.00
Improvement Authorizations:			
Funded	C-7	663,820.64	927,339.24
Unfunded	C-7	17,312,124.93	5,844,977.43
Reserve for:			
Contracts Payable	C-6	2,788,045.58	2,536,447.35
Various Reserves	C-14	68,905.00	68,905.00
Developers Contribution Deposits	C-9	1,976,497.25	1,976,497.25
Capital Improvement Fund	C-8	5,018.69	5,018.69
Fund Balance	C-1	687,126.23	707,723.78
		$ 69,213,195.64	$ 53,486,717.67

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

"C-1"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	REF.		
Balance, December 31, 2024	C	$	707,723.78
Increased by:			
Cash Receipts	C-2		179,402.45
		$	887,126.23
Decreased by:			
Appropriated as Current Fund Revenue	C-2		200,000.00
Balance, December 31, 2025	C	$	687,126.23

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

GENERAL FIXED ASSET ACCOUNT GROUP

"G"

TOWNSHIP OF HILLSBOROUGH

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
Fixed Assets:		
Land	$ 22,052,000.00	$ 22,052,000.00
Buildings	62,450,200.00	62,450,200.00
Machinery and Equipment	13,699,683.00	13,699,683.00
Total Fixed Assets	$ 98,201,883.00	$ 98,201,883.00
Reserve:		
Investments in General Fixed Assets	$ 98,201,883.00	$ 98,201,883.00

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization.

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

B. Description of Funds

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Township accounts for its financial transactions through the following individual funds and account group:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of $5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounting for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Adjustments for assets acquired/sold subsequent to this date have been recorded. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation.

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Accounting (Continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish, and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. Under GAAP, the Township would be required to record a liability for compensated absences, including salary-related payments, as those benefits are earned and meet the recognition criteria established by GASB 101. However, under the accounting practices prescribed by the State of New Jersey, compensated absences are recorded only when due and payable. Accordingly, the Township has not recorded a liability for compensated absences in accordance with GASB 101.

Accounting and Financial Reporting for Pensions - Under GAAP, municipalities are required to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total pension related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 68.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2025 was not available, therefore the information dated June 30, 2024 is disclosed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) -Under GAAP, municipalities required to record their distributive shares of OPEB liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total OPEB related expense in Statements of Revenues, Expenses, Changes in Net Position and Notes to the Financial Statements in accordance with GASB 75.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75, however local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2025 was not available, therefore the information dated June 30, 2024 is disclosed.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation.

The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.00.

The Township of Hillsborough had the following cash and cash equivalents at December 31, 2025:

Fund Type:	Bank Balance	N.J. Cash Management	Reconciling Items Additions	Reconciling Items Deletions	Reconciled Balance
Current Fund	$ $6,028,491.11	$ 262,583.19	$ $305,036.80	$ $443,101.28	$ $6,153,009.82
Grant Fund	203,956.84		282,112.58	267,419.99	218,649.43
Assessment Trust Fund	241,370.90		663.99		242,034.89
Animal Control Fund	20,880.89			2,643.60	18,237.29
Other Trust Fund	25,559,494.40		3,043.52	287,014.50	25,275,523.42
General Capital Fund	4,350,674.51			522,635.39	3,828,039.12
TOTAL DECEMBER 31, 2025	$ $36,404,868.65	$ 262,583.19	$ $590,856.89	$ $1,522,814.76	$ $35,735,493.97

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2025, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, $250.000.00 was covered by Federal Depository Insurance and $36,154,868.65 was covered under the provisions of NJGUDPA. The New Jersey Cash Management Fund (NJCMF) is an investment pool and is not insured by either FDIC or GUDPA.

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

8. Agreements for the repurchase of fully collateralized securities if:

   a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;

   b. the custody of collateral is transferred to a third party;

   c. the maturity of the agreement is not more than 30 days;

   d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and

   e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2025, the Township has $262,583.19 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township.

SUMMARY OF MUNICIPAL DEBT

	YEAR 2025	YEAR 2024	YEAR 2023
Issued:			
General:			
Bonds and Notes	$ 25,985,443.00	$ 21,102,179.00	$ 21,760,500.00
Loans	561,214.32	667,629.93	772,650.89
Assessment:			
Bonds	112,400.00	140,500.00	168,600.00
Loans	1,466,035.51	1,758,807.55	2,047,974.24
Less: Funds Temporarily Held to Pay Bonds and Notes - General Capital		908,695.25	938,695.25
Assessment Fund Cash	212,285.77	270,112.80	335,612.69
Net Debt Issued	$ 27,912,807.06	$ 22,490,308.43	$ 23,475,417.19
Authorized But Not Issued:			
General:			
Bonds and Notes	19,141,386.62	9,191,345.87	2,819,977.56
Net Bonds and Notes Authorized But Not Issued	$ 47,054,193.68	$ 31,681,654.30	$ 26,295,394.75

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 .496%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School Debt	$ 29,275,000.00	$ 29,275,000.00	$
General Debt	47,266,479.45	212,285.77	47,054,193.68
	$ 76,541,479.45	$ 29,487,285.77	$ 47,054,193.68

NET DEBT $47,054,193.68 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2 $9,480,603,367.67 EQUALS .496%.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED):

EQUALIZED VALUATION BASIS

2023 Equalized Valuation Basis of Real Property	$ 8,700,602,898.00
2024 Equalized Valuation Basis of Real Property	9,647,532,665.00
2025 Equalized Valuation Basis of Real Property	10,093,674,540.00
	$ 9,480,603,367.67

Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township of Hillsborough for the first three (3) preceding years.

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

Equalized Valuation Basis - December 31, 2025	$ 9,480,603,367.67
3 1/2% of Equalized Valuation Basis	$ 331,821,117.87
Net Debt	47,054,193.68
Remaining Borrowing Power at December 31, 2025	$ 284,766,924.19

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 4% of the Average Equalized Assessed Valuation of real property for the Local School District.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT

Assessment Trust Fund

Assessment Serial Bonds:		
$562,000.00 of 2009 Assessment Bonds due in annual installments of $28,100.00 through June 2029 at an interest rate of 5.00%.	$	112,400.00
Assessment Loans:		
$1,103,238.01 of 2010 New Jersey Environmental Infrastructure Trust Loans due in installments of $39,658.88 to $82,923.12 through August 2029 at an interest rates of 3% to 5%.	$	320,876.41
$3,188,527.89 of 2010 New Jersey Environmental Infrastructure Fund Loans due in installments of $177,140.43 through August 2029 at an interest rate 0%.		708,561.87
$855,983.00 of 2016 New Jersey Environmental Infrastructure Fund Loans, net of savings credit of $42,173.00, due in installments of $1,351.73 to $43,524.55 through August 2036 at an interest rate 0%.		436,597.23
	$	1,466,035.51

General Capital Fund

General Serial Bonds:		
$6,730,000.00 of General Improvement Bonds due in installments of $480,000.00 to $820,000.00 through January 2035 at interest rates of 3.125% to 4.00%.	$	6,730,000.00
New Jersey Environmental Infrastructure Trust Loans:		
$426,761.99 of 2010 New Jersey Environmental Infrastructure Trust Loans, net of $55,000 savings credit, due in installments of $15,341.12 to $26,076.88 through August 2029 at an interest rates of 3% to 5%.	$	102,123.59
$1,233,408.11 of 2010 New Jersey Environmental Infrastructure Trust Loans due in installments of $68,522.67 through August 2029 at an interest rate 0%.		274,090.73
$275,000.00 of 2016 New Jersey Environmental Infrastructure Trust Loans due in installments of $10,000.00 to $20,000.00 through August 2036 at an interest rates of 3% to 5%.		185,000.00
	$	561,214.32

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2025

CALENDER YEAR	ASSESSMENT PRINCIPAL	INTEREST	TOTAL
2026	$ 28,100.00	$ 4,917.50	$ 33,017.50
2027	28,100.00	3,512.50	31,612.50
2028	28,100.00	2,107.50	30,207.50
2029	28,100.00	702.50	28,802.50
	$ 112,400.00	$ 11,240.00	$ 123,640.00

CALENDER YEAR	GENERAL CAPITAL PRINCIPAL	INTEREST	TOTAL
2026	$ 560,000.00	$ 250,825.00	$ 810,825.00
2027	480,000.00	230,025.00	710,025.00
2028	610,000.00	208,225.00	818,225.00
2029	640,000.00	183,225.00	823,225.00
2030	665,000.00	157,125.00	822,125.00
2031	695,000.00	129,925.00	824,925.00
2032	720,000.00	101,625.00	821,625.00
2033	755,000.00	72,125.00	827,125.00
2034	785,000.00	41,325.00	826,325.00
2035	820,000.00	12,812.50	832,812.50
	$ 6,730,000.00	$ 1,387,237.50	$ 8,117,237.50

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE DECEMBER 31, 2025

CALENDER	GENERAL		ASSESSMENT		
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2026	$ 107,810.26	$ 12,013.50	$ 296,377.39	$ 12,456.50	$ 428,657.65
2027	109,204.91	9,913.44	299,982.74	9,806.56	428,907.65
2028	109,599.55	8,286.16	303,588.10	6,633.84	428,107.65
2029	109,599.60	6,643.08	303,588.25	3,316.92	423,147.85
2030	15,000.00	5,000.00	43,524.55		63,524.55
2031	15,000.00	4,400.00	43,524.55		62,924.55
2032	20,000.00	3,800.00	43,524.55		67,324.55
2033	20,000.00	3,000.00	43,524.55		66,524.55
2034	20,000.00	2,200.00	43,524.55		65,724.55
2035	20,000.00	1,400.00	43,524.55		64,924.55
2036	15,000.00	600.00	1,351.73		16,951.73
	$ 561,214.32	$ 57,256.18	$ 1,466,035.51	$ 32,213.82	$ 2,116,719.83

Bonds and Notes Authorized But Not Issued

At December 31, 2025, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	$19,141,386.62

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

(1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;

(2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and

(3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	Interest Rate		Amount	Date of Issue	Date of Maturity
2024-04	4.000%	$	6,200,000.00	2/13/2025	2/13/2026
2021-15	3.000%		13,055,443.00	11/12/2025	11/11/2026
		$	19,255,443.00		

Emergency Notes

At December 31, 2025 the Township had an Emergency Note Payable outstanding in the amount of $350,000.00. The note was issued to finance an emergency appropriation authorized pursuant to N.J.S.A. 40A: 4-53 and is payable from appropriations included in the succeeding year's budget.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT-TERM DEBT (CONTINUED)

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year and bear an interest rate that does not exceed 6%. The Township did not have any Tax Anticipation Notes in 2025.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2025 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2026 were as follows:

Current Fund	$1,700,000.00

NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, 2025	BALANCE DECEMBER 31, 2024
Prepaid Taxes	$1,587,757.88	$1,258,245.13

NOTE 6: PENSION PLANS

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

Plan Descriptions

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

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

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

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

Funding Policy

The contribution policy is set by PERS is set by N.J.S.A. 43:15A and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.50% of base salary. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by Slate of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. PFRS members contributed at a rate of 10.00% of base salary.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

Certain portions of the costs are contributed by the employees. The Township's share of PERS and PFRS pension costs, which is based upon the annual billings received from the State, amounted to:

YEAR	PERS	PFRS	DCRP
2025	$1,432,006.00	$2,647,155.00	$ 22,487.92
2024	$1,378,738.00	$2,322,930.00	$ 22,967.95
2023	$1,324,078.00	$2,301,328.00	$ 16,848.85

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

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

Accounting and Financial Reporting for Pensions – GASB 68

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2025, for PERS and PFRS was not available, therefore the information dated June 30, 2024 is disclosed.

Public Employees Retirement System (PERS)

At June 30, 2024, the State reported a net pension liability of $14,299,748.00 for the Township 's proportionate share of the total net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Township's proportion was 0.1052377054 percent, which was an increase of 0.0020796149 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of $677,377.00 for the Township 's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2024 billing was $1,378,738.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 286,450.00	$ 38,070.00
Changes of assumptions	17,765.00	162,698.00
Net difference between projected and actual earnings on pension plan investments		663,040.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	697,584.00	185,948.00
	$ 1,001,799.00	$ 1,049,756.00

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

Year Ended June 30,	Amount
2025	($504,804.80)
2026	572,108.20
2027	(167,947.80)
2028	(53,700.80)
2029	106,388.20
	($47,957.00)

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. These actuarial valuations used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% Based on Years of Service
Investment Rate of Return	7.00%

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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2024 asset are summarized in the following table:

Assets Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasury's	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 in determining the total pension liability

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2024 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Township's proportionate share of the pension liability	$19,000,849.00	$14,299,748.00	$10,299,136.00

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Township under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Township does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Township related to this legislation.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Township as of December 31, 2024 was 0.1057239108% which was an increase of 0.0021741597 percent from its proportion measured as of June 30, 2023. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2024 and June 30, 2023 was $46,102.00 and $46,598.00, respectively.

Pension plan fiduciary net position

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2024, the State reported a net pension liability of $19,762,385.00 for the Township 's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the Township's proportion was 0.1913736000 percent, which was an increase of 0.0168747900 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State recognized an actuarially determined pension expense of $1,365,974.00. The pension expense recognized in the Township's financial statements based on the April 1, 2024 billing was $2,322,930.00.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 1,245,015.00	$ 676,554.00
Changes of assumptions	31,241.00	580,389.00
Net difference between projected and actual earnings on pension plan investments		154,677.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	2,328,162.00	715,982.00
	$ 3,604,418.00	$ 2,127,602.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (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 as follows:

Year Ended June 30		Amount
2025	$	(634,809.00)
2026		1,425,406.00
2027		45,604.00
2028		193,882.00
2029		436,799.00
Thereafter		9,934.00
	$	1,476,816.00

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	All future years 3.25-16.25% Based on years of Service
Investment Rate of Return	7.00%

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

Employee mortality rates were based on the Pubs-2010 Safety Employee amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pubs-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount weighted mortality table for males and 100% for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return (Continued)

Assets Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2024. 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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

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

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Township's proportionate share of the PFRS pension liability	$28,236,052.00	$19,762,385.00	$12,705,678.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2024 and 2023 is 0.1913735500% and 0.17449865% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2024 and 2023 was $448,26.00 and $406,276.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2024 and 2023 was $448,217.00 and $406,276.00, respectively.

At June 30, 2024 and 2023, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is $3,896,112.00 and $3,552,563.00, respectively.

At June 30, 2024, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	$19,762,385.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	3,896,112.00
	$23,658,497.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Pension plan fiduciary net position

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

NOTE 7: COMPENSATED ABSENCES

Under the existing personnel policies of the Township, and in accordance with union contracts, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date. The Township's management has estimated the liability to be $1,425,261.16 at December 31, 2025.

NOTE 8: LITIGATION

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

NOTE 9: TAX APPEALS

There are a number of tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2025. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The balance in reserve at December 31, 2025 is $19,947.53.

NOTE 10: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Equitable Company or the Valic Company.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities.

NOTE 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Township maintains commercial insurance coverage through the Central Jersey Joint Insurance Fund covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance – The Township has selected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit an employer's match to the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State.

NOTE 12: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreement and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II of the 2025 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2025, the Township does not believe that any material liabilities will result from such audits.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2025:

FUND	INTERFUND RECEIVABLE	INTERFUND PAYABLE
Current	$ 253,319.15	$ 126,049.78
Grant		505,682.61
Assessment Trust		29,749.12
Trust Other	126,049.78	
General Capital	282,112.58	
TOTAL	$ 661,481.51	$ 661,481.51

All balances resulted from the time lag between dates that short-term loans were disbursed and payments between funds were made. All balances will be liquidated within one year.

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

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2025, for OPEB was not available, therefore the information dated June 30, 2024 is disclosed.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

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

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

Plan Description and Benefits Provided (Continued)

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

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

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Plan Description and Benefits Provided (Continued)

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

At June 30, 2024 and 2023, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is $18,163,521.00 and $18,076,364.00 respectively.

At June 30, 2024, the Township's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Township's proportionate share of the Net OPEB Liability	$0.00
State of New Jersey's proportionate share of Net OPEB Liability associated with the Township	18,163,521.00
	$18,163,521.00

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases:	
Public Employees Retirement System (PERS):	
Initial fiscal year applied	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS):	
Rate for all future years	3.25% to 16.25%

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

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2024 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long- term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions

NOTE 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEAR'S BUDGET

	BALANCE DECEMBER 31, 2025	2026 BUDGET APPROPRIATION	BALANCE TO SUCCEEDING BUDGETS
Current:			
Special Emergency Authorization Flood and Hurricane Damage (40A:4-53)	$ 60,000.00	$ 60,000.00	
Special Emergency Authorization Required Severance Liabilities (40A:4-53)	$ 350,000.00	$ 70,000.00	$280,000.00

NOTE 16: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2025:

	Balance December 31, 2024	Balance December 31, 2025
Land	$ 22,052,000.00	$ 22,052,000.00
Buildings	62,450,200.00	62,450,200.00
Machinery and Equipment	13,699,683.00	13,699,683.00
	$ 98,201,883.00	$ 98,201,883.00

NOTE 17: LEASE PURCHASES

The Township has entered into sublease agreements with the Somerset County Improvement Authority to lease purchase land. In accordance with the lease agreements, the Township will be obligated to make the following rental payments:

CALENDAR YEAR	PRINCIPAL	INTEREST	TOTAL
2026	$ 500,000.00	$ 956,091.76	$ 1,456,091.76
2027	520,000.00	937,117.36	1,457,117.36
2028	540,000.00	916,596.06	1,456,596.06
2029	565,000.00	894,506.38	1,459,506.38
2030	585,000.00	870,542.90	1,455,542.90
2031	615,000.00	844,223.90	1,459,223.90
2032	640,000.00	815,926.80	1,455,926.80
2033	675,000.00	782,011.75	1,457,011.75
2034	715,000.00	742,049.25	1,457,049.25
2035	760,000.00	699,643.00	1,459,643.00
2036	800,000.00	654,793.00	1,454,793.00
2037	850,000.00	607,355.50	1,457,355.50
2038	895,000.00	560,287.93	1,455,287.93
2039	945,000.00	513,763.53	1,458,763.53
2040	995,000.00	464,710.63	1,459,710.63
2041	1,045,000.00	413,129.23	1,458,129.23
2042	1,100,000.00	358,892.90	1,458,892.90
2043	1,155,000.00	301,297.73	1,456,297.73
2044	1,215,000.00	240,187.28	1,455,187.28
2045	1,280,000.00	175,853.70	1,455,853.70
2046	1,350,000.00	108,039.15	1,458,039.15
2047	1,420,000.00	36,614.70	1,456,614.70
	$ 19,165,000.00	$ 12,893,634.44	$ 32,058,634.44

NOTE 18: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through August 4, 2026, which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following subsequent event needed to be disclosed.

On February 12, 2026 the Township issued $14,050,000.00 in Bond Anticipation Notes (BAN's) to temporarily fund certain capital projects. The Note is due February 12, 2027 and carries an interest rate of 3.75%.

TOWNSHIP OF HILLSBOROUGH

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2025

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	REF.	CURRENT FUND		GRANT FUND	
Balance, December 31, 2024	A		$ 11,261,160.12		$ 794,699.52
Increased by Receipts:					
Collector	A-5	$ 201,737,646.37		$	
Revenue Accounts Receivable	A-12	9,270,793.97			
Miscellaneous Revenue Not Anticipated	A-2	179,319.12			
Reserve for Miscellaneous Deposits	A-14	7,847.12			
State of N.J.- Senior Citizens and Veterans Deductions	A-8	129,411.75			
Interfunds	A-13:A-30	45,345,620.59		355,343.54	
Petty Cash Fund	A-15	500.00			
Grants Receivable	A-7			2,425,525.28	
Reserve for Grants-Unappropriated	A-28			15,601.00	
Reserve for Sale of Assets	A-34	40,469.00			
Refund Receivable	A-31	1,021,594.40			
Special Emergency Note	A-33	350,000.00			
Due State of New Jersey-Construction Code Official	A-25	88,590.00			
Due State of New Jersey-Registrar Licenses	A-26	4,050.00			
			258,175,842.32		2,796,469.82
			$ 269,437,002.44		$ 3,591,169.34
Decreased by Disbursements:					
2025 Appropriations	A-3	$ 37,499,126.70		$	
2024 Appropriation Reserves	A-18	810,615.90			
District School Tax	A-23	131,874,143.00			
County Taxes Payable	A-22	32,953,337.66			
Fire District Tax	A-29	5,043,427.00			
Refund of Tax Overpayments	A-16	310,845.15			
Reserve for Grants-Appropriated	A-27			2,489,789.22	
Reserve for Grants-Unappropriated	A-28			3,950.00	
Petty Cash Fund	A-15	500.00			
Interfunds	A-13:A-30	50,363,348.61		878,780.69	
Municipal Open Space Tax	A-24	2,542,572.91			
Reserve for Miscellaneous Deposits	A-14	70,619.76			
Refund of Prior Year Revenue	A-1	52,879.06			
Refund of Current Year Revenue	A-2	1,748.00			
Refund Receivable	A-31	1,405,425.85			
Reserve for Encumbrances Payable	A-19	228,147.17			
Accounts Payable	A-35	15,107.85			
Due State of New Jersey-Construction Code Official	A-25	107,973.00			
Due State of New Jersey-Registrar Licenses	A-26	4,950.00			
			263,284,767.62		3,372,519.91
Balance, December 31, 2025	A		$ 6,152,234.82		$ 218,649.43

"A-5"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

	REF.		
Received:			
Revenue Accounts Receivable	A-12	$ 342,875.11	
Miscellaneous Reserves - Sewer Payments	A-14	52,872.64	
Senior Citizen Disallowed - Prior Years	A-8	4,750.00	
Taxes Receivable	A-9	199,430,675.42	
Tax Title Liens	A-10	3,837.38	
Prepaid Taxes	A-21	1,587,757.88	
Tax Overpayments	A-16	314,877.94	
			$ 201,737,646.37
Decreased by Disbursements:			
Payments to Treasurer	A-4		$ 201,737,646.37

"A-6"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

DEPARTMENT		BALANCE DECEMBER 31, 2024 AND 2025
Tax Collector	$	250.00
Municipal Court		300.00
Municipal Clerk		125.00
Board of Health		100.00
	$	775.00
REF.		A

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2024	ACCRUED 2025 BUDGET	N.J.S.A. 40A:4-87 ADDITIONS	RECEIVED	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2025
Alcohol Education, Rehabilitation & Enforcement Fund	$	$	6,705.80	$ 6,705.80	$	
Body Armor Grant- State		4,795.80			4,795.80	
Radon Awareness Grant		2,000.00		1,997.00		3.00
BVP 2024	6,540.12					6,540.12
Clean Communities Program			125,165.44	125,165.44		
Community Development Block Grant (Food Security & Wellness	96,419.88					96,419.88
DCA - Covid Relief Fund	3,873.60					3,873.60
DCA - Fire District Communications	62,500.00			62,500.00		
Drunk Driving Enforcement Fund	28,112.20			28,062.11		50.09
Drunk Driving Enforcement Fund			16,844.97			16,844.97
Energy Efficiency Conservation Block Grant	76,380.00					76,380.00
Emergency Management Grant		10,000.00			10,000.00	
Enhancing Local Public Health (NJACCHO)	92,295.89			81,487.00		10,808.89
H1N1 Preparedness Grant	21,849.90					21,849.90
Historic Preservation Grant 2012 and prior	105,775.00			105,775.00		
Historic Preservation Grant 2017	20,520.50			16,544.60		3,975.90
Historic Preservation Grant 2019/2020	45,955.40			45,955.40		
Somerset County Historic Preservation Grant 2025			402,402.00			402,402.00
Local Recreation Improvement Grant	63,000.00			63,000.00		
LAIF - Brown Ave.	403,087.00			302,315.25		100,771.75
Brown Ave. Extension	1,500,000.00			375,000.00		1,125,000.00
Municipal Alliance Drug Program	67,547.06					67,547.06
Municipal Alliance Drug Program (2022-2023)	10,754.12					10,754.12
Municipal Alliance Drug Program (2023-2024)	5,664.12			3,809.00		1,855.12
Municipal Alliance Drug Program (2024-2025)	5,144.12			5,144.12		
Municipal Aid Program FY 2025	356,411.00			267,308.25		89,102.75
Municipal Planning Incentive Grant	20,000.00					20,000.00
NJ DOT Camplain Rd/Sunnymead Rd Truck Safety			375,000.00			375,000.00
NJ DEP Fox Chase Green Infrastructure	246,000.00			96.93		245,903.07
NJ DOT Amsterdam Drive Phase II	119,200.25			112,913.91		6,286.34
NJ DOT Amsterdam Drive Phase III	368,400.00			276,300.00		92,100.00
NJ DOT Auten Rd. Phase I	438,435.00			328,826.25		109,608.75
NJ Career Accelerant Internship		16,000.00		16,000.00		
Private Well Outreach Program Grant	6,000.00			5,000.00		1,000.00
Private Well Outreach Program Grant 2026			6,000.00			6,000.00
Recreation Opportunities for Individuals with Disabilities	10,000.00			7,659.72		2,340.28
Recreation Opportunities for Individuals with Disabilities 2024	2,500.00					2,500.00
Recycling Tonnage Grant			27,803.73	27,803.73		
Safe and Secure Communities	15,132.69			15,132.69		
Safe and Secure Communities		45,150.00		29,974.58		15,175.42
Spotted Lanternfly Reimbursement Program	7,643.16					7,643.16
Stormwater Assistance Grant	10,000.00					10,000.00
Strengthening Local Public Health - 2020/2021	40,963.00					40,963.00
Strengthening Local Public Health - 2021/2022	63,465.00					63,465.00
Strengthening Local Public Health - 2022/2023	64,059.00					64,059.00
Strengthening Local Public Health - 2023/2024	135,303.00					135,303.00
Strengthening Local Public Health - 2024/2025	61,865.00			46,096.00		15,769.00
Strengthening Local Public Health - 2025/2026			64,788.00	3,868.00		60,920.00
Summer Youth Employment Program	3,200.00					3,200.00
Sustaining Local Public Health Infrastructure Grant (NJACCHO)	156,149.00			54,084.50		102,064.50
Sustaining Local Public Health Infrastructure Grant (NJACCHO)			24,951.00			24,951.00

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2024	ACCRUED 2025 BUDGET	N.J.S.A. 40A:4-87 ADDITIONS	RECEIVED	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2025
Sustainable Hillsborough	$ 111.00	$	$	$	$	$ 111.00
TJX Companies, Inc. Grant			5,000.00	5,000.00		
Vaccination Supplement Grant	69,759.00					69,759.00
Youth Services Grant		6,000.00			6,000.00	
Youth Services Grant	2,883.56					2,883.56
Youth Services Grant 2025			6,000.00	6,000.00		
Youth Services Clothing Bins	7,050.00					7,050.00
	$ 4,819,948.57	$ 83,945.80	$ 1,060,660.94	$ 2,425,525.28	$ 20,795.80	$ 3,518,234.23
REF	A	A-2	A-2	A-4	A-28	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS
PER CHAPTER 20, P.L. 1971

	REF.		
Balance, December 31, 2024	A		$ 4,661.65
Increased by:			
Senior Citizens Deductions Per Tax Billing		$ 18,000.00	
Veterans Deductions Per Tax Billing		111,500.00	
Senior Citizens Deductions Allowed by Tax Collector		2,750.00	
			132,250.00
			$ 136,911.65
Decreased by:			
Deductions Disallowed by Collector:			
Received in Cash From State	A-4	$ 129,411.75	
Prior Year Deductions Disallowed by Tax Collector	A-5	4,750.00	
Current Year Deductions Disallowed by Tax Collector		1,733.57	
			135,895.32
Balance, December 31, 2025	A		$ 1,016.33

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

Senior Citizens Deductions Per Tax Billing		$ 18,000.00
Veterans Deductions Per Tax Billing		111,500.00
Deductions Allowed by Tax Collector:		
Senior Citizens		2,750.00
		$ 132,250.00
Less: Deductions Disallowed by Tax Collector:		
Senior Citizens		1,733.57
	A-9	$ 130,516.43

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR		BALANCE DECEMBER 31, 2024	2025 LEVY	CASH COLLECTIONS 2024	CASH COLLECTIONS 2025	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2025
2024		$ 997,476.29	$	$	$ 997,156.82	$ 7.33	$	$ 312.14
2025			201,220,075.04	1,258,245.13	198,564,035.03	92,106.46	35,549.13	1,270,139.29
		$ 997,476.29	$ 201,220,075.04	$ 1,258,245.13	$ 199,561,191.85	$ 92,113.79	$ 35,549.13	$ 1,270,451.43
	REF.	A		A-2:A-21	A-2		A-10	A

Collector	A-5	$ 199,430,675.42
State of New Jersey	A-8	130,516.43
		$ 199,561,191.85

ANALYSIS OF 2025 PROPERTY TAX LEVY

TAX YIELD			
General Property Tax			$ 200,826,944.73
Added and Omitted Tax (54:4-63.1 *et. seq.*)			393,130.31
			$ 201,220,075.04
TAX LEVY			
District School Tax	A-23		131,874,143.00
County Taxes:			
County Tax	A-22	$ 26,504,173.03	
County Library Tax	A-22	3,563,821.28	
County Open Space	A-22	2,819,892.67	
Due County for Added Taxes (54:4-63.1 *et. seq.*)	A-22	65,450.68	
			32,953,337.66
Fire District Tax	A-29		5,043,427.00
Local Tax for Municipal Purposes	A-2		28,424,882.10
Local Open Space	A-24		2,542,572.91
Additional Tax Levied			381,712.37
			$ 201,220,075.04

"A-10"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	REF.		
Balance, December 31, 2024	A	$	398,868.73
Increased by:			
Transfers From Taxes Receivable	A-9		35,549.13
		$	434,417.86
Decreased by:			
Cash Receipts	A-2:A-5		3,837.38
Balance, December 31, 2025	A	$	430,580.48

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2024	A	$	1,843,400.00
Balance, December 31, 2025	A	$	1,843,400.00

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	REF.	BALANCE DECEMBER 31, 2024	ACCRUED IN 2025	COLLECTED BY COLLECTOR	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2025
Clerk:						
Licenses:						
Alcoholic Beverage Licenses	A-2	$	$ 48,438.00	$	$ 48,438.00	$
Other	A-2		10,100.80		10,100.80	
Fees and Permits	A-2		7,037.95		7,037.95	
Board of Health:						
Fees and Permits	A-2		32,660.00		32,660.00	
Other Licenses	A-2		28,728.00		28,728.00	
Registrar:						
Fees and Permits	A-2		54,990.00		54,990.00	
Other Licenses	A-2		15,000.00		15,000.00	
Construction Code Official:						
Fees and Permits	A-2		1,595,140.14		1,595,140.14	
Zoning:						
Fees and Permits	A-2		9,030.50		9,030.50	
Miscellaneous:						
Fees and Permits	A-2		530.00		530.00	
Municipal Court:						
Fines and Costs	A-2	28,490.00	344,461.58		348,727.30	24,224.28
Police Department:						
Fees and Permits	A-2		42,217.00		42,217.00	
Planning Board/Board of Adjustment:						
Fees and Permits	A-2		57,680.70		57,680.70	
Engineering:						
Fees and Permits	A-2		115,396.21		115,396.21	
Tax Assessor:						
Fees and Permits	A-2		95.00		95.00	
Interest on Investments and Deposits	A-2		843,655.41		843,655.41	
Health Officer - Borough of Millstone	A-2		10,535.00		10,535.00	
Interest and Costs on Taxes	A-2		265,122.45	265,122.45		
Energy Receipts Tax	A-2		3,290,867.62		3,290,867.62	
Garden State Preservation Trust Fund	A-2		16,718.00		16,718.00	
Cable TV Fees	A-2		67,879.15		67,879.15	
Somerset County Library System	A-2		41,511.00		41,511.00	
Cell Tower Lease	A-2		155,841.08		155,841.08	
Open Space Trust Fund	A-2		868,132.00		868,132.00	
Capital Surplus	A-2		200,000.00		200,000.00	
Payment in Lieu of Taxes	A-2			77,752.66		
Operating Contribution - Hillsborough Promenade	A-2		42,303.92		42,303.92	
Contribution from Somerville Business Park	A-2		674,662.15		674,662.15	
Shared Service - Municipal Court - Manville	A-2		229,661.41		229,661.41	
Shared Service - Municipal Court - Montgomery	A-2		182,412.00		182,412.00	
Shared Service - Municipal Court - Branchburg	A-2		208,080.00		208,080.00	
Shared Service - Finance - Alexandria	A-2		72,763.63		72,763.63	
		$ 28,490.00	$ 9,531,650.70	$ 342,875.11	$ 9,270,793.97	$ 24,224.28
	REF.	A		A-5	A-4	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	GRANT FUND	ASSESSMENT TRUST FUND	OPEN SPACE TRUST FUNDS	TRUST OTHER FUNDS	GENERAL CAPITAL FUND
Balance, December 31, 2024							
Due from	A	$ 251,402.79	$ 163,609.38	$ 32,618.74	$	$ 55,174.67	$
Due to	A	5,141,861.44			2,351,591.62		2,790,269.82
Treasurer-Receipts	A-4	$ 45,345,620.59	$ 1,043,356.46	$ 339,303.72	$ 25,000,000.00	$ 636,850.96	$ 18,326,109.45
Treasurer-Disbursements	A-4	$ 50,363,348.61	$ 1,103,317.11	$ 336,434.10	$ 27,351,591.62	$ 455,626.51	$ 21,116,379.27
Balance, December 31, 2025							
Due from	A	$ 253,319.15	$ 223,570.03	$ 29,749.12	$	$	$
Due to	A	126,049.78				126,049.78	

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2024	INCREASED BY CASH RECIEPTS	DECREASED BY CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2025
Master Plan	$ 18,100.27	$	$ 9,900.00	$ 8,200.27
Miscellaneous Deposits	16,452.18			16,452.18
DPW Remediation	30,734.48			30,734.48
Quiet Zones	66,985.62			66,985.62
Tax Maps	6,228.14			6,228.14
Revaluation	31,548.00			31,548.00
State Library Aid	8,595.00			8,595.00
Sewer Payments		52,872.64	52,872.64	
PILOT Fees Due County		7,847.12	7,847.12	
Tropical Storm IDA	5,065.25			5,065.25
Landfill Cleanup	1,000.00			1,000.00
	$ 184,708.94	$ 60,719.76	$ 70,619.76	$ 174,808.94
REF.	A	A-4:A-5	A-4	A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF PETTY CASH FUND

DEPARTMENT		CASH DISBURSEMENTS	CASH RECEIPTS
Treasurer		$ 500.00	$ 500.00
		$ 500.00	$ 500.00
	REF.	A-4	A-4

"A-16"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	REF.		
Increased by:			
Cash Receipts	A-5	$	314,877.94
Decreased by:			
Cash Disbursements	A-4		310,845.15
Balance, December 31, 2025	A	$	4,032.79

"A-17"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2024	A	$	19,947.53
Balance, December 31, 2025	A	$	19,947.53

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF 2024 APPROPRIATION RESERVES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

OPERATIONS WITHIN "CAPS"	BALANCE DECEMBER 31, 2024	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
GENERAL GOVERNMENT				
Administrative and Executive:				
Salaries and Wages	$ 0.04	$ 0.04	$	$ 0.04
Other Expenses:				
Miscellaneous	781.81	781.81	76.48	705.33
Postage	495.47	645.47	495.35	150.12
Mayor and Committee:				
Salaries and Wages	0.04	0.04		0.04
Other Expenses	2,703.60	3,171.57	361.14	2,810.43
Township Clerk:				
Salaries and Wages	1,400.03	1,400.03		1,400.03
Other Expenses	1,793.45	1,804.45	185.00	1,619.45
Public Meeting Recording	10,068.75	10,068.75	2,520.00	7,548.75
Elections:				
Other Expenses	21,169.41	21,169.41		21,169.41
Central Purchasing:				
Other Expenses	1,048.75	1,048.75		1,048.75
Financial Administration:				
Salaries and Wages	1,148.00	1,148.00		1,148.00
Other Expenses	526.04	526.04	126.48	399.56
Assessment of Taxes:				
Salaries and Wages	253.81	253.81		253.81
Other Expenses	27,445.25	28,389.25	3,162.48	25,226.77
Revenue Administration (Collection of Taxes):				
Salaries and Wages	452.84	452.84		452.84
Other Expenses	2,224.50	2,322.50	2,008.62	313.88
Human Services:				
Other Expenses	2,646.35	2,982.11	2,051.11	931.00
Information Technology:				
Salaries and Wages	609.21	609.21		609.21
Other Expenses	20,979.52	29,797.75	21,045.96	8,751.79
Human Resources:				
Salaries and Wages	882.92	882.92		882.92
Other Expenses	15,147.01	15,538.71	6,205.35	9,333.36
Legal Services and Costs:				
Other Expenses:				
Miscellaneous	5,639.23	5,639.23	5,639.23	0.00
Outside Services	34,319.65	34,319.65	5,034.82	29,284.83
Engineering Services and Costs:				
Salaries and Wages	3,590.74	3,590.74		3,590.74
Other Expenses	12,736.29	25,265.86	2,406.05	22,859.81
Economic Development Committee:				
Salaries and Wages	2,169.14	2,169.14		2,169.14
Other Expenses	10,879.14	12,161.71	2,642.07	9,519.64
Municipal Land Use Law (N.J.S. 40:55D-1):				
Planning Board:				
Salaries and Wages	4,736.35	4,736.35		4,736.35
Other Expenses	32,436.04	32,688.77	7,489.12	25,199.65
Zoning Commission:				
Other Expenses	23.68	23.68		23.68
Insurance:				
Unemployment Compensation	7,827.98	7,827.98		7,827.98
General Liability	405.05	3,349.53	2,867.53	482.00
Employee Group Health	60,187.84	60,187.84	7,715.46	52,472.38

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF 2024 APPROPRIATION RESERVES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

OPERATIONS WITHIN "CAPS"	BALANCE DECEMBER 31, 2024	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
PUBLIC SAFETY				
Police:				
Salaries and Wages	$ 76,782.15	$ 76,782.15	$ (4,564.11)	$ 81,346.26
Other Expenses	34,534.28	282,815.55	278,274.30	4,541.25
Emergency Management:				
Other Expenses	4,534.26	7,169.49	5,383.21	1,786.28
Contribution to Fire District	14,102.00	14,102.00	14,102.00	
Fire Hydrant Service	153,876.63	153,876.63	153,876.63	
PUBLIC WORKS				
Road Repairs and Maintenance:				
Salaries and Wages	15,270.94	20,270.94	5,000.00	15,270.94
Other Expenses	23,185.90	174,867.89	84,657.20	90,210.69
Snow Removal:				
Salaries and Wages	66,226.66	66,226.66	66,226.66	
Other Expenses	1,380.40	11,465.41	10,085.01	1,380.40
Public Buildings and Grounds:				
Other Expenses	213.73	24,921.56	18,368.88	6,552.68
Solid Waste Collection (Annual Clean-Up):				
Other Expenses	1,258.80	1,258.80	1,132.06	126.74
Sanitary Landfill:				
Other Expenses	7,560.00	7,560.00		7,560.00
Municipal Condo Service Act		1,072.52	1,072.52	
HEALTH AND WELFARE				
Health and Welfare:				
Salaries and Wages	5,634.14	5,634.14		5,634.14
Other Expenses	12,279.95	21,785.50	6,603.94	15,181.56
Animal Control Regulation:				
Other Expenses	81.00	81.00		81.00
Social Services:				
Other Expenses	506.80	6,798.80	6,368.48	430.32
Wildlife Management:				
Other Expenses	4,400.00	4,400.00		4,400.00

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF 2024 APPROPRIATION RESERVES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

RECREATION AND EDUCATION		BALANCE DECEMBER 31, 2024	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
Parks and Playgrounds					
Salaries and Wages		$ 7,544.42	$ 7,544.42	$	$ 7,544.42
Other Expenses		7,568.67	58,570.62	38,669.20	19,901.42
Board of Recreation Commissioners (R.S.40:12-1):					
Other Expenses		916.56	916.56		916.56
MUNICIPAL COURT					
Municipal Court:					
Salaries and Wages		182.76	182.76		182.76
Other Expenses		15,403.78	25,460.09	11,192.36	14,267.73
Court Security		143.66	143.66		143.66
UNIFORM CONSTRUCTION CODE					
Construction Official:					
Salaries and Wages		15,619.99	15,619.99		15,619.99
Other Expenses		1,948.41	4,125.10	3,465.62	659.48
UNCLASSIFIED					
Celebration of Public Events		8,423.10	9,124.67	968.72	8,155.95
Utilities:					
Gasoline		32,620.30	32,620.30	22,360.31	10,259.99
Electricity		66.05	66.05	40.99	25.06
Natural Gas		858.51	858.51	858.51	
Telephones		1,864.17	3,490.24	2,907.55	582.69
Water		4,930.89	4,930.89	4,240.61	690.28
Sick and Vacation Reserve		2,500.00	2,500.00	2,500.00	
Statutory Expenditures:					
Contribution to:					
Defined Contribution Retirement Program		432.05	432.05	-	432.05
Public Works (Stormwater):					
Salaries and Wages		88.17	88.17		88.17
Other Expenses		229.55	5,357.55	4,793.00	564.55
Stormwater Engineering:					
Other Expenses		3,000.00	3,000.00		3,000.00
		$ 812,896.61	$ 1,371,074.61	$ 810,615.90	$ 560,458.71
	REF.	A: A-18		A-4	A-1
Balance, December 31, 2024	A-18		$ 812,896.61		
Encumbrances Payable	A-19		558,178.00		
			$ 1,371,074.61		

"A-19"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	REF.		
Balance, December 31, 2024	A		$ 824,506.29
Increased by:			
Budget Appropriations	A-3		487,383.39
			$ 1,311,889.68
Decreased by:			
Cash Disbursements	A-4	$ 228,147.17	
Due State of NJ - Registrar Licenses	A-26	900.00	
Transferred to Appropriation Reserves	A-18	558,178.00	
Canceled	A-1	37,281.12	
			824,506.29
Balance, December 31, 2025	A		$ 487,383.39

"A-20"

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2024	A	$ 1,658,206.72
Increased by:		
Reserve for Grants Appropriated	A-27	488,835.54
		$ 2,147,042.26
Decreased by:		
Transferred to Grants Appropriated	A-27	1,658,206.72
Balance, December 31, 2025	A	$ 488,835.54

"A-21"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	REF.		
Balance, December 31, 2024 (2025 Taxes)	A	$	1,258,245.13
Increased by:			
Collection - 2026 Taxes	A-5		1,587,757.88
		$	2,846,003.01
Decreased by:			
Applied to Taxes Receivable	A-9		1,258,245.13
Balance, December 31, 2025 (2026 Taxes)	A	$	1,587,757.88

"A-22"

SCHEDULE OF COUNTY TAXES PAYABLE

Current Year Tax Levy:				
County Tax	A-1:A-9	$	26,504,173.03	
County Library Tax	A-1:A-9		3,563,821.28	
County Open Space	A-1:A-9		2,819,892.67	
Added County Taxes	A-1:A-9		65,450.68	
				$ 32,953,337.66
Decreased by:				
Cash Disbursements	A-4			$ 32,953,337.66

"A-23"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DISTRICT SCHOOL TAX PAYABLE

	REF.	
Increased by:		
Levy Calendar Year 2025	A-1:A-9	$ 131,874,143.00
Decreased by:		
Cash Disbursements	A-4	$ 131,874,143.00

"A-24"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
Levy Calendar Year 2025	A-1:A-9	$ 2,542,572.91
Decreased by:		
Cash Disbursements	A-4	$ 2,542,572.91

"A-25"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
CONSTRUCTION CODE OFFICIAL

	REF.		
Balance, December 31, 2024	A		$ 50,719.00
Increased by:			
Cash Receipts	A-4		88,590.00
			$ 139,309.00
Decreased by:			
Cash Disbursements	A-4		107,973.00
Balance, December 31, 2025	A		$ 31,336.00

"A-26"

SCHEDULE OF DUE STATE OF NEW JERSEY
REGISTRAR LICENSES

Increased by:			
Cash Receipts	A-4	$ 4,050.00	
Transferred from Encumbrances Payable	A-19	900.00	
			$ 4,950.00
Decreased by:			
Cash Disbursements	A-4		$ 4,950.00

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2024	ENCUMBRANCES PAYABLE	BUDGET APPROPRIATIONS	N.J.S.A. 40A:4-87 ADDITIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2025
American Rescue Plan	$	$ 912,818.65	$	$	$ 911,868.59	$ 950.06
Alcohol Education, Rehabilitation & Enforcement Fund	6,749.32					6,749.32
Alcohol Education, Rehabilitation & Enforcement Fund	5,025.93				2,600.00	2,425.93
Alcohol Education, Rehabilitation & Enforcement Fund				6,705.80		6,705.80
Body Armor Replacement Fund (State)	26.78				26.78	
Body Armor Replacement Fund (State)	3,363.24				3,363.24	
Body Armor Replacement Fund (State)			4,795.80		1,036.78	3,759.02
Bulletproof Vest Partnership	302.12					302.12
Body Worn Camera Grant	11,068.00					11,068.00
Bulletproof Vest Partnership	6,540.12					6,540.12
Clean Communities Program	33,993.61				640.00	33,353.61
Clean Communities Program 24-25	85,359.70	250.00			67,343.24	18,266.46
Clean Communities Program 23-24	50,243.44	120.92			6,363.96	44,000.40
Clean Communities Program				125,165.44	74,366.77	50,798.67
DOJ National Crime Statistics Grant	2,844.00	13,156.00				16,000.00
DCA - Covid Relief Fund	58,533.51					58,533.51
Drunk Driving Enforcement Fund	3,634.21					3,634.21
Drunk Driving Enforcement Fund 2023-2024	12,479.20	12,787.50			21,699.11	3,567.59
Drunk Driving Enforcement Fund				16,844.97	3,740.00	13,104.97
Electronic Charging Station Grant	3,365.18					3,365.18
Energy Efficiency Conservation Block Grant	100.00					100.00
Energy Efficiency Conservation Block Grant	38,900.00	37,480.00			50,854.00	25,526.00
Enhancing Local Public Health (NJACCHO)	160,782.68	4,025.00			71,697.23	93,110.45
Federal Emergency Management 2003	0.92					0.92
NJDEP Fox Chase Pond Green Infrastructure	194,963.00	50,000.00			50,000.00	194,963.00
Municipal Aid Program FY 2025	356,411.00				356,411.00	
Municipal Planning Incentive Grant	20,000.00					20,000.00
Office of Emergency Management	2,323.15				101.13	2,222.02
Office of Emergency Management	528.89					528.89
Office of Emergency Management 2022	15,000.00				4,880.00	10,120.00
Office of Emergency Management			10,000.00		2,640.28	7,359.72
FM Mission Critical Services 2013	444.00					444.00
FM Mission Critical Services 2015	486.64					486.64
HMGP Energy Allocation Initiative (Hazardous Mitigation)	2.64					2.64
Highway Safety Grant	36,253.00					36,253.00
H1N1 Preparedness Grant	205.68					205.68
Lead Grant Assistance Prgm (LGAP)	10,750.00	250.00			250.00	10,750.00
LAIF - Brown Ave.		275,285.20			275,285.20	
Brown Ave. Extension	172,066.24	219,106.89			219,106.89	172,066.24
Local Recreation Improvement Grant		63,000.00			63,000.00	
Mayors Wellness Campaign	3,395.09					3,395.09

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2024	ENCUMBRANCES PAYABLE	BUDGET APPROPRIATIONS	N.J.S.A. 40A:4-87 ADDITIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2025
NJ Career Accelerant Internship	$ 120.00	$	$ 16,000.00	$	$ 16,000.00	$ 120.00
NJ DOT Amsterdam Drive Phase II	142,594.80					142,594.80
NJ DOT Auten Road Phase I	438,435.00				438,435.00	
NJ DOT Amsterdam Drive Phase III		41,182.91			41,182.91	
NJ DOT Camplain Rd/Sunnymead Rd Truck Safety				375,000.00		375,000.00
Public Health Priority Funding	13,684.30					13,684.30
Private Well Outreach Program Grant	6,000.00				5,000.00	1,000.00
Private Well Outreach Program Grant 2026				6,000.00		6,000.00
Radon Awareness			2,000.00		1,997.00	3.00
Recycling Tonnage Grant 2022	33,887.05				33,887.05	
Recycling Tonnage Grant 2023	40,162.59				40,162.59	
Recycling Tonnage Grant 2024	24,762.88				24,762.88	
Recycling Tonnage Grant 2025				27,803.73		27,803.73
ROID Grant	2,340.28					2,340.28
ROID Grant 2024	992.50					992.50
Safe and Secure Communities 2019	10.97					10.97
Safe and Secure Communities 2020	2,225.00					2,225.00
Safe and Secure Communities 2025			45,150.00		29,974.58	15,175.42
Safe Corridors Grant	0.96					0.96
Somerset County Community Development Block Grant	97,136.61					97,136.61
Somerset County Historic Preservation 2020	6,385.00					6,385.00
Somerset County Historic Grant		2,955.40			2,955.40	
Somerset County Historic Preservation Grant 2025				402,402.00		402,402.00
Somerset County Municipal Alliance 2015	235.00					235.00
Somerset County Municipal Alliance 2022	35,545.00					35,545.00
Somerset County Municipal Alliance 2023	13,442.65					13,442.65
Somerset County Municipal Alliance 2021	10,513.06					10,513.06
Somerset County Municipal Alliance 2019/2020	149.72					149.72
Somerset County Municipal Alliance 2024	4,489.53				4,489.53	
Somerset County Pavilion Grant	47,802.46	605.19				48,407.65
Somerset County Youth Athletic Grant 2004	600.00					600.00
Somerset County Youth Athletic Grant 2005	0.02					0.02
Youth Services Clothing Bins	14,100.00					14,100.00
Somerset County Youth Services Grant			6,000.00		3,906.55	2,093.45
Somerset County Youth Services Grant 2025				6,000.00		6,000.00
Somerset County Youth Services Grant 2023	5,000.00					5,000.00
Somerset County Youth Services Grant 2022	571.00				408.03	162.97
Somerset County Youth Services Grant 2021	475.00				475.00	
Somerset County Youth Services Grant 2019	116.97				116.97	
Spotted Lanternfly Reimbursement Program	7,654.15					7,654.15
Stormwater Assistance Grant	10,000.00	15,000.00			15,000.00	10,000.00
Strengthening Local Public Health 2021-2022	91,042.00					91,042.00
Strengthening Local Public Health 2022-2023	137,919.20					137,919.20
Strengthening Local Public Health 2023-2024	131,034.10	216.31			216.31	131,034.10
Strengthening Local Public Health 2024-2025	41,974.45	3,996.85			35,800.49	10,170.81
Strengthening Local Public Health 2025 -2026				64,788.00	13,451.47	51,336.53

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM		BALANCE DECEMBER 31, 2024	ENCUMBRANCES PAYABLE	BUDGET APPROPRIATIONS	N.J.S.A. 40A:4-87 ADDITIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2025
Sustaining Local Public Health Infrastructure Grant (NJACCHO)		$ 139,683.25	$	$	$	$ 81,949.39	$ 57,733.86
Sustaining Local Public Health Infrastructure Grant (NJACCHO)					24,951.00		24,951.00
Summer Youth Work Experience Program		3,200.00					3,200.00
Vaccination Supplemental Grant		75,235.30	5,600.00				80,835.30
Sustainable Jersey Grants- NJLM Grants 2013		4.45					4.45
Sustainable New Jersey		349.11				348.31	0.80
TJX Companies, Inc. Grant					5,000.00		5,000.00
T-Mobile Hometown Grant		1,666.63	369.90			831.10	1,205.43
		$ 2,877,682.28	$ 1,658,206.72	$ 83,945.80	$ 1,060,660.94	$ 2,978,624.76	$ 2,701,870.98
	REF.	A	A-20	A-3	A-3		A

Cash Disbursements	A-4	$ 2,489,789.22
Encumbrances Payable	A-20	488,835.54
		$ 2,978,624.76

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

GRANT/PROGRAM		BALANCE DECEMBER 31, 2024		RECEIPTS		CASH DISBURSEMENTS		APPLIED TO RECEIVABLES		BALANCE DECEMBER 31, 2025
Emergency Management Assistance Program	$	20,000.00	$		$		$	10,000.00	$	10,000.00
Youth Leadership		3,702.50								3,702.50
Body Armor Replacement Fund -2023		3,723.03								3,723.03
Body Armor Replacement Fund -2025		4,795.80						4,795.80		
Health Grant				11,651.00						11,651.00
St of New Jersey - Tanning Inspection Program		400.00								400.00
Youth Services Grant		6,000.00						6,000.00		
Bulletproof Vest Fund		11,018.00								11,018.00
DMHAS				3,950.00		3,950.00				
	$	49,639.33	$	15,601.00	$	3,950.00	$	20,795.80	$	40,494.53
REF.		A		A-4		A-4		A-7		A

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF FIRE DISTRICT TAX PAYABLE

	REF.		
Balance, December 31, 2024	A	$	20,000.00
Increased by:			
Levy Calendar Year 2025	A-1:A-9		5,043,427.00
		$	5,063,427.00
Decreased by:			
Cash Disbursements	A-4		5,043,427.00
Balance, December 31, 2025	A	$	20,000.00

TOWNSHIP OF HILLSBOROUGH

GRANT FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	CURRENT FUND	TRUST OTHER FUNDS	GENERAL CAPITAL FUND
Balance, December 31, 2024					
Due to	A	$ 1,029,119.76	$ 163,609.38	$ 865,510.38	$
Increased by:					
Treasurer-Receipts	A-4	$ 355,343.54	$ 73,230.96	$	$ 282,112.58
Decreased by:					
Treasurer-Disbursements	A-4	$ 878,780.69	$ 13,270.31	$ 865,510.38	$
Balance, December 31, 2025					
Due to	A	$ 505,682.61	$ 223,570.03	$	$ 282,112.58

"A-31"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF REFUNDS RECEIVABLE

	REF.		
Increased by:			
Cash Disbursements	A-1:A-4	$	1,405,425.85
Decreased by:			
Cash Receipts	A-1:A-4		1,021,594.40
Balance, December 31, 2025	A	$	383,831.45

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	REF.	SPECIAL EMERGENCY AUTHORIZATION (N.J.S.A. 40A: 4-53) FLOOD/HURRICANE DAMAGE	SPECIAL EMERGENCY AUTHORIZATION (N.J.S.A. 40A: 4-53) SEVERENCE PAY	TOTAL
Balance, December 31, 2024	A	$ 120,000.00	$	$ 120,000.00
Increased by:				
2025 Authorization	A-3		350,000.00	350,000.00
		$ 120,000.00	$ 350,000.00	$ 470,000.00
Decreased by:				
Budget Appropriation	A-3	60,000.00		60,000.00
				$ 60,000.00
Balance, December 31, 2025	A	$ 60,000.00	$ 350,000.00	$ 410,000.00

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF SPECIAL EMERGENY NOTES PAYABLE

ORDINANCE	PURPOSE	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE		INCREASED		BALANCE DECEMBER 31, 2025
2025-09	Severance Liabilities	12/09/25	12/09/25	12/08/26	2.600%		$ 350,000.00	$	350,000.00
							$ 350,000.00	$	350,000.00
						REF.	A-4		A

"A-34"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF ASSETS

	REF.	
Increased by:		
Cash Receipts	A-4	$ 40,469.00
Balance, December 31, 2025	A	$ 40,469.00

"A-35"

TOWNSHIP OF HILLSBOROUGH

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	REF.		
Balance, December 31, 2024	A	$	15,107.85
Decreased by:			
Cash Disbursements	A-4		15,107.85

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF CASH-TREASURER

	REF.	ASSESSMENT	ANIMAL CONTROL	OTHER
Balance, December 31, 2024	B	$ 302,731.54	$ 6,347.09	$ 26,904,492.48
Increased by Receipts:				
Assessments Receivable	B-4	$ 263,045.01	$	$
Dog License Fees	B-11		31,431.20	
Due State of New Jersey	B-10		2,383.80	
Prepaid Dog Licenses	B-8		21.00	
Reserve for Recreation Fees	B-12			738,961.09
Interfunds	B-5:B-9:B-15	30,007.47	613.48	3,223,789.34
Reserve for Various Trust Deposits	B-13			37,700,465.77
Reserve for Township Open Space	B-16			2,917,731.14
		$ 293,052.48	$ 34,449.48	$ 44,580,947.34
		$ 595,784.02	$ 40,796.57	$ 71,485,439.82
Decreased by Disbursements:				
Interfunds	B-5:B-9:B-15	$ 32,877.09	$ 613.48	$ 322,911.79
Reserve for Various Trust Deposits	B-13			38,017,250.87
Due State of New Jersey	B-10		2,383.80	
Assessment Bonds Payable	B-6	28,100.00		
Assessment Loans Payable	B-7	292,772.04		
Animal Control Fund Expenditures	B-11		19,562.00	
Investment	B			350,000.00
Recreation Commission Expenditures	B-12			790,716.51
Reserve for Township Open Space	B-16			6,729,037.23
		$ 353,749.13	$ 22,559.28	$ 46,209,916.40
Balance, December 31, 2025	B	$ 242,034.89	$ 18,237.29	$ 25,275,523.42

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2024	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2025
Assessment Serial Bonds:					
2007-08	Riverview Sewers	$ 105,730.71	$ 10,690.50	$ 28,100.00	$ 88,321.21
Assessment Loans:					
2009-13	Claremont Sewers	100,279.08	204,706.79	249,247.49	55,738.38
2014-14	Sanitary Sewer	64,103.01	47,647.72	43,524.55	68,226.18
Due Current Fund		32,618.74	30,007.47	32,877.09	29,749.12
		$ 302,731.54	$ 293,052.48	$ 353,749.13	$ 242,034.89
	REF.	B	B-2	B-2	B

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANNUAL INSTALLMENTS	DUE DATE	BALANCE DECEMBER 31, 2024	COLLECTED	BALANCE DECEMBER 31, 2025	BALANCE PLEDGED TO ASSESSMENT SERIAL BONDS/LOANS
2007-08	Installation of Sewer Lines - Riverview	20	3/01 & 9/01	$ 34,769.29	$ 10,690.50	$ 24,078.79	$ 24,078.79
2007-43	Installation of Sewer Lines - Claremont	20	6/01 & 12/01	1,178,406.69	204,706.79	973,699.90	973,699.90
2014-14	Sanitary Sewer	20	3/01, 6/01, 9/01 & 12/01	416,018.77	47,647.72	368,371.05	368,371.05
				$ 1,629,194.75	$ 263,045.01	$ 1,366,149.74	$ 1,366,149.74
			REF.	B	B-2	B	

"B-5"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS PAYABLE - ASSESSMENT TRUST FUND

	REF.	TOTAL	CURRENT FUND
Balance, December 31, 2024			
Due from	B	$ 32,618.74	$ 32,618.74
Increased by:			
Cash Receipts	B-2	30,007.47	30,007.47
Decreased by:			
Cash Disbursements	B-2	32,877.09	32,877.09
Balance, December 31, 2025			
Due from	B	$ 29,749.12	$ 29,749.12

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ASSESSMENT SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025 DATE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025 AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2024	DECREASED	BALANCE DECEMBER 31, 2025
Riverview Sewer	07/22/09	$ 562,000.00	06/01/26-29	$ 28,100.00	5.00%	$ 140,500.00	$ 28,100.00	$ 112,400.00
						$ 140,500.00	$ 28,100.00	$ 112,400.00
					REF.	B	B-2	B

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF N.J.E.I.T. ASSESSMENT LOANS PAYABLE

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2025 DATE	OUTSTANDING DECEMBER 31, 2025 AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2024	DECREASED	BALANCE DECEMBER 31, 2025
Sewer Assessment Loans (S340-099-01)	3/10/2010	$ 1,103,238.01	8/1/2026	$ 75,712.41	3.500%	$	$	$
			8/1/2027	79,317.76	4.000%			
			8/1/2028-29	82,923.12	4.000%	392,983.47	72,107.06	320,876.41
Sewer Assessment Loans (S340-099-01)	3/10/2010	3,188,527.89	2026-2028	177,140.43	0%			
			2029	177,140.58	0%	885,702.30	177,140.43	708,561.87
Sewer Assessment Loans (S340-099-02)	12/22/2016	855,983.00						
	Loan Decrease 2018	(42,173.00)	2026-2035	43,524.55	0%			
		$ 813,810.00	2036	1,351.73	0%	480,121.78	43,524.55	436,597.23
						$ 1,758,807.55	$ 292,772.04	$ 1,466,035.51
					REF.	B	B-2	B

"B-8"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

PREPAID DOG LICENSES - ANIMAL CONTROL TRUST FUND

	REF.		
Balance, December 31, 2024	B	$	5,659.20
Increased by:			
Cash Receipts	B-2		21.00
		$	5,680.20
Decreased by:			
Prepaid Licenses Applied	B-11		5,659.20
Balance, December 31, 2025	B	$	21.00

"B-9"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - ANIMAL CONTROL TRUST FUND

	REF.	CURRENT FUND
Increased by:		
Cash Receipts	B-2	$ 613.48
Decreased by:		
Cash Disbursements	B-2	$ 613.48

"B-10"

SCHEDULE OF DUE STATE OF NEW JERSEY-ANIMAL CONTROL FUND

Balance, December 31, 2024	B		$ 11.20
Increased by:			
Cash Receipts	B-2		2,383.80
			$ 2,395.00
Decreased by:			
Cash Disbursements	B-2	$ 2,383.80	
Canceled	B-11	11.20	
			2,395.00

"B-11"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	REF.		
Balance, December 31, 2024	B		$ 676.69
Increased by:			
Dog License Fees Collected	B-2	$ 31,431.20	
Prepaid Licenses Applied	B-8	5,659.20	
Cancelation of balance Due State of NJ	B-10	11.20	
			37,101.60
			$ 37,778.29
Decreased by:			
Expenditures Under R.S.4:49-15.11:			
Cash Disbursements	B-2		19,562.00
Balance, December 31, 2025	B		$ 18,216.29

LICENSE FEES COLLECTED

YEAR	AMOUNT
2024	$ 36,718.60
2023	36,852.62
	$ 73,571.22

"B-12"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION COMMISSION EXPENDITURES

	REF.		
Balance, December 31, 2024	B		$ 66,802.18
Increased by:			
Receipts- Program Registration Fees	B-2	$ 738,961.09	
Transfer from Encumbrances Payable	B-14	11,757.84	
			750,718.93
			$ 817,521.11
Decreased by:			
Cash Disbursements	B-2	$ 790,716.51	
Encumbrances Payable	B-14	7,173.40	
			797,889.91
Balance, December 31, 2025	B		$ 19,631.20

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

RESERVE	BALANCE DECEMBER 31, 2024	RECEIPTS	DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2025
Police Law Enforcement Trust	$ 48,638.10	$ 19,906.98	$ 3,026.56	$	$ 65,518.52
Federal Forfeiture Fund	28,995.15	36,042.62	4,830.60		60,207.17
Police Services Escrow (Special Police)	30,572.50	766,055.91	750,157.88		46,470.53
Expert Witness Program	27,630.00				27,630.00
Self Insurance Program	107,195.86				107,195.86
COBRA Payment Program	95,111.27				95,111.27
Subdivision Deposits	3,323.00				3,323.00
Escrow Management	4,687,025.63	704,004.44	1,346,429.37	35,191.79	4,009,408.91
Flexible Spending Account	29,228.01	19,923.54	17,252.51		31,899.04
Affinity Credit Card	10,340.35	0.77	10,341.12		
Miscellaneous Trust	1,567,008.09	1,088,499.40	492,476.31	485,754.65	1,677,276.53
Payroll Agency	131,933.27	33,759,017.62	33,890,224.43		726.46
Public Assistance - Donations	151,161.40	56,667.30	47,097.12	24,150.61	136,580.97
Escrow/Offsite	226,193.93	203,655.39	257,027.57		172,821.75
Tax Lien Redemption	917,688.95	1,046,691.80	1,198,387.40		765,993.35
	$ 8,062,045.51	$ 37,700,465.77	$ 38,017,250.87	$ 545,097.05	$ 7,200,163.36
REF.		B-2	B-2	B-14	B

Balance, December 31, 2024	B	$ 7,980,751.74
Encumbrances Payable	B-14	81,293.77
		$ 8,062,045.51

Note: An analysis of trust deposits is on file in the Finance Office.

"B-14"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	REF.		
Balance, December 31, 2024	B		$ 5,948,431.61
Increased by:			
Various Trust Deposits	B-13	$ 545,097.05	
Recreation Commission	B-12	7,173.40	
			552,270.45
			$ 6,500,702.06
Decreased by:			
Transfer to Reserve for Miscellaneous Trust Deposits	B-13	$ 81,293.77	
Transfer to Reserve for Recreation	B-12	11,757.84	
Transfer to Reserve for Open Space	B-16	5,855,380.00	
			5,948,431.61
Balance, December 31, 2025	B		$ 552,270.45

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF INTERFUNDS - OTHER FUNDS

	REF.	TOTAL	CURRENT FUND	GRANT FUND	GENERAL CAPITAL FUND
Balance, December 31, 2024					
Due from	B	$ 3,217,102.00	$ 2,351,591.62	$ 865,510.38	$
Due to	B	190,174.67	55,174.67		135,000.00
Increased by:					
Cash Receipts	B-2	3,223,789.34	2,358,278.96	865,510.38	
Decreased by:					
Cash Disbursements	B-2	322,911.79	187,911.79		135,000.00
Balance, December 31, 2025					
Due from	B	$ 126,049.78	$ 126,049.78	$	$

"B-16"

TOWNSHIP OF HILLSBOROUGH

TRUST FUND

SCHEDULE OF RESERVE FOR TOWNSHIP OPEN SPACE

Balance, December 31, 2024	B			$	15,935,434.28
Increased by:					
Cash Receipts	B-2	$	2,917,731.14		
Transfer from Encumbrances Payable	B-14		5,855,380.00		
					8,773,111.14
				$	24,708,545.42
Decreased by:					
Cash Disbursements	B-2				6,729,037.23
Balance, December 31, 2025	B			$	17,979,508.19

"C-2"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	REF.		
Balance, December 31, 2024	C		$ 608,988.30
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	$ 850,000.00	
Deferred Charge - Unfunded	C-5	238,000.00	
Premium on Sale of Notes	C-1	179,402.45	
Interfunds	C-10	2,925,269.82	
Serial Bonds Issued	C-15	6,730,000.00	
Bond Anticipation Notes	C-13	19,255,443.00	
			30,178,115.27
			$ 30,787,103.57
Decreased by Disbursements:			
Contracts Payable	C-6	$ 5,544,772.87	
Bond Anticipation Notes	C-13	20,932,179.00	
Fund Balance	C-1	200,000.00	
Interfunds	C-10	282,112.58	
			26,959,064.45
Balance, December 31, 2025	C:C-3		$ 3,828,039.12

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	BALANCE DECEMBER 31, 2024	CASH RECEIPTS: BUDGET APPROPRIATIONS	CASH RECEIPTS: BOND ANTICIPATION NOTES	CASH RECEIPTS: MISCELLANEOUS	CASH DISBURSEMENTS: IMPROVEMENT AUTHORIZATIONS	CASH DISBURSEMENTS: BOND ANTICIPATION NOTES	CASH DISBURSEMENTS: MISCELLANEOUS	TRANSFERS: FROM	TRANSFERS: TO	BALANCE DECEMBER 31, 2025
Capital Surplus	$ 707,723.78	$	$	$ 179,402.45	$	$	$ 200,000.00	$	$	$ 687,126.23
Capital Improvement Fund	5,018.69	850,000.00						(850,000.00)		5,018.69
Reserve for Developers' Contributions	1,976,497.25									1,976,497.25
Reserve for Miscellaneous Deposits	68,905.00									68,905.00
Grants Receivable	(250,000.00)									(250,000.00)
Interfunds Receivable							282,112.58			(282,112.58)
Interfunds Payable	(2,925,269.82)			2,925,269.82						
Contracts Payable	2,536,447.35							(2,536,447.35)	2,788,045.58	2,788,045.58
Improvement Authorizations:										
Ordinances:										
2008-49	(1,515.97)									(1,515.97)
2009-15	(639,829.90)									(639,829.90)
2012-35	50,020.12									50,020.12
2014-08	8,854.34				6,602.94					2,251.40
2014-10	40.00			539,960.00		540,000.00				
2014-17	15,279.26									15,279.26
2018-14	950,154.88			6,428,040.00	39,570.00	7,336,736.00			3,070.00	4,958.88
2019-15	(0.00)							(1,724.60)	1,724.60	
2020-23	30,356.61				1,511.80					28,844.81
2021-15	17,893.50		13,055,443.00		17,893.50	13,055,443.00				
2021-21	46,504.12				45,980.00			(29,020.00)	29,020.00	524.12
2022-14	6,019.45				4,570.49					1,448.96
2022-18	167,004.29				5,000.00			(7,700.00)		154,304.29
2023-12	16,124.15				32,696.68			(9,078.69)	41,775.37	16,124.15
2024-04	(2,764,415.70)		6,200,000.00		4,200,416.43			(1,310,779.58)	1,888,938.99	(186,672.72)
2024-12	448,051.90				553,381.00			(163,467.25)	526,043.39	257,247.04
2024-13	139,125.00				52,182.39				45,875.00	132,817.61
2025-08					584,967.64			(1,266,275.46)	850,000.00	(1,001,243.10)
	$ 608,988.30	$ 850,000.00	$ 19,255,443.00	$ 10,072,672.27	$ 5,544,772.87	$ 20,932,179.00	$ 482,112.58	$ (6,174,492.93)	$ 6,174,492.93	$ 3,828,039.12
REF.	C	C-5:C-8:C-14	C-13	C-1:C-5:C-10:C-15	C-6	C-13	C-1:C-10			C

"C-4"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	REF.		
Balance, December 31, 2024	C	$	667,629.93
Increased by:			
Bonds Issued	C-15		6,730,000.00
		$	7,397,629.93
Decreased by:			
Paid by Current Year Budget Appropriation:			
N.J.E.I.T. Loan Principal	C-12		106,415.61
Balance, December 31, 2025	C	$	7,291,214.32

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER		BALANCE DECEMBER 31, 2024	AUTHORIZATIONS	CASH RECEIPTS	NOTES PAID BY BUDGET	BONDS ISSUED	BALANCE DECEMBER 31, 2025	ANALYSIS OF BALANCE DECEMBER 31, 2025		
								BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED BALANCE
	General Improvements:									
2008-49	Acquisition of Land	$ 1,515.97	$	$	$	$	$ 1,515.97	$	$ 1,515.97	$
2009-15	Various Road Improvements	639,829.90					639,829.90		639,829.90	
2014-10	Various Capital Improvements	539,960.00				539,960.00				
2018-14	Township-Wide Road Improvements	6,428,080.75		238,000.00		6,190,040.00	40.75			40.75
2021-15	Acquisition of Propery	13,225,443.00			170,000.00		13,055,443.00	13,055,443.00		
2024-04	Various Township Wide Road Improvements	8,550,000.00					8,550,000.00	6,200,000.00	186,672.72	2,163,327.28
2025-08	Various Capital Improvements		16,150,000.00				16,150,000.00		1,001,243.10	15,148,756.90
		$ 29,384,829.62	$ 16,150,000.00	$ 238,000.00	$ 170,000.00	$ 6,730,000.00	$ 38,396,829.62	$ 19,255,443.00	$ 1,829,261.69	$ 17,312,124.93
	REF.	C	C-7	C-2	C-13	C-15	C	C-13	C-3	C-7

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	REF.		
Balance, December 31, 2024	C	$	2,536,447.35
Increased by:			
Improvement Authorizations	C-7		5,796,371.10
		$	8,332,818.45
Decreased by:			
Cash Disbursements	C-2		5,544,772.87
Balance, December 31, 2025	C	$	2,788,045.58

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2024 FUNDED	BALANCE DECEMBER 31, 2024 UNFUNDED	2025 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2025 FUNDED	BALANCE DECEMBER 31, 2025 UNFUNDED
General:									
2012-35	Sale of Land	12/13/2012	$ 350,000.00	$ 50,020.12	$	$	$	$ 50,020.12	$
2014-08	Various Capital Improvements	05/27/2014	265,295.00	8,854.34			6,602.94	2,251.40	
2014-17	Various Capital Improvements	10/14/2014	35,000.00	15,279.26				15,279.26	
2018-14	Township-Wide Road Improvements	08/14/2018	8,500,000.00		41,499.63		36,500.00	4,958.88	40.75
2020-23	Various Capital Improvements	09/10/2020	200,225.00	30,356.61			1,511.80	28,844.81	
2021-15	Acquisition of Property	06/10/2021	14,100.00		17,893.50		17,893.50		
2021-21	Various Capital Improvements	10/26/2021	741,000.00	46,504.12			45,980.00	524.12	
2022-14	Various Capital Improvements	09/13/2022	447,000.00	6,019.45			4,570.49	1,448.96	
2022-18	Various Capital Improvements	10/11/2022	270,000.00	167,004.29			12,700.00	154,304.29	
2023-12	Various Capital Improvements	08/22/2023	480,000.00	16,124.15				16,124.15	
2024-04	Various Township Wide Road Improvements	04/30/2024	9,000,000.00		5,785,584.30		3,622,257.02		2,163,327.28
2024-12	Various Capital Improvements	07/16/2024	1,330,648.00	448,051.90			190,804.86	257,247.04	
2024-13	Purchase of Municipal Building Thermostats	08/23/2024	185,000.00	139,125.00			6,307.39	132,817.61	
2025-08	Various Capital Improvements	07/09/2025	17,000,000.00			17,000,000.00	1,851,243.10		15,148,756.90
				$ 927,339.24	$ 5,844,977.43	$ 17,000,000.00	$ 5,796,371.10	$ 663,820.64	$ 17,312,124.93
			REF.	C	C			C:C-3	C:C-5

Capital Improvement Fund	C-8	$ 850,000.00	$
Bonds and Notes Authorized	C-5	16,150,000.00	
Contracts Payable	C-6		5,796,371.10
		$ 17,000,000.00	$ 5,796,371.10

"C-8"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	REF.		
Balance, December 31, 2024	C	$	5,018.69
Increased by:			
Current Year Budget Appropriation	C-2		850,000.00
		$	855,018.69
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-7		850,000.00
Balance, December 31, 2025	C	$	5,018.69

"C-9"

SCHEDULE OF DEVELOPERS' CONTRIBUTION DEPOSITS

Balance, December 31, 2024	C	$	1,976,497.25
Balance, December 31, 2025	C:C-3	$	1,976,497.25

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

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	CURRENT FUND	GRANT FUND	TRUST OTHER FUNDS
Balance, December 31, 2024 Due From	C	$ 2,925,269.82	$ 2,790,269.82	$	$ 135,000.00
Cash Receipts	C-2	$ 2,925,269.82	$ 2,790,269.82	$	$ 135,000.00
Cash Disbursements	C-2	$ 282,112.58	$	$ 282,112.58	$
Balance, December 31, 2025 Due From	C	$ 282,112.58	$	$ 282,112.58	$

"C-11"

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF ACCOUNTS RECEIVABLE

	REF.	
Balance, December 31, 2024	C	$ 250,000.00
Balance, December 31, 2025	C	$ 250,000.00

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF NJEIT LOANS PAYABLE

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2025 DATE	OUTSTANDING DECEMBER 31, 2025 AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2024	DECREASED	BALANCE DECEMBER 31, 2025
Sewer Loans	3/10/2010	$ 426,761.99	8/1/2026	$ 24,287.59	3.500%	$	$	$
	Savings credit	(55,000.00)	8/1/2027	25,682.24	4.000%			
			8/1/2028	26,076.88	4.000%			
		$ 371,761.99	8/1/2029	26,076.88	4.000%	125,016.53	22,892.94	102,123.59
Sewer Loans	3/10/2010	1,233,408.11	2026-2028	68,522.67				
			2029	68,522.72	0%	342,613.40	68,522.67	274,090.73
Sewer Loans	12/22/2016	275,000.00	8/1/2026	15,000.00	5.000%			
(S340-099-02)			8/1/2027-31	15,000.00	4.000%			
			8/1/2032-35	20,000.00	4.000%			
			8/1/2036	15,000.00	4.000%	200,000.00	15,000.00	185,000.00
						$ 667,629.93	$ 106,415.61	$ 561,214.32
					REF.	C	C-4	C

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2024	INCREASED	DECREASED	BALANCE DECEMBER 31, 2025
2014-10	Various Capital Improvements	12/08/16	11/20/24	02/14/25	4.400%	$ 540,000.00	$	$ 540,000.00	$
2018-14	Road Improvements	03/28/19	02/14/24	02/14/25	4.250%	7,336,736.00		7,336,736.00	
2024-04	Various Township Wide Road Improvements	02/13/25	02/13/25	02/13/26	4.000%		6,200,000.00		6,200,000.00
2021-15	Acquisition of Property	12/10/21	12/05/24	11/13/25	4.000%	13,225,443.00		13,225,443.00	
			11/12/25	11/11/26	3.000%		13,055,443.00		13,055,443.00
						$ 21,102,179.00	$ 19,255,443.00	$ 21,102,179.00	$ 19,255,443.00
					REF.	C	C-2		C:C-5

Notes Paid by Budget	C-5	$ 170,000.00
Cash Disbursements	C-2	20,932,179.00
		$ 21,102,179.00

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

RESERVE		BALANCE DECEMBER 31, 2024		BALANCE DECEMBER 31, 2025
Waterline Meter		$ 6,405.00	$	6,405.00
Budget Appropriations:				
Upgrade Emergency Vehicle Shelter		14,000.00		14,000.00
Emergency Generator		10,000.00		10,000.00
Capital Contracts		38,500.00		38,500.00
		$ 68,905.00	$	68,905.00
	REF.	C		C

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025 DATE	AMOUNT	INTEREST RATE	INCREASED	BALANCE DECEMBER 31, 2025
General Improvement Bonds	1/15/25	$ 6,730,000.00	1/15/2026	$ 560,000.00	4.000%	$	$
			1/15/2027	480,000.00	4.000%		
			1/15/2028	610,000.00	4.000%		
			1/15/2029	640,000.00	4.000%		
			1/15/2030	665,000.00	4.000%		
			1/15/2031	695,000.00	4.000%		
			1/15/2032	720,000.00	4.000%		
			1/15/2033	755,000.00	4.000%		
			1/15/2034	785,000.00	4.000%		
			1/15/2035	820,000.00	3.125%	6,730,000.00	6,730,000.00
						$ 6,730,000.00	$ 6,730,000.00
					REF.	C-2:C-4	C

TOWNSHIP OF HILLSBOROUGH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL LEASES PAYABLE

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2025 DATE	OUTSTANDING DECEMBER 31, 2025 AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2024	DECREASED	BALANCE DECEMBER 31, 2025
County Guaranteed Lease Revenue Bonds	05/26/2022	$ 20,120,000.00	05/15/2026	$ 500,000.00	3.644%	$	$	$
			05/15/2027	520,000.00	3.794%			
			05/15/2028	540,000.00	3.947%			
			05/15/2029	565,000.00	4.047%			
			05/15/2030	585,000.00	4.284%			
			05/15/2031	615,000.00	4.484%			
			05/15/2032	640,000.00	4.534%			
			05/15/2033	675,000.00	5.750%			
			05/15/2034	715,000.00	5.750%			
			05/15/2035	760,000.00	5.750%			
			05/15/2036	800,000.00	5.750%			
			05/15/2037	850,000.00	5.750%			
			05/15/2038	895,000.00	5.057%			
			05/15/2039	945,000.00	5.057%			
			05/15/2040	995,000.00	5.057%			
			05/15/2041	1,045,000.00	5.057%			
			05/15/2042	1,100,000.00	5.057%			
			05/15/2043	1,155,000.00	5.157%			
			05/15/2044	1,215,000.00	5.157%			
			05/15/2045	1,280,000.00	5.157%			
			05/15/2046	1,350,000.00	5.157%			
			05/15/2047	1,420,000.00	5.157%	19,650,000.00	485,000.00	19,165,000.00
						$ 19,650,000.00	$ 485,000.00	$ 19,165,000.00
					REF.	C		C

TOWNSHIP OF HILLSBOROUGH

PART II

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

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

	YEAR 2025		YEAR 2024	
	AMOUNT	%	AMOUNT	%
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 1,880,000.00	0.87%	$ 3,500,000.00	1.75%
Miscellaneous - From Other Than Local Property Tax Levies	12,555,181.17	5.83%	16,970,478.90	8.48%
Collection of Delinquent Taxes and Tax Title Liens	1,000,994.20	0.47%	888,319.98	0.44%
Collections of Current Tax Levy	199,822,280.16	92.83%	178,868,363.55	89.33%
Total Revenue	$ 215,258,455.53	100.00%	$ 200,227,162.43	100.00%
EXPENDITURES				
Budget Expenditures:				
Municipal Purposes	$ 40,012,878.53	18.71%	$ 42,819,077.21	21.60%
County Taxes	32,953,337.66	15.41%	30,831,055.00	15.55%
Local School Taxes	131,874,143.00	61.66%	115,877,655.00	58.45%
Fire District Tax	5,043,427.00	2.36%	4,760,216.00	2.40%
Township Open Space	2,542,572.91	1.19%	2,351,591.62	1.19%
Other Expenditures	1,460,221.27	0.68%	1,618,017.88	0.82%
Total Expenditures	$ 213,886,580.37	100.00%	$ 198,257,612.71	100.00%
Excess in Revenue	$ 1,371,875.16		$ 1,969,549.72	
Adjustments to Income Before Fund Balance: Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	350,000.00		4,343.10	
Regulatory Excess to Fund Balance	$ 1,721,875.16		$ 1,973,892.82	
Fund Balance - January 1	3,062,947.08		4,589,054.26	
	$ 4,784,822.24		$ 6,562,947.08	
Less: Utilization as Anticipated Revenue	1,880,000.00		3,500,000.00	
Fund Balance, December 31	$ 2,904,822.24		$ 3,062,947.08	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2025	2024	2023
Tax Rate	$2.216	$2.143	$2.153
Apportionments of Tax Rate: Municipal	$0.314	$0.307	$0.292
Municipal Open Space	0.028	0.028	0.028
County	0.293	0.296	0.308
County Library	0.039	0.041	0.043
County Open Space	0.031	0.031	0.031
Regional School	1.455	1.383	1.391
Fire District	0.056	0.057	0.060

ASSESSED VALUATIONS

2025	$9,062,678,900.00		
2024		$8,376,707,000.00	
2023			$7,630,585,800.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

		CURRENTLY	
YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2025	$201,220,075.04	$199,822,280.16	99.30%
2024	$179,978,753.15	$178,868,363.55	99.38%
2023	$164,861,925.90	$163,952,620.87	99.44%

DELINQUENT TAXES AND TAX TITLE LIENS

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

YEAR	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2025	$430,580.48	$1,270,451.43	$1,701,031.91	0.85%
2024	$398,868.73	$997,476.29	$1,396,345.02	0.78%
2023	$453,889.66	$859,383.76	$1,313,273.42	0.80%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

YEAR	AMOUNT
2025	$1,843,400.00
2024	$1,843,400.00
2023	$1,642,200.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	YEAR	BALANCE DECEMBER 31	UTILIZED IN BUGET OF SUCCEEDING YEAR
	2025	$2,904,822.24	$1,700,000.00
	2024	$3,062,947.08	$1,880,000.00
Current Fund	2023	$4,589,054.26	$3,500,000.00
	2022	$5,693,433.94	$4,500,000.00
	2021	$6,089,679.20	$3,025,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

NAME	TITLE	AMOUNT OF BOND	SURETY COMPANY
John Ciccarelli	Mayor	*	
Catherine Payne	Deputy Mayor	*	
Robert Britting	Committeeperson	*	
Samantha Hand	Committeeperson	*	
Shawn Lipani	Committeeperson	*	
Anthony Ferrera	Administrator, Deputy Clerk	*	
Alicia Noon	Chief Financial Officer to 3/22/25	$ 1,000,000.00	M.E.L.J.I.F.
Christiaan Bushell	Chief Financial Officer from 5/19/25	$ 1,000,000.00	M.E.L.J.I.F.
April Crossen	Deputy Treasurer, Tax Collector	*	
Dana Margelis	Qualified Purchasing Agent	*	
Debra L. Blaney	Tax Assessor	*	
Sarah Brake	Municipal Clerk	*	
William Willard	Attorney		
Francesco Taddeo	Magistrate	*	
Susan Keeth	Court Administrator	*	
Nancy Hudson	Deputy Court Administrator	*	
Mike McMahon	Chief of Police	*	
Richard Resavy	Director of Public Works	*	
John Fiedler	Construction Code Official	*	
Robert Wagner	Director of Parks and Recreation	*	

*Blanket Position Bond $1,000,000.00 Municipal Excess Liability Joint Insurance Fund.

All of the bonds were examined and were properly executed.

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-4 is $17,500.00. In accordance with N.J.S.A. 40A:11-3 and authorized by a resolution dated August 12, 2025 of the governing body, the bid threshold for all purchases made by the Township's qualified purchasing agent is $53,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed $53,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

Animal Control Services
Township Line Road Repaving and Improvements
2025 Capital Roadway Paving
2025 Sidewalk and Curbing Replacement
Renovations to Municipal Building Entrance
Dukes Parkway West Resurfacing Project
Pennington Properties Pedestrian Bridge Replacement
Purchase of Bucket Truck

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of $53,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 2, 2025 adopted the following resolution authorizing interest to be charged on delinquent taxes:

> "WHEREAS, N.J. Revised Statutes 54:4-67 implies that affirmative action is required on the part of the governing body in fixing the rate of interest on delinquent taxes:
>
> "THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Hillsborough that the interest rate on delinquent taxes shall be 8% per annum of the first $1,500.00 and 18% per annum on any amount in excess of $1,500.00 for the year 2024 and no interest shall be charged if payment of any installment is made within the 10th calendar day following the day upon which same became payable.
>
> BE IT FURTHER RESOLVED, in accordance with N.J.S.A.54:4-67 the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000.00 who fails to pay that delinquency prior to the end of the calendar year and that such penalty shall not exceed 6% of the amount of the delinquency.
>
> BE IT FURTHER RESOLVED, that in any case where the taxes are not paid during the respective extended periods, the full interest rate from the due date shall apply."

It appears from an audit of the Collector's records that interest was collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on September 24, 2025 and was complete.

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

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

YEAR	NUMBER OF LIENS
2025	46
2024	48
2023	54

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.

OTHER COMMENTS

Interfunds

Reference to the various balance sheets show interfund balances remaining at year end. Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. As a general rule all interfund balances should be closed out as of the end of year.

It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

Treasurer

There are outstanding receivable and reserve balances in the Current, Grant, Trust and General Capital funds that should be reviewed for liquidation or cancellation.

There are Deferred Charges to Future Taxation – Unfunded balances as of year end, over 5 years old, where the projects have been completed however the costs remain unfunded.

Fixed Assets

An updated fixed asset inventory was not prepared for 2024 and 2025.

RECOMMENDATIONS

*That outstanding receivable and reserve balances be investigated for liquidation or cancellation.

*That Deferred Charges to Future Taxation over 5 years old, where the projects have been complete, be funded.

*That an updated fixed asset inventory be prepared on an annual basis.

*Prior Year Recommendations