

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE FISCAL YEARS
ENDED DECEMBER 31, 2015 and 2014**

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.



**TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY**

TABLE OF CONTENTS

	<u>PAGE(S)</u>
<u>PART I</u>	1
Independent Auditor's Report	2 - 4
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	5 - 6
<u>FINANCIAL STATEMENTS</u>	7
A Current Fund - Comparative Balance Sheet - December 31, 2014 and 2013	8
A- 1 Current Fund - Comparative Statement of Operations and Change in Fund Balance	9 - 10
A- 2 Current Fund - Statement of Revenues	11 - 12
A- 3 Current Fund - Statement of Expenditures	13 - 19
B Trust Fund - Comparative Balance Sheet - December 31, 2014 and 2013	20
B- 1 Open Space Trust Fund - Statement of Fund Balance	21
C General Capital Fund - Comparative Balance Sheet - December 31, 2014 and 2013	22
C- 1 General Capital Fund - Statement of Fund Balance	23
D Payroll Fund - Comparative Balance Sheet - December 31, 2014 and 2013	24
E Statement of Governmental Fixed Assets - Regulatory Basis - December 31, 2014 and 2013	25
Notes to Financial Statements	26 - 55
<u>PART II – REQUIRED SUPPLEMENTARY INFORMATION</u>	56
Sch. 1 Schedule of the Township's Share of the Net Pension Liability (PERS)	57
Sch. 2 Schedule of the Township's Contributions (PERS)	58
Sch. 3 Schedule of the Township's Share of the Net Pension Liability (PFRS)	59
Sch. 4 Schedule of the Township's Contributions (PFRS)	60
Notes to Required Supplementary Pension Information	61
<u>PART III – SUPPLEMENTARY SCHEDULES</u>	62
<u>Current Fund</u>	63
A- 4 Schedule of Current Fund Cash and Investments - Treasurer	64
A- 5 Schedule of Taxes Receivable and Analysis of Property Tax Levy	65
A- 6 Schedule of Tax Title Liens	66
A- 7 Schedule of 2014 Appropriation Reserves	67 - 69
A- 8 Schedule of Interfund Accounts Receivable or (Payable)	70

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY**

TABLE OF CONTENTS

PAGE(S)

PART III – SUPPLEMENTARY SCHEDULES (CONT'D.)

Current Fund (Cont'd.)

A- 9	Schedule of Due to State of New Jersey - Various Fees	71
A-10	Schedule of Regional School District Taxes	71
A-11	Schedule of Regional High School District Taxes	71
A-12	Schedule of County Taxes Payable	72
A-13	Schedule of Accounts Payable	72
A-14	Schedule of Other Reserves	73
A-15	Schedule of Reserve for State and Federal Grants - Appropriated - Grant Fund	74
A-16	Schedule of State and Federal Grants Receivable - Grant Fund	75

Trust Fund 76

B- 2	Schedule of Cash Receipts and Disbursements - Collector - Treasurer	77
B- 3	Schedule of Reserve for Animal Control - Trust Fund	78
B- 4	Schedule of Other Reserves - Escrows and Refundable Deposits	79
B- 5	Schedule of Reserve for Expenditures - Dedication by Rider	80
B- 6	Schedule of Changes in L.O.S.A.P. Plan Balance	81
B- 7	Schedule of Interfund Loans – Trust Fund	81

General Capital Fund 82

C- 2	Schedule of General Capital Fund Cash and Investments - Treasurer	83
C- 3	Analysis of General Capital Cash and Investments	84 - 85
C- 4	Schedule of Deferred Charges to Future Taxation - Unfunded	86
C- 5	Schedule of Improvement Authorizations	87 - 88
C- 6	Schedule of Bond Anticipation Notes	89
C- 7	Schedule of General Serial Bonds	90
C- 8	Schedule of Capital Improvement Fund	91
C- 9	Schedule of Other Reserves	91
C-10	Schedule of Bonds and Notes Authorized But Not Issued	92

Payroll Fund 93

D- 1	Schedule of Payroll Fund Cash	94
------	-------------------------------	----

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY**

TABLE OF CONTENTS

	<u>PAGE(S)</u>
<u>PART IV – SUPPLEMENTARY DATA</u>	95
<u>Length of Service Award Program (LOSAP)</u>	96
Independent Accountant’s Review Report	97
L.O.S.A.P. Plan Balance Sheet	98
Statement of Changes in L.O.S.A.P. Balance - Trust Fund	99
Notes to Financial Statements (Unaudited)	100 - 101
<u>Other Supplementary Data</u>	102
Combined Balance Sheet - All Funds for the Year Ending December 31, 2014	103
Comparative Statement of Operations and Change in Fund Balance - Current Fund	104
Comparative Schedule of Tax Rate Information	105
Comparison of Tax Levies and Collection Currently	105
Delinquent Taxes and Tax Title Liens	105
Property Acquired by Tax Lien Liquidation	106
Comparative Schedule of Fund Balances	106
Officials in Office and Surety Bonds	107
<u>PART V – FINDINGS AND RECOMMENDATIONS</u>	108
Schedule of Findings and Recommendations	109 - 116

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY**

**PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS**

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

JO ANN BOOS, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Raritan
Hunterdon County, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Township of Raritan, County of Hunterdon, New Jersey, as of and for the years ended December 31, 2015 and 2014, and the statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds and the governmental fixed assets for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Township, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Township of Raritan, County of Hunterdon, New Jersey, as of December 31, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis, referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Township of Raritan, County of Hunterdon, New Jersey as of December 31, 2015 and 2014 and the results of operations and changes in fund balance – regulatory basis for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds and governmental fixed assets for the year ended December 31, 2015, on the basis of accounting described in Note 2.

Other Matters

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Township of Raritan, County of Hunterdon, New Jersey. The information included in Part II – Supplementary Schedules and Part III – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Raritan, County of Hunterdon, New Jersey. The Part II – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole. The schedules and information contained in Part III - Supplementary Data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them except as noted in the following paragraph.

Other Reporting Required by Regulations

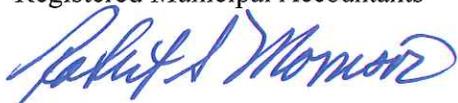
The financial statements referred to above include the assets and liabilities of the Township's Length of Service Award Program (LOSAP), which, by regulation, is subject to an accountant's review report. The Length of Service Award Program is included in the Trust Fund. The Independent Accountant's Review Report for the LOSAP is included in Part III – Supplementary Data as listed in the table of contents.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 2015 on our consideration of the Township of Raritan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Raritan's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants



Robert S. Morrison
Registered Municipal Accountant
No. 412

Highland Park, New Jersey
May 29, 2016

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF NJ

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

Honorable Mayor and Members
of the Township Committee
Township of Raritan
County of Hunterdon, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis, of the Township of Raritan as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township of Raritan's basic financial statements and have issued our report thereon dated May 29, 2016. Our report on the other comprehensive basis of accounting utilized by the Township for financial reporting purposes was unmodified. However, our report was modified to reflect the departures from accounting principles generally accepted in the United States of America as disclosed in Note 2.

Internal Control Over Financial Reporting

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

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

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, identified in the accompanying schedule of findings and recommendations as findings 2015-01 through 2015-07, which we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Raritan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These matters are identified in the accompanying schedule of findings and recommendations as finding items 2015-01 and 2015-06.

Purpose of this Report

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



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
May 29, 2016

FINANCIAL STATEMENTS

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2015 AND DECEMBER 31, 2014

ASSETS	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014
Cash and Investments - Treasurer Change Funds	\$ 3,560,776.21	\$ 3,168,028.16	Liabilities:		
Due from State of NJ - Cit. Deductions	775.00	775.00	Appropriation Reserves	\$ 413,923.41	\$ 669,515.00
	<u>3,561,551.21</u>	<u>1,263.39</u>	Reserve for Encumbrances	267,035.91	189,864.54
			Accounts Payable	546,944.26	19,972.06
			Prepaid Taxes	1,736.61	439,234.31
			Due to State of NJ - Sr. Cit. Deductions		734.51
			Tax Overpayments		77,968.58
Receivables and Other Assets With Full Reserves:			Due County for Added Taxes	119,925.85	14,795.00
Taxes Receivable	764,580.45	844,264.03	Due to State of NJ - Various Fees	10,836.00	12,620.36
Tax Title Liens Receivable	5,084.81	231,576.40	Interfund Accounts Payable	4,441.08	288,098.11
Interfund Accounts Receivable	398,232.09	293.00	Other Reserves	228,303.98	507.24
	<u>1,167,897.35</u>	<u>1,076,133.43</u>	Unallocated Receipts		11,750.00
			Health Inspection Fees Payable		
Deferred Charges:				1,593,147.10	1,725,059.71
Overexpend.-Budget Approp.	169.70				
Overexpend.-Approp. Reserves	3,491.25				
Emergency Appropriations					
	<u>3,660.95</u>	<u>20,000.00</u>	Reserve for Receivables	1,167,897.35	1,076,133.43
			Fund Balance	1,972,065.06	1,465,006.84
Total Current Fund	<u>4,733,109.51</u>	<u>4,266,199.98</u>	Total Current Fund	4,733,109.51	4,266,199.98
			Federal and State Grant Fund:		
			Reserve for State and Federal Grants:		
			Appropriated	236,309.13	258,694.45
			Unappropriated	2,475.68	
			Reserve for Encumbrances	14,478.27	23,132.03
			Unallocated Receipts		21.13
			Interfund Accounts Payable	65,781.41	53,000.00
			Total Grant Fund	319,044.49	334,847.61
	<u>\$ 5,052,154.00</u>	<u>\$ 4,601,047.59</u>		<u>\$ 5,052,154.00</u>	<u>\$ 4,601,047.59</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Fund Balance Appropriated	\$ 870,000.00	\$ 983,000.00
Miscellaneous Revenues Anticipated	4,189,450.33	4,040,770.72
Receipts from Delinquent Taxes	1,094,405.31	826,721.05
Receipts from Current Taxes	93,444,936.77	91,492,345.40
Non-Budget Revenue	129,582.69	47,810.03
Other Credits to Income:		
Reclassification of Tax Lien Interest Reserve		100,718.96
Prior Year Unallocated Receipts Canceled	507.24	11,115.16
Interfund Loan Returns		3,795.87
Health Inspection Fees Cancelled	6,525.00	
Prior Year Tax Overpayment Canceled	734.51	
Accounts Payable Canceled	19,972.06	9,900.69
Unexpended Balances of Approp. Reserves	200,059.86	180,434.83
	<u>99,956,173.77</u>	<u>97,696,612.71</u>
Total Revenues		
 <u>EXPENDITURES AND OTHER CHARGES</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages	6,961,599.37	6,936,412.00
Other Expenses	5,413,493.32	5,335,256.89
Capital Improvements	320,595.00	498,820.00
Municipal Debt Service	1,772,880.96	1,806,373.40
Def. Charges and Statutory Expend.	1,880,243.00	1,897,199.86
Refunds of Prior Year Revenues		30,052.16
Unidentified Cash Difference		2,197.89
Interfund Loan Advanced	397,939.09	
Prior Year Sr. Cit. and Vet. Ded.	2,750.00	
Regional School Tax	44,529,081.00	43,494,651.00
Regional High School Tax	22,051,225.00	21,956,917.00
County Tax	14,526,533.71	14,244,541.36
Due County for Added Taxes	119,925.85	77,968.95
Local Open Space tax	603,018.96	599,019.25
	<u>98,579,285.26</u>	<u>96,879,409.76</u>
Total Expenditures		
Excess in Revenue (Balance Forward)	1,376,888.52	817,202.95

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Excess in Revenue (Balance Brought Forward)		\$ <u>1,376,888.52</u>	\$ <u>817,202.95</u>
Adjust. to Income Before Fund Balance: Expenditures Included Above Which are by Statutes Deferred Charges to Budget of Succeeding Years	A-25	<u>169.70</u>	<u>20,000.00</u>
Statutory Excess to Fund Balance		1,377,058.22	837,202.95
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>1,465,006.84</u>	<u>1,610,803.89</u>
		2,842,065.06	2,448,006.84
Decreased by: Utilization as Anticipated Revenue	A-1	<u>870,000.00</u>	<u>983,000.00</u>
Balance - December 31	A	\$ <u><u>1,972,065.06</u></u>	\$ <u><u>1,465,006.84</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit - A-2
Page 1 of 2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	ANTICIPATED 2015 BUDGET	APPROP. N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 870,000.00	\$	870,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 23,000.00	\$	26,710.00	3,710.00
Other	7,000.00		6,641.00	(359.00)
Fees and Permits	200,000.00		314,515.83	114,515.83
Fines and Costs:				
Municipal Court	280,000.00		279,524.99	(475.01)
Interest and Costs on Taxes	200,000.00		280,110.15	80,110.15
Interest on Investments and Deposits	8,000.00		9,606.22	1,606.22
Hotel/Motel Occupancy Tax	103,000.00		98,870.34	(4,129.66)
Energy Receipts Tax	2,065,641.00		2,065,641.00	-
Uniform Construction Code	634,000.00		747,383.00	113,383.00
Uniform Fire Safety Act	53,000.00		32,099.98	(20,900.02)
CATV Franchise Fee	24,815.45		24,815.45	-
Escrow-Administration Fees	58,000.00		79,950.13	21,950.13
Hunterdon Central RHS Resource Officer	81,915.00		81,915.00	-
Reserve for Raritan Estates Walking Trail Funds	30,495.01		30,495.01	-
Reserve for RDR Farms Road Repair Funds	19,799.12		19,799.12	-
Reserve for Stormwater Management	9,500.00		9,500.00	-
Reserve for PERC Fees	17,000.00		9,351.25	(7,648.75)
Shared Service Agreements:			-	-
Borough of Hampton-Municipal Court	26,800.00		-	(26,800.00)
Borough of Flemington-Lease of Courtroom	10,500.00		-	(10,500.00)
Body Armor Replacement Fund		3,194.21	3,194.21	-
Clean Communities		63,341.25	63,341.25	-
Drunk Driving Enforcement		5,986.40	5,986.40	-
Total Miscellaneous Revenues	3,852,465.58	72,521.86	4,189,450.33	264,462.89
Receipts from Delinquent Taxes	800,000.00		1,094,405.31	294,405.31
Subtotal General Revenues	5,522,465.58	72,521.86	6,153,855.64	558,868.20
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal purposes Including Reserve for Uncollected Taxes	11,768,357.55		12,630,152.26	861,794.71
Budget Totals	17,290,823.13	72,521.86	18,784,007.90	\$ 1,420,662.91
Non-Budget Revenues			129,582.69	
	\$ 17,290,823.13	\$ 72,521.86	\$ 18,913,590.59	

() Denotes Deficit

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit - A-2
 Page 2 of 2

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

2015 Collections	92,864,202.46	
Prepaid Taxes Applied	439,234.31	
State Share of Sr. Citizen's and Veteran's Deductions Allowed	<u>141,500.00</u>	
		\$ 93,444,936.77
Allocated to:		
Regional School Tax	44,529,081.00	
Regional High School Tax	22,051,225.00	
County Taxes	14,646,459.56	
Local open Space Tax	<u>603,018.95</u>	
		<u>81,829,784.51</u>
		11,615,152.26
Add: Reserve for Uncollected Taxes		<u>1,015,000.00</u>
Amount for Support of Municipal Budget		<u>\$ 12,630,152.26</u>

Allocation of Delinquent Tax Collections:

<u>2015 Collections:</u>		
Delinquent Taxes	846,931.40	
Tax Title Liens	<u>247,473.91</u>	
		<u>\$ 1,094,405.31</u>

Miscellaneous Revenue Not Anticipated:

Outside Detail Admin. Fees	26,124.97	
Proceeds-Sale of Municipal Assets	5,614.75	
Tax Office	3,185.44	
JIF Award	1,000.00	
Departmental MRNA	8,630.64	
Refunds of Prior Year Expenditures	25,485.90	
Miscellaneous	1,921.60	
Insurance Refund	8,717.82	
Unidentified	3,038.07	
JIF Surplus Distribution	41,348.50	
Poll Rental - Cty Bd. Of Elections	1,680.00	
SC & Vet Admin Fee	<u>2,835.00</u>	
		<u>\$ 129,582.69</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDED
Operations - within "CAPS":							
<u>GENERAL GOVERNMENT FUNCTIONS:</u>							
<u>General Administration:</u>							
Township Administrator	\$ 141,126.00	131,899.04	\$ 131,892.76	\$ -	\$ 6.28	\$	
Salaries & Wages	61,000.00	62,500.00	55,701.41	2,643.50	4,155.09		
Other Expenses:	79,326.00	87,826.00	79,518.78	8,177.03	130.19		
Postage & Photo Copying							
Miscellaneous Other Expenses	23,400.00	23,400.00	23,400.00	-	-		
Mayor and Committee	3,195.00	3,195.00	2,065.89	104.46	1,024.65		
Salaries & Wages	96,735.00	96,506.91	96,380.99	-	125.92		
Other Expenses	16,300.00	16,300.00	13,004.93	-	3,295.07		
Elections	9,402.00	11,443.18	5,844.64	1,985.89	3,612.65		
Miscellaneous Other Expenses							
Financial Administration	170,620.00	129,785.48	129,785.48	-	0.00		
Salaries and Wages	7,495.00	5,995.00	4,578.74	215.00	1,201.26		
Other Expenses	32,100.00	32,100.00	-	-	32,100.00		
Audit Services							
Other Expenses	68,010.00	128,103.20	86,656.22	20,779.44	20,667.54		
Data Processing							
Tax Assessment Administration	142,850.00	142,850.00	142,845.90	-	4.10		
Salaries & Wages	24,290.00	24,290.00	15,562.44	7,835.03	892.53		
Other Expenses	89,080.00	78,301.76	77,675.82		625.94		
Revenue Administration	4,425.00	4,425.00	2,819.32	1,245.77	359.91		
Salaries & Wages							
Other Expenses	200,500.00	200,500.00	127,241.36	2,318.51	70,940.13		
Legal Services							
Other Expenses							

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDED
				ENCUMBERED	ENCUMBERED			
<u>GENERAL GOVERNMENT FUNCTIONS (Cont'd.):</u>								
Engineering Services								
Salaries & Wages	174,867.00	174,867.00	160,961.51			13,905.49		
Other Expenses	8,625.00	17,125.00	5,905.77	6,064.96		5,154.27		
Historical Commission								
Other Expenses	1,750.00	1,750.00	521.80	25.00		1,203.20		
<u>LAND USE ADMINISTRATION</u>								
Planning Board								
Salaries & Wages	88,996.00	79,489.38	79,570.38			-		81.00
Other Expenses	21,285.00	15,785.00	12,505.44	1,263.92		2,015.64		
Board of Adjustment								
Salaries & Wages	64,231.00	51,226.42	51,315.12			-		88.70
Other Expenses	10,125.00	5,125.00	4,471.81	297.68		355.51		
Landfill Monitoring Wells								
Other Expenses	5,200.00	5,200.00	950.00	3,950.00		300.00		
<u>PUBLIC SAFETY FUNCTIONS:</u>								
Police								
Salaries and Wages	3,365,301.00	3,360,087.30	3,360,087.30			-		-
Other Expenses	87,775.00	103,275.00	56,094.14	16,136.97		31,043.89		
First Aid Organization								
Other Expenses:								
OSHA/PEOSHA	6,000.00	6,037.74	737.74	5,300.00		-		
Aid & Maintenance Contract-Flem/Rar FAS	30,000.00	30,000.00	30,000.00					
Fire								
Other Expenses	120,645.00	120,645.00	104,520.70	15,857.68		266.62		
Fire Hydrants	290,765.00	290,765.00	265,563.14			25,201.86		
OSHA/PEOSHA (PL 1983 Ch. 516)	6,500.00	6,500.00	647.44	5,837.61		14.95		
Fire Code Official (PL 1983 Ch. 383)								
Uniform Fire Safety Program								
Salaries & Wages	87,682.00	70,740.49	70,740.49			-		
Other Expenses	6,800.00	8,114.00	1,000.00	7,113.90		0.10		
Municipal Prosecutor								
Salaries & Wages	28,720.00	27,770.01	27,770.01			-		

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELED	OVER- EXPENDED
				ENCUMBERED	ENCUMBERED			
PUBLIC SAFETY FUNCTIONS (Cont'd.):								
Municipal Court								
Salaries & Wages	182,625.00	180,443.81	180,443.81			-		
Other Expenses	7,295.00	7,295.00	6,298.17	970.57		26.26		
Municipal Public Defender								
Salaries & Wages	120.00	120.00	-			120.00		
Emergency Management Services								
Salaries & Wages	5,100.00	5,100.00	5,099.96			0.04		
Other Expenses	8,400.00	8,400.00	4,726.64	3,571.94		101.42		
PUBLIC WORKS FUNCTIONS:								
Streets and Road Maintenance								
Salaries and Wages	1,303,093.00	1,317,862.73	1,317,414.55			448.18		
Other Expenses:								
OSHA/PEOSHA	7,000.00	6,650.00	5,361.77	1,132.76		155.47		
Miscellaneous Other Expenses	109,000.00	108,700.00	102,529.75	4,710.45		1,459.80		
Snow Removal								
Salaries & Wages	50,000.00	50,929.75	50,000.00			929.75		
Other Expenses	246,850.00	276,850.00	242,857.59	33,268.25		724.16		
Recycling Program								
Salaries & Wages	54,605.00	54,605.00	54,605.00			-		
Solid Waste Collection								
Other Expenses	48,000.00	34,031.80	34,031.80			-		
Public Buildings and Grounds								
Salaries & Wages	7,830.00	7,830.00	7,830.00			-		
Other Expenses	80,885.00	82,065.02	78,986.08	3,078.93		0.01		
Vehicle Maintenance								
Salaries & Wages	276,924.00	277,177.08	277,177.04			0.04		
Other Expenses	233,225.00	236,275.00	204,438.79	31,640.97		195.24		
Condo Act Serv. Per NISA40A:35-3d								
Other Expenses	17,800.00	17,800.00	-			17,800.00		

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDED
				ENCUMBERED				
<u>HEALTH & HUMAN SERVICES FUNCTIONS</u>								
Public Health Services								
Salaries & Wages	49,500.00	49,500.00	49,262.77			237.23		
Other Expenses	15,880.00	15,880.00	13,982.90			1,897.10		
Environmental Commission								
Other Expenses	4,685.00	4,685.00	875.00	3,500.00		310.00		
<u>PARKS & RECREATION FUNCTIONS</u>								
Joint Recreation Commission (Recreation and Education)								
Other Expenses	47,200.00	47,200.00	-			47,200.00		
Maintenance of Parks								
Salaries & Wages	226,557.00	235,105.00	235,105.00			-		
Other Expenses	24,360.00	23,960.00	20,902.95	2,826.23		230.82		
Insurance								
Liability	308,515.00	298,589.00	298,289.00			300.00		
Workers Compensation	324,712.00	326,390.00	326,390.00			-		
Employee Group Health	1,922,000.00	1,913,920.72	1,913,920.72			-		
Employee Health Benefit Waivers								
Salaries and Wages	22,070.00	22,070.00	22,017.13			52.87		
<u>Uniform Construction Code</u>								
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)								
Construction Official								
Salaries and Wages	423,750.00	423,662.51	412,332.50			11,330.01		
Other Expenses	18,840.00	18,440.00	12,549.57	1,778.40		4,112.03		
<u>UNCLASSIFIED:</u>								
Community Garden								
Other Expenses	500.00	500.00	329.66			170.34		
Purchase of Police Vehicles	45,000.00	45,000.00	20,097.43	23,855.76		1,046.81		
Accumulated Sick Leave Fund								
Other Expenses	60,000.00	70,000.00	60,000.00			10,000.00		

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDED
				ENCUMBERED				
<u>UTILITIES EXPENSES & BULK PURCHASES</u>								
Utilities								
Other Expenses	409,500.00	413,281.67	387,523.03	13,896.07	11,862.57			
Total Operations (Item 8(A)) within "CAPS"	12,116,942.00	12,134,242.00	11,573,716.08	231,382.68	329,312.94			169.70
Total Operations Including Contingent within "CAPS"	12,116,942.00	12,134,242.00	11,573,716.08	231,382.68	329,312.94			169.70
Detail:								
Salaries & Wages	7,010,013.00	6,961,429.67	6,933,866.39	-	27,732.98			169.70
Other Expenses (Including Contingent)	5,106,929.00	5,172,812.33	4,639,849.69	231,382.68	301,579.96			-
<u>STATUTORY EXPENDITURES WITHIN "CAPS":</u>								
Contribution to:								
Public Employees' Retirement System	444,243.00	444,243.00	444,243.00	-	-			
Social Security System (O.A.S.I.)	557,240.00	552,240.00	547,522.68	-	4,717.32			
Police and Firemen's Retirement System of N.J.	829,320.00	829,320.00	829,320.00	-	-			
Defined Contribution Retirement Plan	2,610.00	2,610.00	1,534.43	-	1,075.57			
Unemployment Compensation (NJSA 43:21-3 et seq.)	20,830.00	20,830.00	20,641.70	-	188.30			
Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"	1,854,243.00	1,849,243.00	1,843,261.81	-	5,981.19			-
Total General Appropriations for Municipal Purposes within "CAPS"	13,971,185.00	13,983,485.00	13,416,977.89	231,382.68	335,294.13			169.70

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDED
				ENCUMBERED				
Operations - Excluded from "CAPS":								
Contribution to:								
L.O.S.A.P. (Fire Company) Contribution	33,000.00	29,400.00	29,000.00			400.00	-	
Recycling Tax	1,400.00	1,400.00	910.20	105.09		384.71		
NIDEP/Stormwater								
Roads-Other Expenses	4,050.00	4,050.00	4,050.00					
Engineering-Other Expenses	9,500.00	1,100.00	899.00			201.00		
Interlocal Municipal Service Agreements:								
Hunterdon Central RHS-Resource Officer	81,915.00	81,915.00	81,915.00					
Public and Private Programs Offset								
by Revenues:								
Clean Communities Program		63,341.25	63,341.25					
Body Armor/Bulletproof Vests		3,194.21	3,194.21					
Raritan Estates Walking Trail	30,495.01	30,495.01	29,738.66			756.35		
RDR Farms/Barton Estates	19,799.12	19,799.12				19,799.12		
Drunk Driving Enforcement Fund		5,986.40	5,986.40					
Total Operations - Excluded from "CAPS"	180,159.13	240,680.99	219,034.72	105.09		21,541.18		
Detail: Other Expenses	180,159.13	240,680.99	219,034.72	105.09		21,541.18		
Capital Improvements - Excluded from "CAPS"								
Capital Improvement Fund	104,500.00	104,500.00	104,500.00					
Purchase of EMS Equipment	2,500.00	2,500.00				2,500.00		
Road Construction/Reconstruction	25,000.00	25,000.00				25,000.00		
Road Drainage, Overlay & Treatment	35,000.00	35,000.00	34,520.61	164.92		314.47		
Purchase of Office Equipment	4,600.00	4,600.00	801.45			3,798.55		
Purchase of Fire Equipment	10,000.00	10,000.00	1,576.00			8,424.00		
Purchase of Fire Equipment	40,000.00	40,000.00	19,452.50	20,544.30		3.20		
Municipal Building Improvements	49,195.00	49,195.00	40,617.70	6,530.00		2,047.30		
Park Improvements	34,800.00	34,800.00	31,890.90	2,908.52		0.58		
Reserve for Park Improvements/Equipment	15,000.00	15,000.00				15,000.00		
Total Capital Improvements Excluded from "CAPS"	320,595.00	320,595.00	233,359.16	30,147.74		57,088.10		

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELED	OVER-EXPENDED
				ENCUMBERED				
<u>Municipal Debt Service - Excluded from "CAPS"</u>								
Payment of Bond Principal	1,412,875.00	1,412,875.00	1,412,874.50	-	-	-	0.50	
Payment of Bond Anticipation Notes and Capital Notes	5,500.00	5,500.00	5,500.00	-	-	-	-	
Interest on Bonds	343,014.00	343,014.00	343,013.46	-	-	-	0.54	
Interest on Notes	11,495.00	11,495.00	11,493.00	-	-	-	2.00	
<u>Total Municipal Debt Service Excluded from "CAPS"</u>	<u>1,772,884.00</u>	<u>1,772,884.00</u>	<u>1,772,880.96</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.04</u>	<u>-</u>
<u>Deferred Charges - Municipal - Excluded from "CAPS"</u>								
Emergency Authorizations	20,000.00	20,000.00	20,000.00	-	-	-	-	
Deferred Charges to Future Taxation Unfunded Ordinance 04-10/07-32 Everetts Rd.	11,000.00	11,000.00	11,000.00	-	-	-	-	
<u>Total Deferred Charges - Municipal - Excluded from "CAPS"</u>	<u>31,000.00</u>	<u>31,000.00</u>	<u>31,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(H-2) Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,304,638.13	2,365,159.99	2,256,274.84	30,252.83	78,629.28	-	3.04	-
<u>Total General Appropriations - Excluded from "CAPS"</u>	<u>2,304,638.13</u>	<u>2,365,159.99</u>	<u>2,256,274.84</u>	<u>30,252.83</u>	<u>78,629.28</u>	<u>-</u>	<u>3.04</u>	<u>-</u>
Subtotal General Appropriations	16,275,823.13	16,348,644.99	15,673,252.73	261,635.51	413,923.41	-	3.04	169.70
Reserve for Uncollected Taxes	1,015,000.00	1,015,000.00	1,015,000.00	-	-	-	-	
<u>Total General Appropriations</u>	<u>\$ 17,290,823.13</u>	<u>\$ 17,363,644.99</u>	<u>\$ 16,688,252.73</u>	<u>\$ 261,635.51</u>	<u>\$ 413,923.41</u>	<u>\$</u>	<u>3.04</u>	<u>169.70</u>
Adopted Budget Chapter 159 Amendments		17,290,823.13						
		<u>72,521.86</u>						
		<u>17,363,344.99</u>						
Cash Disbursed			15,465,230.87					
Reserve for Uncollected Taxes			1,015,000.00					
Emergency Appropriations Raised			20,000.00					
Deferred Charges-Due to General Capital			11,000.00					
Capital Improvement Fund-Due to General Capital			104,500.00					
Due to State & Federal Grant Fund			<u>72,521.86</u>					
			<u>16,688,252.73</u>					

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2015 AND DECEMBER 31, 2014

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2015</u>	<u>BALANCE DEC. 31, 2014</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2015</u>	<u>BALANCE DEC. 31, 2014</u>
Open Space Trust Fund:			Open Space Trust Fund:		
Cash - Treasurer	\$ 214,227.20	\$ 327,922.41	Reserve for Open Space	\$ 218,668.28	\$ 48,525.68
Interfund Accounts Receivable	<u>4,441.08</u>	<u>-</u>	Reserve for Interest Earned	-	279,103.73
			Interfund Accounts Payable	<u>-</u>	<u>293.00</u>
Total Open Space Trust Fund	<u>218,668.28</u>	<u>327,922.41</u>	Total Open Space Trust Fund	<u>218,668.28</u>	<u>327,922.41</u>
Animal Control Fund:			Animal Control Fund:		
Cash-Treasurer	<u>40,838.89</u>	<u>16,897.65</u>	State Registration Fees Payable	14.40	19.20
			Interfund Accounts Payable	5,705.60	952.00
Total Animal Control Fund	<u>40,838.89</u>	<u>16,897.65</u>	Res. For Animal Control Expend.	<u>35,118.89</u>	<u>15,926.45</u>
			Total Animal Control Fund	<u>40,838.89</u>	<u>16,897.65</u>
General Trust Fund:			General Trust Fund:		
Cash - Treasurer	4,587,103.78	4,574,774.60	Restricted Accounts:		
Interfund Accounts Receivable	952.00	13,202.00	L.O.S.A.P. Plan Balance (Unaudited)	725,022.04	688,141.57
Plan Assets Held by Trustee (Unaudited)	<u>725,022.04</u>	<u>688,141.57</u>	Other Reserves	2,412,640.06	2,347,269.10
			Interfund Accounts Payable	82,412.66	46,000.00
Total General Trust Fund	<u>5,313,077.82</u>	<u>5,276,118.17</u>	Res. For Expenditures - Dedications by Rider	<u>2,093,003.06</u>	<u>2,194,707.50</u>
			Total General Trust Fund	<u>5,313,077.82</u>	<u>5,276,118.17</u>
	<u>\$ 5,572,584.99</u>	<u>\$ 5,620,938.23</u>		<u>\$ 5,572,584.99</u>	<u>\$ 5,620,938.23</u>

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

OPEN SPACE TRUST FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Balance - December 31, 2014		\$ 327,629.41
Increased by Revenues:		
Public & Private Funding	350,163.13	
2015 Municipal Open Space Tax	603,018.95	
County Open Space Funding	91,046.63	
Interest on Deposits & Misc.	<u>307.15</u>	
		<u>1,044,535.86</u>
		1,372,165.27
Decreased by Expenditures:		
Debt Service Payments - Green Trust Loans	185,059.96	
Bond Principal	437,125.50	
Interest on Bonds	88,391.54	
Acquisition Costs	<u>442,919.99</u>	
		<u>1,153,496.99</u>
Balance - December 31, 2015		<u>\$ 218,668.28</u>

Analysis of Balance - December 31, 2014:

Unexpended Tax Levies		\$ 218,668.28
Cumulative Interest Earnings		<u>0.00</u>
		<u>218,668.28</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2015 AND DECEMBER 31, 2014

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Cash and Investments	\$ 2,694,965.76	\$ 2,153,495.27
Loan Receivable - CFP	38,000.00	38,000.00
Due from Grant Fund	53,000.00	53,000.00
Due from Trust-Other Fund	12,495.00	12,495.00
Overexpenditure of Ordinance Approp.	898.30	
Deferred Charges to Future Taxation:		
Funded	11,890,613.43	13,907,316.43
Unfunded	<u>5,894,568.54</u>	<u>4,062,568.54</u>
	<u>\$ 20,584,541.03</u>	<u>\$ 20,226,875.24</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
General Serial Bonds	\$ 11,098,000.00	\$ 12,948,000.00
Bond Anticipation Notes	3,673,500.00	1,915,500.00
Green Acres Loans	792,613.43	959,316.43
Due to Current Fund	344,284.40	
Reserves for:		
Capital Improvement Fund	7,423.86	2,923.86
Payment of Note Interest	0.33	0.33
Loans Receivable	38,000.00	38,000.00
Encumbrances	662,719.93	1,015,618.56
Purchase of Fire Equipment	18,347.92	18,347.92
Purchase of Road Equipment	66.40	66.40
Purchase of Police Equipment	700.00	700.00
Road Construction	93.19	93.19
Water Tank	2,500.00	2,500.00
Concord Ridge	18,000.00	18,000.00
County Open Space Funds	347.27	347.27
Improvement Authorizations:		
Funded	1,361,396.60	1,359,980.95
Unfunded	2,566,517.55	1,947,450.18
Fund Balance	<u>30.15</u>	<u>30.15</u>
	<u>\$ 20,584,541.03</u>	<u>\$ 20,226,875.24</u>
 Note:		
Bonds and Notes Authorized but not Issued	<u>\$ 2,221,068.54</u>	<u>\$ 2,147,068.54</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Balance - January 1	\$ 30.15	\$ 9.68
Increased by:		
Refund of Prior Expenditure	<u> </u>	<u>20.47</u>
Balance - December 31	\$ <u>30.15</u>	\$ <u>30.15</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

PAYROLL FUND
 COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2015 AND DECEMBER 31, 2014

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Cash	\$ 139,022.77	\$ 76,719.79
Cash Deficit	<u>10,584.36</u>	<u> </u>
	<u>\$ 149,607.13</u>	<u>\$ 76,719.79</u>
<u>LIABILITIES</u>		
Payroll Deductions Payable	\$ <u>149,607.13</u>	\$ <u>76,719.79</u>
	<u>\$ 149,607.13</u>	<u>\$ 76,719.79</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS - STATUTORY BASIS
DECEMBER 31, 2015 AND DECEMBER 31, 2014

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
General Fixed Assets:		
Land	\$ 13,899,680.00	\$ 13,899,680.00
Buildings & Improvements	8,927,120.00	8,927,120.00
Machinery & Equipment	<u>12,421,381.00</u>	<u>11,306,977.00</u>
	<u>\$ 35,248,181.00</u>	<u>\$ 34,133,777.00</u>
Investment in General Fixed Assets	<u>\$ 35,248,181.00</u>	<u>\$ 34,133,777.00</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: FORM OF GOVERNMENT

The Township of Raritan operates as a Township Committee form of Township Government. The Township Committee consists of five elected representatives. The Committeepersons choose the Mayor annually from among their own ranks. A full-time Administrator is in charge of the day-to-day government operations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Raritan include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Raritan, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Raritan do not include the operations of the regional school districts, municipal utilities authority, volunteer fire companies and first aid squads, and the recreation commission, all of which are subject to separate audit. Included within the financial statements are taxes levied and collected by the Township on behalf of the regional school districts and the County of Hunterdon. The amount of taxes levied on behalf of the regional school districts and the county are transferred to these entities in accordance with statutory schedules. Also included within the financial statements are appropriations for contributions to the volunteer fire companies and first aid squads and funding of the recreation commission.

B. Description of Funds

The accounting policies of the Township of Raritan 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 Township of Raritan accounts for its financial transactions through the following separate funds and account group:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

- Housing & Community Development Act of 1974
- Animal Control Trust Fund
- Open Space Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Developer's Escrow Fund
- Recycling Program
- Transportation Improvement District
- Affordable Housing Trust Fund
- Accumulated Absences

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

Uniform Fire Safety Act - Penalty Monies (N.J.S.A. 52:27D-192 et seq.)
Outside Employment of Off-Duty Municipal Police Officers
Public Defender Fees
Snow Removal Trust Fund

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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes. The Township has transferred all statutory responsibilities relating to the provision of Public Assistance to the County of Hunterdon, effective April 1, 2000, and closed its Public assistance Fund.

Payroll Fund – Net salaries, certain payroll deductions and social security contributions for municipal operations are deposited into various bank accounts of the Payroll Fund. A Payroll Fund does not exist under GAAP.

Governmental Fixed Assets - the Governmental Fixed Assets System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on governmental fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that are organized into three broad fund categories. The regulatory basis of accounting utilized by the Township does not require the presentation of entity-wide financial statements. Furthermore, the prescribed form of the fund financial statements does not conform to the organization of funds as prescribed by GAAP. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to, and does not present the basic financial statements required by GAAP.

C. Basis of Accounting

Basis of Accounting and Measurement Focus – The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a “current financial resources” measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects, which in some cases could be material, from generally accepted accounting principles in the United States of America (GAAP) applicable to local government units. The most significant is the GAAP basis reporting of entity-wide, full-accrual financial statements, which are not presented in the basic financial statements prescribed by the Division. The other more significant differences are as follows:

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts which may be cancelled 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for compensated absences, i.e. accumulations of earned but unused vacations, sick leave and other paid time off, are recorded in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over expenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of the expenditure recognition of overexpenditures and emergency appropriations to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the municipality, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized as a "component unit" of the municipality, and discrete reporting of the Library's financial position and operating results would be incorporated in the municipality's financial statements. The Township of Raritan is a member of the Hunterdon County Library System and does not provide funding to a Free Public Library.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Budgeted Transfers Between Funds - The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain operating transfers between funds, such as transfers from the Current Fund to a trust fund to finance an actual or anticipated deficit, and transfers from the Current Fund to the Trust Funds or General Capital Fund to fund reserves for future expenditures are required to be included in the Borough's annual budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for any legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Similarly, transfers of fund balances from other funds to the Current Fund to finance operating costs are required to be included in the Borough's annual budgets as anticipated revenues. Revenues are realized upon receipt or as a reduction to amounts (net) otherwise due to the originating fund. Under GAAP, operating transfers are not recognized as expenditures.

Other Post Employment Benefits (OPEB) – The Local Finance Board has promulgated rules for minimum financial statement disclosures for OPEB that follow the requirements of GASB Statement No. 45. The requirements include: 1) A tracking of the Net OPEB Obligation, including the Annual required contribution (ARC) less any contributions made; 2) The Actuarial Accrued Liability (AAL), the Unfunded Actuarial Accrued Liability (UAAL), and UAAL as a percentage of current period payrolls for employees eligible to receive benefits upon attaining the requisite age and service requirements; and 3) A summary of the significant actuarial assumptions, including the discount rate used. As a “Phase 2” implementation entity, these disclosures were required to be included in the Township’s financial statements for the year ended December 31, 2008. As more fully disclosed in NOTE 11, the Township did not implement this new disclosure standard at December 31, 2008, but did comply with this requirement for the year ending December 31, 2009. The Township has not updated the initial disclosures during subsequent periods as required by the regulations. The OPEB information provided in NOTE 11 was calculated as of January 1, 2009 and is applicable to the year ended December 31, 2008. GAAP requires the annual accrual of actuarially determined expenses in the entity-wide financial statements such that the amount necessary to provide OPEB benefits has been accumulated during the employee’s period of service.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP does not require recognition the recognition of fixed assets in the Fund Financial Statements as they are not financial resources. GAAP requires such property to be recorded as part of capital assets in the entity-wide statement of net assets at the lower of cost or fair market value.

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the accounting period 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.

Grants Programs – Federal and State Grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township’s Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced, as appropriate, by an allowance for doubtful accounts based upon the availability criterion for governmental fund revenue recognition.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Fixed Assets - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Contributions in aid of construction are not capitalized. GAAP does not require reporting of capital assets or depreciation in the Governmental Funds.

General Fixed Assets - Technical Accounting Directive No. 85-2, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, established a mandate for fixed accounting by municipalities, effective December 31, 1985. Assets having a useful life of more than one year are required to be capitalized in the general fixed asset account group. Infrastructure assets are excluded from the general fixed asset account group. Depreciation is not recorded in the general fixed asset account group. Under GAAP, capital assets are recorded at cost or estimated cost in the entity-wide financial statements. Donated assets are recorded at their estimated values. Infrastructure assets are included as capital assets under GAAP. Depreciation on capital assets (or an alternative calculation to reflect asset maintenance costs) is recorded as an item of expense in the calculation of changes in net assets in the entity-wide statement of activities under GAAP.

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt: The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in NOTE 3 to the financial statements.

Disclosures About Pension Liabilities - The Township has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in NOTE 9 and the accompanying required supplementary information. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Recent GAAP Accounting Standards

GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Recent GAAP Accounting Standards (Cont'd.)

GASB issued Statement No. 69, “Government Combinations and Disposals of Government Operations in January 2013. This Statement establishes account and financial reporting standards related to government combinations and disposals of government operations.

GASB issued Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees” in April 2013. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical date, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

GASB issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to Measurement Date” in November 2013. This statement amends statement no. 68 relating to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity into a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

GASB issued Statement No. 72, “Fair Value Measurement and Application” in February 2015. The objective of this Statement is to enhance financial statement comparability among governments by requiring measurement of certain assets and liabilities at fair value using accepted valuation techniques.

GASB issued Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68” in June, 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions.

GASB issued Statement No. 74 “Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans” in June 2015. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and NOTE Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

GASB issued Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” in June 2015. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

GASB issued Statement No. 76 “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments” in June 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Recent GAAP Accounting Standards (Cont'd.)

GASB issued Statement No. 77 "Tax Abatement Disclosures" in August 2015. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

GASB issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" in December 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB issued Statement No. 79 "Certain External Investment Pools and Pool Participants" in December 2015. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement.

The Township does not prepare its financial statements in accordance with generally accepted accounting principles. Unless these new standards are incorporated into the other comprehensive basis of accounting that is utilized by the Township through legislation or rulemaking they will not become part of the standards followed by the Township for financial reporting. The Division of Local Government Services has adopted rules (N.J.A.C. 5:30-6.1) which require full disclosure in the NOTES to Financial Statements of all disclosures required by GAAP, including amounts and values, if available.

Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes on the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>YEAR 2015</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
<u>Issued:</u>			
General:			
Bonds, Loans and Notes	\$ 15,564,113.43	\$ 15,822,816.43	\$ 16,033,734.72
<u>Authorized but not Issued:</u>			
General:			
Bonds & Notes	<u>2,221,068.54</u>	<u>2,147,068.54</u>	<u>2,057,347.40</u>
Net Bonds & Notes Issued and Authorized but not Issued	\$ <u>17,785,181.97</u>	\$ <u>17,969,884.97</u>	\$ <u>18,091,082.12</u>

Summarized below are the Township's individual bond & loan issues which were outstanding at December 31, 2014:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Improvement Debt:</u>				
General Improvement Bonds of 2005	\$ 7,900,000.00	\$ 3,600,000.00	2.800-3.250%	2020
General Improv. Ref. Bonds of 2009	2,575,000.00	1,285,000.00	3.000-5.000%	2019
General Improvement Bonds of 2010	7,348,000.00	6,043,000.00	2.000-3.500%	2025
General Improv. Ref. Bonds of 2012	3,410,000.00	2,020,000.00	2.000-3.000%	2017
Green Trust Loan	2,250,000.00	959,316.43	2.000%	2020
Bond Anticipation Notes	134,500.00	<u>1,915,500.00</u>	0.600%	2015
Total General. Improv. Debt		\$ <u>15,822,816.43</u>		

Summarized below are the Township's individual bond & loan issues which were outstanding at December 31, 2015:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Improvement Debt:</u>				
General Improvement Bonds of 2005	\$ 7,900,000.00	\$ 3,025,000.00	3.625-3.750%	2020
General Improv. Ref. Bonds of 2009	2,575,000.00	1,025,000.00	3.500-5.000%	2019
General Improvement Bonds of 2010	7,348,000.00	5,708,000.00	2.000-3.500%	2025
General Improv. Ref. Bonds of 2012	3,410,000.00	1,340,000.00	2.000-3.000%	2017
Green Trust Loan	2,250,000.00	792,613.43	2.000%	2020
Bond Anticipation Notes	693,500.00	693,500.00	1.000%	2016
Bond Anticipation Notes	2,980,000.00	<u>2,980,000.00</u>	0.600%	2016
Total General. Improv. Debt		\$ <u>15,564,113.43</u>		

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest
for Bonded Debt Issued and Outstanding at December 31, 2014

Calendar Year	General Capital Bonds		Green Trust Loans		Total
	Principal	Interest	Principal	Interest	
2016	\$ 1,845,000.00	\$ 373,111.25	\$ 170,053.73	\$ 15,006.23	2,403,171.21
2017	1,855,000.00	315,717.50	173,471.81	11,588.15	2,355,777.46
2018	1,485,000.00	251,217.50	176,958.59	8,101.37	1,921,277.46
2019	1,510,000.00	197,367.50	180,515.46	4,544.50	1,892,427.46
2020	1,255,000.00	142,280.00	91,613.84	916.14	1,489,809.98
2021	630,000.00	99,942.50			729,942.50
2022	630,000.00	81,042.50			711,042.50
2023	630,000.00	62,142.50			692,142.50
2024	630,000.00	42,455.00			672,455.00
2025	628,000.00	21,980.00			649,980.00
	<u>11,098,000.00</u>	<u>1,587,256.25</u>	<u>792,613.44</u>	<u>40,156.39</u>	<u>13,518,026.07</u>

Note 4: FIXED ASSETS

Changes in Fixed Assets for the years ended December 31, 2015 and 2014 are as follows:

	Balance Dec. 31, 2014	Increases	Decreases	Balance Dec. 31, 2015
Land	\$ 13,899,680	\$	\$	\$ 13,899,680
Buildings & Improvements	8,927,120			8,927,120
Machinery & Equipment	<u>11,306,977</u>	<u>1,114,404</u>	<u>-</u>	<u>12,421,381</u>
	<u>\$ 34,133,777</u>	<u>\$ 1,114,404</u>	<u>\$ -</u>	<u>\$ 35,248,181</u>

	Balance Dec. 31, 2013	Increases	Decreases	Balance Dec. 31, 2014
Land	\$ 13,899,680	\$	\$	\$ 13,899,680
Buildings & Improvements	8,927,120			8,927,120
Machinery & Equipment	<u>11,115,040</u>	<u>192,794</u>	<u>857</u>	<u>11,306,977</u>
	<u>\$ 33,941,840</u>	<u>\$ 192,794</u>	<u>\$ 857</u>	<u>\$ 34,133,777</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5: DEFERRED COMPENSATION TRUST FUND

The Township of Raritan Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and the provisions of N.J.S.A. 43:15B-1. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more the types of investments permitted under the governing regulations. The Township has engaged a private contractor to administer the plan. The Plan specifies that Plan assets are held "for the exclusive benefit of Plan participants and their beneficiaries". Accordingly, the financial statements of the Plan are not included in the Township's financial statements.

NOTE 6: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2014 and 2015 that were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2014 and 2015 were as follows:

	<u>FUND BALANCE DEC 31,2014</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$1,465,006.84	\$870,000.00

	<u>FUND BALANCE DEC 31,2015</u>	<u>UTILIZED IN SUCCEEDING BUDGET*</u>
Current Fund	\$1,972,065.06	\$875,000.00

* 2016 Budget not yet finally adopted

NOTE 7: DEFERRED CHARGES TO BE RAISED IN FUTURE BUDGETS

Certain expenditures are required to be deferred to budgets of future years. At December 31, 2014 and 2015, the following deferred charges are shown on the balance sheets of the various funds:

	<u>BALANCE DEC. 31, 2015</u>	<u>RAISED IN 2016 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:			
Overexpend of Budget	\$169.70	169.70	None
Overexpend. of Approp Res.	3,491.25	3,491.25	None
General Capital Fund:			
Overexpend. Of Ord.	898.30	898.30	None
Payroll Fund:			
Cash Deficit	10,584.36	0.00	10,584.36

	<u>BALANCE DEC. 31, 2014</u>	<u>RAISED IN 2015 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:			
Emergency Appropriation	\$20,000.00	\$20,000.00	None

NOTES TO FINANCIAL STATEMENTS

NOTE 8: DEPOSITS AND INVESTMENTS

Deposits

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. The Government Unit Deposit Protection Act ("GUDPA") was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the new law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At December 31, 2014, the Township's recorded cash, cash equivalents and investments amounted to \$10,409,540.38, and an amount of \$10,449,157.64 was on deposit with the respective institutions. At December 31, 2015, the Township's recorded cash, cash equivalents and investments amounted to \$11,313,990.15, and an amount of \$11,311,835.97 was on deposit with the respective institutions. An Analysis of the Township's cash, cash equivalents and investments at December 31, 2014 and 2015, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2014</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>
Current	\$3,168,803.16	\$3,561,551.21
Grant	90,927.50	76,280.54
General Capital	2,153,495.27	2,694,965.76
Animal Control Trust	16,897.65	40,838.89
Open Space Trust	327,922.41	214,227.20
Other Trust	4,574,774.60	4,587,103.78
Payroll	<u>76,719.79</u>	<u>139,022.77</u>
Total Cash, Cash Equivalents & Investments	<u>\$10,409,540.38</u>	<u>\$11,313,990.15</u>

NOTE 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

By Category (Type)	2014 <u>Amount</u>	2015 <u>Amount</u>
<u>Cash & Cash Equivalents:</u>		
Change Fund	\$ 775.00	\$ 775.00
Demand Accounts	10,405,578.55	11,310,025.95
State of NJ Cash Mgmt. Fund	<u>3,186.83</u>	<u>3,189.20</u>
Total Cash & Cash Equivalents	<u>\$10,409,540.38</u>	<u>\$11,313,990.15</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposits and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2014, the carrying value of the Township's deposits was \$10,409,540.38 and the bank balance was \$10,449,157.74. Of the bank balance, Federal Depository Insurance covered \$250,000.00 and \$10,199,157.74 was covered under the provisions of GUDPA. At December 31, 2015, the carrying amount of the Township's deposits was \$11,313,990.15 and the bank balance was \$11,311,835.97. Of the bank balance, Federal Depository Insurance covered \$250,000.00 and \$11,058,646.77 was covered under the provisions of GUDPA.

The Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Risk of its cash and investments.

- (a) Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that the Township has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy.
- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

NOTE 8: DEPOSITS AND INVESTMENTS (CONT'D.)

- (e) As of December 31, 2014 and 2015, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Township's bank balances was considered exposed to custodial credit risk

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
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 such obligation bear 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;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, 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);
 - 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.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

New Jersey Cash Management Fund – all investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investments' existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2014 and 2015, the Township had \$3,186.83 and \$3,189.20 cash on deposit with the New Jersey Cash Management Fund. Based upon the existing deposit and investment practices, the Township is generally not exposed to credit risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

NOTE 9. PENSION PLANS

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan’s designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction’s pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	166,637
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>259,161</u>
Total	<u>426,501</u>

Contributing Employers – 1,710

NOTE 9. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Cont'd.)

Significant Legislation- Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

Payrolls and Covered Wages:

For the year ended December 31, 2015 the Township's total payroll for all employees was \$7,581,026. Total PERS covered payroll was \$3,273,868. Covered payroll is defined in the standard to all compensation paid by the Township to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PERS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015 and increased to 7.06 for State fiscal year 2016, commencing July 1, 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2014 and 2015 were \$496,781 and \$444,243, respectively. Township contributions are due and payable on April 1st in the calendar year subsequent to the close of the plan year for which the contributions requirements were calculated. Township payments to PERS for the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2014</u>	<u>2015</u>
Normal Cost	\$117,664	\$ 64,931
Amortization of Accrued Liability	<u>318,751</u>	<u>300,355</u>
Total Pension	436,415	365,286
NCGI Premiums	<u>6,654</u>	<u>24,741</u>
Total Regular Billing	443,069	390,027
Additional Billings:		
Ch. 19, P.L. 2009		
ERI #1	16,802	17,306
ERI #3	<u>36,910</u>	<u>36,910</u>
Total PERS Payment	<u>\$496,781</u>	<u>\$444,243</u>

NOTE 9. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D)

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

ERI #1 billings reflect the recoupment of the additional costs of pensions and health benefits, plus interest, resulting from the Township's participation in the 1991 early retirement program. The repayment term is 30 years, commencing with bills due on April 1, 1995.

ERI #2 billings reflect the recoupment of the additional costs of pensions and health benefits, plus interest, resulting from the Township's participation in the 1993 early retirement program. A variety of repayment terms were offered as part of this retirement incentive program.

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

NOTE 9. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D)

At June 30, 2015 the PERS reported a net pension liability of \$22,447,996,119 for its Local (Non-State) Employer Member Group. The Township's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Township was \$10,810,541 or 0.0481581579%. At June 30, 2014, the PERS reported a net pension liability of \$18,722,735,003 for its Local Employer Member Group. The Township's proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the Township was \$8,857,957 or 0.0473112%.

Actuarial Assumptions- The total pension liability in the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 that was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments as appropriate for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based upon the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on the various factors affecting Net Pension Liability.

The long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

NOTE 9. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 4.90%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS participating employers as of June 30, 2015, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease (3.90%)</u>	<u>At current discount rate (4.90%)</u>	<u>At 1% increase (5.90%)</u>
State	\$27,802,122,942	\$23,722,135,537	\$20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
PERS Plan Total	<u>\$55,702,235,475</u>	<u>\$46,170,131,656</u>	<u>\$38,191,749,890</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D)

Components of Net Pension Liability – The components of the net pension liability for PERS, including the State of New Jersey, at June 30, 2015 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$31,614,118,524	\$43,109,580,038	\$74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$23,722,135,537</u>	<u>\$22,447,996,119</u>	<u>\$46,170,161,656</u>

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	44,252
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>40,359</u>
Total	<u>84,662</u>

Contributing Employers – 585

Significant Legislation – Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2015 the Township's total payroll for all employees was \$7,581,026. Total PFRS covered payroll was \$3,123,072. Covered payroll is defined in the standard to all compensation paid by the Township to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PFRS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2014 and 2015 were \$917,895 and \$829,320, respectively. Township contributions are due and payable on April 1st in the calendar year subsequent to plan year for which the contributions requirements were calculated. Township payments to PFRS made in the years ending December 31, 2014 and 2015 consisted of the following:

NOTE 9. PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

	<u>2014</u>	<u>2015</u>
Normal Cost	\$328,754	\$248,144
Amortization of Accrued Liability	<u>437,553</u>	<u>422,066</u>
Total Pension	766,307	670,210
NCGI Premiums	<u>27,733</u>	<u>32,065</u>
Total Regular Billing	794,040	702,275
Additional Billings:		
Ch. 19, P.L. 2009	52,243	53,284
ERI #1	49,125	50,599
ERI #2 and 3	<u>22,487</u>	<u>23,162</u>
Total PFRS Payment	<u>\$917,895</u>	<u>\$829,320</u>

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2015, the PFRS reported a net pension liability of \$16,656,514,197 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$15,756,327, or 0.094595584%. At June 30, 2014, the PFRS reported a net pension liability of \$12,579,072,492 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$11,501,528, or 0.091433831%.

NOTE 9. PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

Actuarial Assumptions- The total pension liability in the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 that was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.60-9.48% based on age
Thereafter	3.60-10.48% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

NOTE 9. PENSION PLANS (CONT'D):

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D)

Discount Rate – The discount rate used to measure the pension liabilities of PFRS was 5.79%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2035, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS participating employers as of June 30, 2015, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u> <u>(4.79%)</u>	<u>At current discount rate</u> <u>(5.79%)*</u>	<u>At 1% increase</u> <u>(6.79%)</u>
State	\$ 5,169,538,395	\$ 4,293,672,366	\$ 3,581,810,627
Local	<u>23,884,266,996</u>	<u>18,117,234,618</u>	<u>13,414,734,988</u>
PFRS Plan Total	<u>\$29,053,805,391</u>	<u>\$22,410,906,984</u>	<u>\$16,996,545,615</u>

*- Local Share includes \$1,460,720,421 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the net pension liability for PFRS, including the State of New Jersey, at June 30, 2015 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 6,053,301,057	\$41,464,464,848	\$47,517,765,905
Plan Fiduciary Net Position	<u>1,759,628,691</u>	<u>23,347,230,230</u>	<u>25,106,858,921</u>
Net Pension Liability	<u>\$ 4,293,672,366</u>	<u>\$18,117,234,618</u>	<u>\$22,410,906,984</u>

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

NOTE 9. PENSION PLANS (CONT'D):C: DEFINED CONTRIBUTION RETIREMENT PLAN (CONT'D)

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2015, the membership in the DCRP, based on the information within the Division's database, was 36,808.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended December 31, 2015 the Township's total payroll for all employees was \$. Total DCRP covered payroll was \$ Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Township and employee contributions to the DCRP for the year ended December 31, 2015 were \$ and \$, respectively.

NOTE 10: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTES TO FINANCIAL STATEMENTS

NOTE 11: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFITS

The Township provides health benefits through its group insurance plan to certain retirees and their dependents, as follows:

The Township assumes the cost if the retired employee meets certain requirements. Eligibility criteria for subsidized post-retirement benefits are as follows:

1. Upon retirement due to an on the job disability, regardless of years of service
2. Retirement from Raritan Township with a minimum of 25 years of service credit in the New Jersey State pension System and with the last minimum of 20 years of active service with the Township of Raritan.

The Township engaged AON to perform actuarial evaluation and calculation of its OPEB liability as required by regulations of the New Jersey Division of Local Government Services for January 1, 2014 and the required accrual for the year ended December 31, 2014 in accordance with Statement No. 45 of the Governmental Accounting Standards Board.

At January 1, 2014 approximately 42 retirees and 37 covered spouses were receiving non-contributory health coverage benefits. at an estimated annual cost to the Township of approximately \$806,100.

This is the first year since 2009 that the Township is disclosing its post employment healthcare plan benefit costs based upon the implementation requirements of GASB Statement 45.

The contribution requirements of plan members and the participating agencies are established and may be amended by the through the collective bargaining process or by action of the Mayor and/or Township Council. The Township’s annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township’s annual OPEB cost for the year, any amounts contributed to the plan and the Township’s net OPEB obligation.

OPEB information as of December 31, 2014 is as follows:

	2014 Total
Annual required contribution (ARC)	\$3,023,000
Interest on Net OPEB Obligations	533,200
Adjustment to ARC	(727,500)
Annual OPEB Cost	2,828,700
Less: Contributions	(806,100)
Increase in net OPEB Obligations	2,022,600
Net OPEB obligation – beginning of year	11,849,800
Net OPEB obligation – end of year	<u>\$13,872,400</u>
Percentage of Annual OPEB Cost Contributed	28.5%

NOTES TO FINANCIAL STATEMENTS

NOTE 11: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTH CARE BENEFIT (CONT'D.)

The funded status of the plan for the Township as of January 1, 2014, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$32,379,800
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	<u>\$32,379,800</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$6,686,000
UAAL as a percentage of covered payroll	484.30%

Under the regulatory basis of accounting utilized by the Township, financial statement recognition of the ARC and Net OPEB obligation is not required and these amounts are not reflected in the reported expenditures and liabilities at December 31, 2014.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit method was used. A rate of 4.5% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

NOTE 12: ACCRUED SICK AND VACATION BENEFITS

The Township of Raritan has established policy by ordinance, collectively bargained labor agreements and individual employment agreements which sets the terms under which an employee may accumulate unused benefits for sick leave, other leave, compensatory time, and vacations, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee

Vacation leave is generally required to be taken in the year earned, and the accumulation of unused vacation days is generally limited to a carryover, with appropriate approval, up to one-half the prior year allotment to the succeeding year only. Carry-overs for police and public works employees require an approval of the department head based upon contractual terms. In certain instances, if vacation leave cannot be taken due to manpower needs, employees may be permitted to request payment for unused vacation leave in accordance with labor agreements. Upon retirement, employees are eligible to receive payment for unused vacation leave.

Police employees are permitted to accumulate personal leave of up to one year (maximum of four (4) days) and are entitled to payment for unused personal leave upon retirement.

Employees may accumulate sick leave, and upon retirement are entitled to receive payment for unused leave, as follows:

- PBA Local 337 and Superior Officers: Up to 140 days at 50% of the employee's prevailing daily rate of pay.
- Police (Individual Contracts): Up to 200 days at 35% the employee's prevailing daily rate of pay.
- Teamsters Local 469 (DPW),: Up to 200 days at 35% of current salary rates, subject to a maximum payment of \$15,000.
- Non-Union & White Collar: Accumulated days at 35% of the employee's prevailing daily rate of pay.

DPW Employees also have the right to buy-back unused sick time on an annual basis, subject to caps on the number of days and the percentage of unused sick days accumulated.

Certain managerial employees in the Police Department and Department of Public Works are eligible to receive payments upon retirement for unused compensatory time pursuant to the terms of individual employment agreements.

The Township maintains up-to-date records of each employee's status relating to compensated absences earned and unused. It is estimated that the cost at December 31, 2014 and 2015 of such unpaid leave would approximate \$1,651,493 and \$1,358,267.19. These amounts represents the current value of all accumulations, as limited by existing policies, and is not intended to portray amounts that would be recorded under GAAP. The Township has not discounted the total based upon a study of utilization by employees separating from service. Neither has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.

Under New Jersey statutes and pursuant to the requisite approval of the Director of Local Government Services, the Township may accumulate resources for the ultimate payment of amounts due to employees for such accumulated leave in a dedicated trust fund.

NOTE 12: ACCRUED SICK AND VACATION BENEFITS (CONT'D.)

Funding for this dedicated fund is derived from annual budget appropriations. In the event that dedicated funding is not available to make payments for such earned, but unused leave when due, the Township would record expenditures of operating appropriations in the accounting period in which the payments are made. At December 31, 2015 and 2014, the Township had \$34,106.40 and \$24,758.08, respectively, of reserved funds for the payment of earned compensated absences.

NOTE 13: RISK MANAGEMENT

A. Health Benefits

The Township provides health benefits to its eligible employees through traditional insurance coverage which provides for a risk-transfer to the insurer in exchange for the payment of contractual premiums.

B. Liability and Workers' Compensation

The Township is a member of the Somerset County Joint Insurance Fund. This fund provides for a pooling of self-retained risks of insurable losses, as well as cost effective excess insurance coverage.

Summary of Risk Management Program

The SCJIF Provides the following coverages to its participants:

1. General Liability, Employee Benefits Liability & Auto Liability

- a. The Fund covers \$250,000 for each occurrence SIR for all lines.
- b. The Fund jointly cedes the next \$4.75 million ultimate net loss per occurrence to commercial reinsurers, subject to a maximum limit of liability to the SCJIF for any Loss Occurrence of \$9.75 million.

2. Workers' Compensation

- a. The Fund covers the first \$500,000 for each occurrence SIR for all lines.
- b. The Fund jointly cedes the next \$250,000 ultimate net loss per occurrence to commercial reinsurers, subject to a maximum limit of liability to the SCJIF for any Loss Occurrence of \$2.5 million.
- c. The Fund covers the next \$250,000 excess of \$750,000 for each occurrence SIR for all lines.
- d. Amounts of Ultimate Net Loss per Loss Occurrence in excess of \$1,000,000 are covered through Excess Workers' Compensation Insurance, subject to the statutory limit of \$2 million per occurrence for Employer's Liability.

3. Excess Liability

The Fund obtains commercial insurance coverage with the following limits:
 \$5 million CSI each incident/accident in excess of \$5 million.
 \$10 million CSI each incident/accident in excess of \$10 million.

4. "All Risk" Coverage for Real & Personal Property, and Boiler & Machinery

Property: Listed Values, subject to SCJIF self-insured retention of first \$25,000 per occurrence and individual member deductibles, and separate listed sublimits.

Flood Insurance limits and deductibles vary based upon property location.

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) – UNAUDITED

The Township has instituted a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. In accordance with State of New Jersey regulations, LOSAP is subject to an accountant's review report and is unaudited. The unaudited LOSAP balances are included within the Trust Fund.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Federal and State Assistance Programs

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015, the Township does not believe that any material liabilities will result from such audits.

Contingencies-Pending Litigation

As at the date of this report, the Township had various litigation pending. The majority of the cases pending or threatened are defended and/or covered through the Township's insurance coverages and risk management plan. There are also several tax appeals pending. Based upon all available information, the Township does not believe that there are any legal matters pending which, in the event of an adverse or unfavorable outcome, would have a material adverse impact upon the Township's financial position.

Subsequent Events

The Township has structured its Bond Anticipation Note maturities in such a manner as to permit the permanent funding of same through a sale of bonds in 2016. The sale will be scheduled for late summer or early fall.

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY**



**PART II
REQUIRED SUPPLEMENTARY INFORMATION**

TOWNSHIP OF RARITAN
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>Last 10 Fiscal Years*</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.000528089	0.000473112	0.000481582
Township's Proportionate Share of the Net Pension Liability	\$10,092,823	\$8,857,957	\$10,810,541
Township's Covered-Employee Payroll	\$3,225,367	\$3,281,146	\$3,273,868
Township's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	312.92%	269.97%	330.21%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%	47.93%

* Amounts presented for each fiscal year were determined as of June 30, which is the close of the Pension System fiscal year.

Notes: a) Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.

b) Covered Employee Payrolls are reported on a calendar year basis.

TOWNSHIP OF RARITAN
 SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually Required Contribution*	\$ 397,904	\$ 390,027	\$ 414,031
Contribution in Relation to Contractually Required Contribution	<u>\$ (397,904)</u>	<u>\$ (390,027)</u>	<u>\$ (414,031)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Township's Covered-Employee Payroll	\$ 3,281,146	\$ 3,389,614	\$ 3,273,868
Contributions as a percentage of Covered Employee Payroll	12.13%	11.51%	12.65%

* Amounts presented for each fiscal year were determined as of June 30, which is the close of the Pension System fiscal year.

- Notes:
- a) Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.
 - b) Covered Employee Payrolls are reported on a calendar year basis.

TOWNSHIP OF RARITAN
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
 POLICE AND FIREMENS RETIREMENT SYSTEM (Non-State, Non Special Funding Employer Group)

	<u>Last 10 Fiscal Years*</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.00101740	0.00091434	0.00094596
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$13,525,462	\$11,501,528	\$15,756,327
Township's Covered-Employee Payroll	\$3,110,953	\$3,193,048	\$3,123,072
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	434.77%	360.21%	504.51%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	58.70%	62.41%	56.31%

* Amounts presented for each fiscal year were determined as of June 30, which is the close of the Pension System fiscal year.

- Notes:
- a) Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.
 - b) Covered Employee Payrolls are reported on a calendar year basis.

TOWNSHIP OF RARITAN
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE AND FIREMENS RETIREMENT SYSTEM (Non-State, Non Special Funding Employer Group)

	<u>Last 10 Fiscal Years*</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 742,275	\$ 702,275	\$ 768,921
Contribution in Relation to Contractually Required Contribution	<u>\$ (742,275)</u>	<u>\$ (702,275)</u>	<u>\$ (768,921)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Borough's Proportionate Share of the Payroll	\$ 3,193,048	\$ 3,193,048	\$ 3,123,072
Contributions as a percentage of Covered Employee Payroll	23.25%	21.99%	24.62%

* Amounts presented for each fiscal year were determined as of June 30, which is the close of the Pension System fiscal year.

- Notes:
- a) Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.
 - b) Covered Employee Payrolls are reported on a calendar year basis.

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
DECEMBER 31, 2015

NOTE 1. CHANGES IN ASSUMPTIONS

Net pension liabilities for the years ended June 30, 2013 through 2015 were based on RP-2000 mortality tables utilizing actuarial experience studies covering the following periods:

PERS: July 1, 2007 to June 30, 2010

PERS: July 1, 2008 to June 30, 2011

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY



PART III
SUPPLEMENTARY SCHEDULES

Current Fund

SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS - TREASURER

	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2014	\$3,168,028.16	\$90,927.50
Increased by Receipts:		
Miscellaneous Revenue Anticipated	4,057,134.31	
Miscellaneous Revenue Not Anticipated	129,582.69	
Petty Cash Returned	350.00	
Taxes Receivable	93,711,133.86	
Tax Title Liens	247,473.91	
Due to RTMUA	49,760.02	
Reserve for Lien Redemption		
Tax Overpayments	74,749.43	
State of NJ Sr. Citizen's & Vet. Deductions	141,750.00	
Due to State of N.J. - Various Fees	66,808.00	
Interfund Accounts	96,231.37	78,350.06
Prepaid Taxes	546,944.26	
Contra Items	<u>5,479,504.05</u>	<u>9,528.00</u>
	<u>104,601,421.90</u>	<u>87,878.06</u>
Balance Carried Forward	107,769,450.06	178,805.56
Decreased by Disbursements:		
Prior Years Refunds		
Unidentified Cash Disbursements		
Budget Appropriations	15,465,230.87	
Petty Cash	350.00	
Interfund Accounts	1,220,868.66	20,127.21
Due to RTMUA	49,760.02	
Appropriation Reserves	653,001.44	
Reserve for Encumbrances	4,409.09	
Tax Overpayments	74,749.43	
Due to State of N.J. - Various Fees	70,767.00	
Health Inspection Fees	5,225.00	
Regional School Tax	44,529,081.00	
Regional High School Tax	22,051,225.00	
County Taxes	14,604,502.29	
State and Federal Grants Appropriated		72,869.81
Contra Items	<u>5,479,504.05</u>	<u>9,528.00</u>
	<u>104,208,673.85</u>	<u>102,525.02</u>
Balance (Deficit) - December 31, 2015	<u><u>\$3,560,776.21</u></u>	<u><u>\$76,280.54</u></u>

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

YEAR	BALANCE DEC. 31, 2014	2015 LEVY	BANKRUPTCY REINSTATEMENT	COLLECTIONS BY CASH 2014	2015	STATE SHARE OF SR. CIT & VET. DEDUCTIONS	TRANSFER TO TAX TITLE LIENS	REMITTED OR CANCELED	BALANCE DEC. 31, 2015
2012	\$ -	\$ -	\$ 5,725.06	\$ -	\$ 5,725.06	\$ -	\$ -	\$ -	\$ -
2013	7,436.80	-	-	-	7,436.80	-	-	-	-
2014	836,827.23	-	-	-	833,769.54	-	-	3,057.69	-
2015	844,264.03	94,274,701.19	5,725.06	439,234.31	846,931.40	141,500.00	18,364.74	46,819.23	764,580.45
	<u>\$844,264.03</u>	<u>\$94,274,701.19</u>	<u>\$5,725.06</u>	<u>\$439,234.31</u>	<u>\$93,711,133.86</u>	<u>\$141,500.00</u>	<u>\$18,364.74</u>	<u>\$49,876.92</u>	<u>\$764,580.45</u>

Analysis of 2014 Property Tax Levy:

<u>Tax Yield:</u>	
General Purpose	93,506,207.00
Added Taxes (54:4-63.1 et seq.)	761,512.09
Added/Omitted Taxes	6,982.10
	<u>\$94,274,701.19</u>

<u>Tax Levy:</u>	
Regional School Tax (Abstract)	44,529,081.00
Regional H.S. Tax (Abstract)	22,051,225.00
County Tax (Abstract)	12,130,952.18
County Library Tax (Abstract)	1,214,482.89
County Open Space Tax (Abstract)	1,181,098.64
Added County Tax	119,925.85
Municipal Open Space Tax Tax	603,018.95
	<u>81,829,784.51</u>

Local Tax for Mun. Purposes (Abstract)	11,768,357.55
Add: Additional Tax Levied	676,559.13
	<u>12,444,916.68</u>
	<u>\$94,274,701.19</u>

SCHEDULE OF TAX TITLE LIENS
CURRENT FUND

Balance - December 31, 2014		\$231,576.40
Increased by:		
Transfers from Taxes Receivable	18,364.74	
Interest and Costs on Tax Sale	<u>2,617.58</u>	
		<u>20,982.32</u>
		252,558.72
Decreased by:		
Collections		<u>247,473.91</u>
Balance - December 31, 2015		<u><u>\$5,084.81</u></u>

SCHEDULE OF 2014 APPROPRIATION RESERVES
CURRENT FUND

	<u>BALANCE - DEC. 31, 2014</u>		<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCE</u>	<u>OVER-</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>LAPSED</u>	<u>EXPENDED</u>
Within "CAPS":						
Township Administrator/CFO						
Salaries & Wages	\$	\$	1,281.95		\$	1,281.95
Other Expenses:						
Postage & Photo Copying	3,097.20	1,435.29	4,532.49	3,372.72		1,159.77
Miscellaneous Other Expenses	904.45	2,952.06	3,856.51	2,337.83		1,518.68
Mayor and Committee						
Salaries & Wages		0.28	0.28			0.28
Other Expenses	99.95	1,133.98	1,233.93	99.95		1,133.98
Township Clerk						
Salaries & Wages		181.05	181.05			181.05
Other Expenses						
Elections		1,441.45	1,441.45			1,441.45
Miscellaneous Other Expenses	1,449.10	953.84	2,402.94	2,562.99		160.05
Financial Administration						
Salaries and Wages		1,924.19	1,924.19			1,924.19
Other Expenses	200.61	3,227.55	3,428.16	3,370.67		57.49
Data Processing						
Other Expenses	30.00	8,188.36	8,218.36	8,000.00		218.36
Tax Assessment Administration						
Salaries & Wages		0.92	0.92			0.92
Other Expenses	2,585.58	670.43	3,256.01	1,991.01		1,265.00
Revenue Administration						
Salaries & Wages		2.97	2.97			2.97
Other Expenses	18.20	63.35	81.55			81.55
Legal Services						
Other Expenses	3,883.44	23,536.99	27,420.43	29,201.63		1,781.20
Engineering Services						
Salaries & Wages		17,048.54	17,048.54	15,000.00		2,048.54
Other Expenses	1,375.20	3,404.98	4,780.18	1,746.87		3,033.31
Historical Commission						
Other Expenses	750.00	1,000.06	1,750.06	750.00		1,000.06
Planning Board						
Salaries & Wages		274.46	274.46			274.46
Other Expenses	2,016.33	6,075.02	8,091.35	3,635.33		4,456.02
Board of Adjustment						
Salaries & Wages		15,411.65	15,411.65			15,411.65
Other Expenses	4,275.23	2,205.61	6,480.84	5,759.58		721.26
Landfill Monitoring Wells						
Other Expenses	3,950.00	300.00	4,250.00	3,950.00		300.00
Police						
Salaries and Wages		25,742.72	25,742.72	25,012.51		730.21
Other Expenses	26,619.54	12,084.57	35,604.11	34,420.36		1,183.75
First Aid Organization						
Other Expenses:						
OSHA/PEOSHA	5,996.31	3.69	6,000.00	5,996.31		3.69
Fire						
Other Expenses	20,107.63	249.27	20,356.90	17,303.64		3,053.26
Fire Hydrants		22,879.55	22,879.55	22,801.14		78.41
OSHA/PEOSHA (PL1983 Ch. 516)	1,100.00	1,660.00	2,760.00	1,100.00		1,660.00
Fire Code Official (PL 1983 Ch. 383)						
Uniform Fire Safety Program						
Salaries & Wages		494.63	494.63			494.63
Other Expenses	2,998.92	3,435.44	6,434.36	2,998.92		3,435.44
Municipal Prosecutor						
Salaries & Wages		1,004.10	1,004.10			1,004.10

SCHEDULE OF 2014 APPROPRIATION RESERVES
CURRENT FUND

	<u>BALANCE - DEC. 31, 2014</u>		<u>BALANCE AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>	<u>OVER- EXPENDED</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>				
Within "CAPS" (Cont'd.):						
Municipal Court						
Salaries & Wages		1,216.92	1,216.92		1,216.92	
Other Expenses	937.70	1,844.07	2,781.77	1,026.10	1,755.67	
Municipal Public Defender						
Salaries & Wages		76.97	76.97		76.97	
Emergency Management Services						
Other Expenses	5,602.97	471.03	6,074.00	5,602.97	471.03	
Streets and Road Maintenance						
Salaries and Wages		1,673.96	1,673.96	1,663.96	10.00	
Other Expenses:						
OSHA/PEOSHA	760.59	744.60	1,505.19	419.59	1,085.60	
Miscellaneous Other Expenses	7,012.44	1,734.17	8,746.61	7,567.68	1,178.93	
Snow Removal						
Salaries & Wages		11,034.84	11,034.84	11,000.00	34.84	
Other Expenses	939.96	1,109.45	2,049.41	2,049.41		
Recycling Program						
Salaries & Wages		3,078.77	3,078.77	3,078.77		
Solid Waste Collection						
Other Expenses	2,372.37	2,697.59	5,069.96	4,859.47	210.49	
Public Buildings and Grounds						
Other Expenses	12,154.48	1,088.68	13,243.16	13,243.16		
Vehicle Maintenance						
Salaries & Wages		1,145.05	1,145.05	1,008.80	136.25	
Other Expenses	5,356.24	8,778.25	14,134.49	12,590.79	1,543.70	
Condo Act Serv. Per NJSA40A:35-3d						
Other Expenses		13,600.00	16,700.00	16,195.34	504.66	
Public Health Services						
Salaries & Wages		166.46	166.46	55.50	110.96	
Other Expenses		744.74	744.74	402.74	342.00	
Environmental Commission						
Other Expenses		1,013.80	1,013.80		1,013.80	
Joint Recreation Commission						
Other Expenses		41,500.00	41,500.00	41,500.00		
Maintenance of Parks						
Salaries & Wages		1,275.54	1,275.54	1,275.54		
Other Expenses	821.41	73.31	894.72	886.72	8.00	
Insurance						
Liability		1,845.00	1,845.00		1,845.00	
Employee Group Health		32,354.07	32,354.07	5,146.08	27,207.99	
Employee Health Benefit Waivers						
Salaries and Wages		60.47	60.47		60.47	
Construction Official						
Salaries and Wages		28,387.71	28,387.71	25,000.00	3,387.71	
Other Expenses	12,020.03	6,260.91	13,280.94	12,759.54	521.40	
Purchase of Police Vehicles		3,824.56	3,824.56		3,824.56	
Community Garden						
Other Expenses		215.48	215.48		215.48	
Utilities						
Other Expenses	3,203.18	24,232.33	32,435.51	32,016.32	419.19	
Contribution to:						
Social Security System (O.A.S.I.)		26,133.04	26,133.04	26,000.00	133.04	
Defined Contribution Retirement Plan		6.78	6.78		6.78	
Unemployment Compensation		947.90	947.90	186.00	761.90	
Totals within "CAPS"	<u>132,639.06</u>	<u>379,605.40</u>	<u>512,244.46</u>	<u>416,945.94</u>	<u>97,239.77</u>	<u>1,941.25</u>

SCHEDULE OF 2014 APPROPRIATION RESERVES
CURRENT FUND

	BALANCE - DEC. 31, 2014		BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDED
	ENCUMBERED	RESERVED				
Excluded from "CAPS":						
L.O.S.A.P. (Fire Company) Contribution		8,200.00	8,200.00	9,750.00		1,550.00
Recycling Tax	92.43	253.61	346.04	189.33	156.71	
Employee Group Health		45,620.00	45,620.00		45,620.00	
NJDEP/Stormwater						
Engineering-Other Expenses		928.00	928.00		928.00	
Park Improvements/Equipment	3,572.52	378.34	3,950.86	3,572.52	378.34	
Road Drainage, Overlay & Treatment		193,940.31	193,940.31	171,064.68	22,875.63	
Purchase of Office Equipment		23,175.85	23,175.85	6,428.35	16,747.50	
Purchase of Fire Equipment	39,505.00		39,505.00	39,504.58	0.42	
Reserve for Purchase of Fire Equipment		8,000.00	8,000.00		8,000.00	
Municipal Building Improvements	9,200.00	7,499.49	16,699.49	10,500.00	6,199.49	
Purchase of 4 Wheel Drive Vehicles		292.00	292.00		292.00	
Reserve for Park Improv./Equipment		1,622.00	1,622.00		1,622.00	
Total Excluded from "CAPS"	<u>52,369.95</u>	<u>289,909.60</u>	<u>342,279.55</u>	<u>241,009.46</u>	<u>102,820.09</u>	<u>1,550.00</u>
Grand Total	<u>\$ 185,009.01</u>	<u>\$ 669,515.00</u>	<u>\$ 854,524.01</u>	<u>\$ 657,955.40</u>	<u>\$ 200,059.86</u>	<u>\$ 3,491.25</u>
Disbursed				653,001.44		
Reserve for Encumbrances				<u>4,953.96</u>		
				<u>657,955.40</u>		

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE OR (PAYABLE)
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Open Space Trust Fund	\$293.00	\$598,284.87	\$603,018.95	(\$4,441.08)
Due from Animal Control Fund		4,753.60		4,753.60
Other Trust Fund	(12,250.00)	448.00	49,795.39	37,097.39
Federal and State Grant Fund	-	180,772.26	168,305.20	-
General Capital Fund	-	115,500.00	459,784.40	-
	<u>(\$12,327.36)</u>	<u>\$899,758.73</u>	<u>\$1,280,903.94</u>	<u>\$393,791.01</u>
Receivables	\$293.00			\$398,232.09
Payables	<u>(12,620.36)</u>			<u>(4,441.08)</u>
	<u>(\$12,327.36)</u>			<u>\$393,791.01</u>
Cash Receipts		\$448.00	\$95,783.34	
Cash Disbursements		711,288.87	509,579.79	
Budget Revenues		72,521.86		
Charges to Current Budget Appropriations		115,500.00	72,521.86	
Open Space Tax Levy			603,018.95	
		<u>\$899,758.73</u>	<u>\$1,280,903.94</u>	

SCHEDULE OF DUE TO STATE OF NEW JERSEY - VARIOUS FEES
CURRENT FUND

	<u>TOTAL</u>	<u>MARRIAGE LICENSE FEES</u>	<u>DCA TRAINING FEES</u>	<u>E. AMWELL DCA TRAINING FEES</u>
Balance - December 31, 2014	\$14,795.00	\$2,055.00	\$11,403.00	\$1,337.00
Increased by:				
Collections	<u>66,808.00</u>	<u>520.00</u>	<u>66,288.00</u>	<u> </u>
	81,603.00	2,575.00	77,691.00	1,337.00
Decreased by:				
Payments	<u>70,767.00</u>	<u>2,000.00</u>	<u>67,436.00</u>	<u>1,331.00</u>
Balance - December 31, 2015	<u>\$10,836.00</u>	<u>\$575.00</u>	<u>\$10,255.00</u>	<u>\$6.00</u>

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES
CURRENT FUND

	<u>REF.</u>	
Increased by:		
2015 Levy	A-1, A-2, A-7	\$44,529,081.00
Decreased by:		
Payments	A-4	<u>\$44,529,081.00</u>

SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES
CURRENT FUND

	<u>REF.</u>	
Increased by:		
2015 Levy	A-1, A-2, A-7	\$22,051,225.00
Decreased by:		
Payments	A-4	<u>\$22,051,225.00</u>

SCHEDULE OF COUNTY TAXES PAYABLE
CURRENT FUND

Balance - December 31, 2014		\$77,968.58
Increased by:		
2015 Levy:		
County Tax	12,130,952.18	
County Library Tax	1,214,482.89	
County Open Space Preservation	1,181,098.64	
Added Taxes (R.R. 54:4-63.1 et seq.)	<u>119,925.85</u>	
		<u>14,646,459.56</u>
		14,724,428.14
Decreased by:		
Payments		<u>14,604,502.29</u>
Balance - December 31, 2015		<u><u>\$119,925.85</u></u>

SCHEDULE OF ACCOUNTS PAYABLE
CURRENT FUND

Balance - December 31, 2014		\$19,972.06
Decreased by:		
Cancelled		<u><u>\$19,972.06</u></u>

**SCHEDULE OF OTHER RESERVES
CURRENT FUND**

<u>CLASSIFICATION</u>	<u>BALANCE DEC. 31, 2014</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2015</u>
Escrow Reserves:			
Solicitor Bonds	\$ 500.00		\$ 500.00
Sunflower Estates	3,232.72		3,232.72
Expenditure Reseves:			
Community Day	3,189.32		3,189.32
Codification of Ordinances	100.05		100.05
Master Plan	2,421.85		2,421.85
Revaluation	0.37		0.37
Deferred Revenue Reserves:			
RDR Farm Bond	19,799.12	19,799.12	-
Stickel Trail Bond	30,495.01	30,495.01	-
Storm Water Management	194,305.31	9,500.00	184,805.31
FEMA Reimbursements	34,054.36		34,054.36
	<u>\$ 288,098.11</u>	<u>\$ 59,794.13</u>	<u>\$ 228,303.98</u>

Anticipated as 2015 Budget Revenue 59,794.13

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED
GRANT FUND

	BALANCE DEC. 31, 2014	TRANSFERRED FROM 2015 BUDGET	PAID OR CHARGED	ENCUMBRANCES CANCELLED	BALANCE DEC. 31, 2015
Body Armor Fund - 2014	\$ 3,199.24	\$	2,225.63	\$	973.61
Body Armor Fund - 2015	-	3,194.21	4,323.39		3,194.21
Bulletproof Vest Partnership Emergency Mgmt. - 2010	4,323.39 136.73	5,986.40	6,312.27		136.73 5,986.40
Drunk Driving Enforcement Fund 2015	9,902.31				3,590.04
Drunk Driving Enforcement Fund 2012	11,560.30				11,560.30
Drunk Driving Enforcement Fund 2013	7,976.62				7,976.62
Drunk Driving Enforcement Fund 2014	-	63,341.25	47,285.59		16,055.66
Clean Communities Act - 2015	9,142.27		9,142.27		-
Clean Communities Act - 2014	6,961.28		6,961.28		-
Clean Communities Act - 2013	18,294.63		18,294.63		-
Clean Communities Act - 2012	51,728.01			3,907.25	55,635.26
NJDOT Safe Roads to School	346.60				346.60
Alcohol Education and Rehabilitation Fund 2011	1,349.08		10,482.65		1,349.08
Alcohol Education and Rehabilitation Fund 2012	12,000.00				1,517.35
NJ League of Municipalities Grant	1,000.00				1,000.00
NJ Risk Manager Safety Grant	113,176.83			6,213.28	119,390.11
FY 04 Trans. Enhancement	1,457.89				1,457.89
Domestic Violence Training	2,812.34				2,812.34
NJ Forestry "No Net Loss"	1,000.00				1,000.00
Garden Club of NJ	2,326.93				2,326.93
Stormwater Regulation					
	<u>\$ 258,694.45</u>	<u>\$ 72,521.86</u>	<u>\$ 105,027.71</u>	<u>\$ 10,120.53</u>	<u>\$ 236,309.13</u>

Disbursed	63,199.23
Reserve for Encumbrances	11,143.77
Due to Trust-Other Fund	684.71
Due to Current Fund	<u>30,000.00</u>
	<u>\$ 105,027.71</u>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND

Exhibit - A-16

<u>GRANT/AID PROGRAM</u>	BALANCE DEC. 31, 2014	2015 BUDGET REVENUE REALIZED	COLLECTED 2015	BALANCE DEC. 31, 2015
Fiscal Year 2004 Transportation Enhancement				
Walkway & Streetscape project	\$ 144,000.00	\$	\$	\$ 144,000.00
Mun. Stormwater Regulation Program	3,007.00			3,007.00
Clean Communities	-	63,341.25	63,341.25	-
NJ Forestry "No Net Loss"	-			-
NJ League of Municipalities Grant	5,000.00			5,000.00
Body Armor Replacement Fund	-	3,194.21	3,194.21	-
Bulletproof Vest Partnership	785.80		785.80	-
NJDOT Safe Roads to School	57,251.95			57,251.95
Drunk Driving Enforcement Fund	-	5,986.40	5,986.40	-
	\$ 210,044.75	\$ 72,521.86	\$ 73,307.66	\$ 209,258.95

SCHEDULE OF STATE AND FEDERAL GRANTS UNAPPROPRIATED
GRANT FUND

Exhibit - A-17

Bulletproof Vest Partnership	COLLECTED 2015	BALANCE DEC. 31, 2015
	2,475.68	2,475.68
	\$ 2,475.68	\$ 2,475.68

Trust Fund

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
TRUST FUNDS

Exhibit - B-2

	OPEN SPACE FUND	ANIMAL CONTROL FUND	GENERAL TRUST FUND
Balance - December 31, 2014	\$327,922.41	\$16,897.62	\$4,574,774.50
Increased by Receipts:			
Public & Private Funding	350,163.13		
Open Space Tax	598,120.55		
County Open Space Funding	91,046.63		
Interest Earned on Deposits	257.15	58,793.70	
Animal License Fees			
Other Fees	50.00		
Due to State of New Jersey		4,381.80	
Other Reserves			1,172,468.73
Dedications by Rider			1,322,421.94
Interfund Receipts	164.32	4,795.08	48,214.66
	<u>1,039,801.78</u>	<u>67,970.58</u>	<u>2,543,105.33</u>
	1,367,724.19	84,868.20	7,117,879.83
Decreased by Disbursements:			
Dedicated Open Space trust Fund Expenditures	1,153,496.99		
Expend. Under R.S. 4:19-15.11		39,601.26	
Due to State of New Jersey		4,386.60	
Other Reserves			1,106,649.69
Dedications by Rider			1,424,126.36
Interfund Payments		41.48	
	<u>1,153,496.99</u>	<u>44,029.34</u>	<u>2,530,776.05</u>
Balance - December 31, 2015	<u>\$214,227.20</u>	<u>\$40,838.86</u>	<u>\$4,587,103.78</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL
TRUST FUND

Balance - December 31, 2014	\$15,926.45
Increased by:	
Animal License Fees and Late Fees	58,793.70
	74,720.15
Decreased by:	
Expenditures Under R.S. 4:19-15.11:	
Cash Disbursements	39,601.26
Reserve Balance - December 31, 2014	\$35,118.89
 <u>Animal License Revenue</u>	
<u>Year</u>	
2014	57,336.60
2015	58,793.70
Maximum Balance Allowable	\$116,130.30

SCHEDULE OF OTHER RESERVES
 ESCROWS AND REFUNDABLE DEPOSITS
TRUST FUND

	<u>BALANCE</u> <u>DEC. 31,2014</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31,2015</u>
Cash in Lieu of Bonds	1,769,115.44		13,503.31	1,755,612.13
Reserve for Traffic Study	50,670.29	33.88		50,704.17
Tax Sale Premiums	290,400.00	442,300.00	350,200.00	382,500.00
Perc Fees	9,350.61		9,350.61	-
Well Testing	1,991.25			1,991.25
Performance Guarantees	140,669.95			140,669.95
School & Park Improvements	7,534.75	0.74		7,535.49
Parking Adjudication	170.19	30.00		200.19
Other Reserves	234.87	6.00		240.87
Traffic Light	9,800.00			9,800.00
Minneakoning Rd.	44,627.28	44.73		44,672.01
LBP-Dilts	6,440.00			6,440.00
Escrow-BGA Properties	8,767.80			8,767.80
Outside Liens	7,496.59	730,053.38	734,043.77	3,506.20
	<u>2,347,269.02</u>	<u>1,172,468.73</u>	<u>1,107,097.69</u>	<u>2,412,640.06</u>

SCHEDULE OF RESERVE FOR EXPENDITURES
DEDICATIONS BY RIDER
TRUST FUND

287072.37

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Developers' Escrow Fund	287,072.37	474,638.04	384,983.95	376,726.46
Engineering Inspections	291,226.13	327,240.80	359,719.50	258,747.43
Recycling Program	21,972.38	33,099.49	55,071.87	-
Transportation Improvement District	748,971.11	9,385.00		758,356.11
Public Defender	7,529.50	4,475.75	6,119.93	5,885.32
Affordable Housing - COAH	757,934.95	24,695.08	204,095.72	578,534.31
Accumulated Absences	24,758.08	70,033.02	60,684.70	34,106.40
Snow Removal	40,684.29	131,800.00	132,757.60	39,726.69
Outside Detail Police Salaries	11,937.11	244,751.90	217,653.47	39,035.54
Uniform Fire Code Enforcement and Dedicated Penalties (P.L. 1991, Ch. 489)	<u>2,621.56</u>	<u>2,302.86</u>	<u>3,039.62</u>	<u>1,884.80</u>
	<u><u>2,194,707.48</u></u>	<u><u>1,322,421.94</u></u>	<u><u>1,424,126.36</u></u>	<u><u>2,093,003.06</u></u>

SCHEDULE OF CHANGES IN L.O.S.A.P. PLAN BALANCE
TRUST FUND

Balance - December 31, 2013		\$688,141.57
Increased by:		
Contributions to Plan for Volunteers	37,200.00	
Interest Earned	3,791.52	
Gain (Loss) on Investments	4,601.65	
		45,593.17
		\$733,734.74
Decreased by:		
Cash Distributions		8,712.70
Balance - December 31, 2014		\$725,022.04

SCHEDULE OF INTERFUND LOANS
TRUST FUND

	<u>BALANCE</u> <u>DEC. 31,2014</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31,2015</u>
Due from or (to):				
Animal Control Fund	\$ 952.00	\$ -	\$ -	\$ 952.00
Grant Fund	(33,505.00)		684.73	(32,820.27)
General Capital Fund	(12,495.00)	-	-	(12,495.00)
Current Fund	12,250.00	448.00	49,795.39	(37,097.39)
	\$ (32,798.00)	\$ 448.00	\$ 50,480.12	\$ (81,460.66)
	\$ 13,202.00			\$ 952.00
	(46,000.00)			(82,412.66)
	-\$ 32,798.00			\$ (81,460.66)

General Capital Fund

**SCHEDULE OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS-TREASURER**

Balance - December 31, 2014		\$ 2,153,495.27
Increased by Receipts:		
Prior Year Refund		
Interfund Accounts Receipts	3,519,048.90	
Funding from Current Budget	5,500.00	
Bond Anticipation Notes	<u>3,673,500.00</u>	
		<u>7,198,048.90</u>
		9,351,544.17
Decreased by Disbursements:		
Reserve for Encumbrances	967,243.40	
Interfund Accounts Disbursements	3,513,048.15	
Improvement Authorizations	260,786.86	
Bond Anticipation Notes	<u>1,915,500.00</u>	
		<u>6,656,578.41</u>
Balance - December 31, 2015		<u>\$ 2,694,965.76</u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>RECEIPTS</u>		<u>DISBURSED</u>		<u>BALANCE</u> <u>DEC. 31, 2015</u>
	<u>BONDS</u> <u>AND NOTES</u>	<u>MISC.</u>	<u>IMPROVEMENT</u> <u>AUTHORI-</u> <u>ZATIONS</u>	<u>MISCELLA-</u> <u>NEOUS</u>	
Fund Balance	\$30.15				\$30.15
Overexpenditure of Ordinance Approp.	(53,000.00)				(898.30)
Due from Grant Fund	(12,495.00)				(53,000.00)
Due from/to Trust Fund	-	3,519,048.90	(453,783.65)	3,513,048.15	(12,495.00)
Due from/to Current Fund	-	5,500.00		1,915,500.00	344,284.40
Bond Anticipation Notes	1,015,618.56			967,243.40	662,719.93
Reserve for Encumbrances	2,923.86				7,423.86
Capital Improvement Fund					
Reserves:					
Purchase of Fire Equip.	18,347.92				18,347.92
Purchase of Road Equip.	66.40				66.40
Reconstr. Of Roads	93.19				93.19
Concord Ridge	18,000.00				18,000.00
Purchase of Police Equip.	700.00				700.00
Payment of Note Interest	0.33				0.33
County Open Space Funds	347.27				347.27
Water Tank	2,500.00				2,500.00

ORD.
NO. IMPROVEMENT AUTHORIZATION

91-29	Improv. Austen Estates Subdivision	28,974.85			28,974.85
92-14	Pub Improv. Crest Views Subdivision	23,107.60	21,275.95		1,831.65
95-38/97-43	Millbrook Rd. Assessment	1,974.57			1,974.57
96-28	Improv. At Mystic Green	2,688.91			2,688.91
99-12	Sunflower Estates Improv.	9,707.14			9,707.14
01-21/01-34	Reconstr. Greenwood Place	21.60			21.60
20-03	Public Improv.	7,072.16	1,609.23		7,072.16
02-48	Cable & Wire New Bldg.	1,609.23			(0.02)
04-10	Reconstr. Everitt Road, Sec. 1	(11,000.02)			1,270.42
05-07	Acquis. Land (Mueiller)	1,270.42			(0.00)
06-06	Land Acqui. Cost Share-Turnquist	(0.00)			106,845.56
06-24	Pedestrian Walkway-Minebrook Park	106,845.56	84.31		106,761.25
06-41	Acquis. Of Dev. Rights-Kovi Farm	2,666.78			2,666.78
06-42	Acquis. Of Dev. Rights-Moreira Farm	2,950.35			2,950.35
07-03	Groundwater Remediation Police HQ	1,536.61	2,361.65		825.04
07-17	Prelim. Planning-Sunny Hills Rds.	(1,212.87)			1,180.29
07-42	Traffic Control & Road Improv.	11,376.18			11,376.18

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	RECEIPTS		DISBURSED		BALANCE DEC. 31, 2015
	BONDS AND NOTES	MISC.	IMPROVEMENT AUTHORI- ZATIONS	MISCELLA- NEOUS	
09-12	6,330.00				6,330.00
10-18	8,499.91				8,499.91
11-06	0.27				0.27
03-26/11-08	85,655.47				90,428.25
11-09	1,000.00				1,000.00
11-10	177.12				177.12
11-11	0.91				0.91
11-12	4,077.85		4,077.85		-
12-07	1,160,000.00				1,160,000.00
12-09	2,559.51				2,509.52
12-10	3,857.62		49.99		3,810.86
13-09	3,999.33		46.76		3,900.24
13-12	27,465.38		99.09		26,953.78
13-13	386,173.11		173.00		92,190.47
13-14	36,714.02		7,072.21		(201.03)
13-15	4,099.39		397.03		(2,500.00)
13-16	97,198.29		6,599.39		(430.29)
13-17	1,697.23		430.29		1,615.44
14-07	(860,127.89)		81.79		4,812.11
14-11	29,900.00		60.00		29,900.00
14-12	9,400.00				(200,000.00)
14-13/14-19	(37,904.00)		209,473.26		2,219.00
15-09	205,000.00		164,877.00		36,544.50
15-10	58,500.00				100,277.29
15-11	325,000.00		233,271.71		46,563.00
15-12	310,000.00		60.00		56,981.00
15-13			62,470.00		58,000.00
	<u>2,153,495.27</u>	<u>3,524,548.90</u>	<u>260,786.86</u>	<u>6,395,791.55</u>	<u>2,694,965.76</u>
	<u>3,673,500.00</u>	<u>3,524,548.90</u>	<u>260,786.86</u>	<u>6,395,791.55</u>	<u>1,097,216.59</u>
					<u>1,097,216.59</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-4

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE	2015	2015	BALANCE	BOND	ANALYSIS OF BALANCE	
		DEC. 31, 2014	AUTHORIZED	FUNDING	DEC. 31, 2015	ANTIC. NOTES	EXPENDED	UNEXPEND. IMPROV. AUTHOR.
95-38/97-43	Millbrook Rd. Assessment	\$9,750.00			\$9,750.00			\$9,750.00
95-39/97-44	Washington St. Assessment	8,145.42			8,145.42			8,145.42
01-21/01-34	Reconstr. Greenwood Place	28,000.00			28,000.00			28,000.00
03-26/06-19	Const. Road	319,000.00			319,000.00	310,000.00		9,000.00
04-10	Reconstr. Everitt Road, Sec. 1	14,373.12	11,000.00		3,373.12		0.02	3,373.10
06-24	Pedestrian Walkway-Minebrook Park	116,500.00	4,500.00		112,000.00	86,000.00		26,000.00
07-17	Prelim. Planning-Sunny Hills Rds.	98,000.00	1,000.00		97,000.00	21,000.00	32.58	75,967.42
12-09	Reconstruction of Meadowlark Court	57,000.00			57,000.00	53,500.00		3,500.00
12-10	Acquis. Of DPW Mower	50,000.00			50,000.00	50,000.00		
13-09	Acquis. of Police Equip.	109,000.00			109,000.00	106,000.00		3,000.00
13-13	Reconstr. of Everitts Rd. Phase II	375,000.00			375,000.00	368,000.00		7,000.00
13-14	Reconstr. of River Rd.	220,000.00			220,000.00	215,000.00		5,000.00
13-15	Overlay of Old Croton Rd.	116,000.00			116,000.00	113,500.00		3,000.00
13-16	Acquis. of DPW Vehicles & Equip.	487,000.00			487,000.00	460,000.00		27,000.00
13-17	Acquis. 4-Wheel Drive Vehicles	127,000.00			127,000.00	127,000.00		
14-07	Acquis. Of Fire Truck	900,000.00			900,000.00	865,000.00		39,872.11
14-11	Reconstr. Ridge Rd. & Case Blvd.	608,000.00			608,000.00			608,000.00
14-12	Road Overlays Crestwood	200,000.00			200,000.00			200,000.00
14-13/14-19	Acquis. of DPW Vehicles & Equip.	219,800.00			219,800.00	205,000.00	37,904.00	181,896.00
15-09	Acquis. Of Sport Utility Vehicles		58,500.00		58,500.00	58,500.00		
15-10	Milling & Overlay of Roads		325,000.00		325,000.00	325,000.00		
15-11	Acquis. of Various DPW Equip.		310,000.00		310,000.00	310,000.00		
15-13	Reconstr. Of Roads-Sunny Hills Area		1,155,000.00		1,155,000.00			
		<u>\$4,062,568.54</u>	<u>\$1,848,500.00</u>	<u>\$16,500.00</u>	<u>\$5,894,568.54</u>	<u>\$3,673,500.00</u>	<u>\$37,936.60</u>	<u>\$1,238,504.05</u>

Deferred Charges Raised in Current Budget 11,000.00
 Bond Anticipation Notes Paid by Current Budget 5,500.00
\$16,500.00

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT		BALANCE-DEC. 31, 2014		2015 AUTHOR	PAID OR CHARGED	BALANCE-DEC. 31, 2015		OVEREX-PENED
			FUNDED	UNFUNDED	FUNDED	UNFUNDED			FUNDED	UNFUNDED	
93-997-25	Constr. Of Park Facilities	4/25/89									
91-29	Improv. Austen Estates Subdivision	8/11/87	28,974.85					21,275.95	28,974.85		
92-14	Pub Improv. Crest Views Subdivision	7/12/88	23,107.60						1,831.65		
95-38/97-4	Millbrook Rd. Assessment	12/18/91	1,974.57		9,750.00				1,974.57	9,750.00	
95-39/97-4	Washington St. Assessment	12/18/91			8,145.42					8,145.42	
96-28	Improv. At Mystic Green	9/24/92	2,688.91						2,688.91		
99-12	Sunflower Estates Improv.	4/11/95	9,707.14						9,707.14		
01-21/01-3	Reconstr. Greenwood Place	5/25/01	247,000.00		28,000.00				21.60	28,000.00	
02-03	Public Improv.	3/11/02	12,914.00		7,072.16				7,072.16		
02-48	Cable & Wire New Bldg.	10/16/02	40,600.00		1,609.23		1,609.23				
03-26/11-0	Construction of Road/	10/6/03									
12-11	Autumn Leaf Drive	8/6/08	487,650.00				(40,283.69)	(45,056.47)		99,428.25	
04-10	Reconstr. Everitt Road, Sec. 1	4/6/04	283,000.00							3,373.10	
04-34/05-11	Constr. Of Park Facilities	9/9/04	155,000.00								
05-07	Acquis. Land (Mueller)	3/21/05	135,000.00		1,270.42			84.31	1,270.42	132,761.25	
06-24	Pedestrian Walkway-Minebrook Park		148,500.00								
06-41	Acquis. Of Dev. Rights-Kovi Farm		401,000.00		2,666.78				2,666.78		
06-42	Acquis. Of Dev. Rights-Moreira Farm		427,000.00		2,950.35				2,950.35		
07-03	Groundwater Remediation Police HQ		105,000.00		1,536.61						
07-17	Prelim. Planning-Sunny Hills Rds.	7/23/07	108,000.00					2,361.65			825.04
07-42	Traffic Control & Road Improv.	12/27/07	54,886.19		11,376.18		(1,180.29)		11,376.18		
09-12	Traffic Guard Rail Replacement	7/21/09	13,400.00		6,330.00				6,330.00		
10-18	Reconstr. of Dory Dilts Rd., Section 1	9/15/09	150,000.00		8,499.91				8,499.91		
11-06	Purchase of Police Computer Server		8,652.00		0.27				0.27		
11-09	Purchase of DPW Dump Truck		136,000.00		1,000.00				1,000.00		
11-10	Traffic Line Striping		10,000.00		177.12				177.12		
11-11	Acquis. And Install. Of Energy Efficiencies		4,223.00		0.91				0.91		
11-12	Acquis. Of Computers and Peripherals		27,378.82		4,077.85			4,077.85			
12-07	Affordable Housing Improvements		1,160,000.00		1,160,000.00				1,160,000.00		
12-09	Reconstruction of Meadowlark Court	7/10/12	60,000.00							6,009.52	
12-10/14-19	Acquis. of DPW Mower	8/7/12	77,500.00		3,857.62			49.99		3,810.86	
13-09	Acquis. of Police Equip.	8/7/12	114,500.00		6,999.33			46.76		6,900.24	
13-12	Acquis. Of OEM Equip.	10/1/13	38,082.08					99.09			
13-13	Reconstr. of Everitts Rd. Phase II	10/1/13	394,000.00		18,173.11			511.60	26,953.78		
13-14	Reconstr. of River Rd.	10/1/13	231,000.00				(36,518.02)	397.03			
13-15	Overlay of Old Croton Rd.	10/1/13	122,000.00					293,982.64		99,190.47	
13-16	Acquis. of DPW Vehicles & Equip.	10/1/13	512,500.00		124,198.29		(97,198.29)	6,599.39		4,798.97	
13-17	Acquis. 4-Wheel Drive Vehicles	10/1/13	134,000.00		1,697.23			430.29		26,569.71	
14-07	Acquis. Of Fire Truck				39,872.11			81.79		1,615.44	
14-11	Reconstr. Ridge Rd. & Case Blvd.		29,900.00		608,000.00			60.00	29,900.00	608,000.00	
14-12	Road Overlays Crestwood		9,400.00		200,000.00			209,473.26		17,019.00	
14-13/14-19	Acquis. of DPW Vehicles & Equip.				181,896.00			164,877.00		36,544.50	
15-09	Acquis. Of Sport Utility Vehicles	8/10/15	61,500.00				61,500.00	24,955.50			73.26

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE-DEC. 31, 2014		2015 AUTHOR.	PAID OR CHARGED	BALANCE-DEC. 31, 2015		OVEREX-PENDED
				FUNDED	UNFUNDED			FUNDED	UNFUNDED	
15-10	Milling & Overlay of Roads	8/10/15	341,500.00			341,500.00	241,222.71	100,277.29		
15-11	Acquis. of Various DPW Equip.	8/10/15	326,500.00			326,500.00	279,937.00	46,563.00		
15-12	Acquis. Of Various Capital Equip.	8/10/15	180,000.00			180,000.00	123,019.00	56,981.00		
15-13	Reconstr. Of Roads-Sunny Hills Area	9/1/15	1,213,000.00			1,213,000.00		58,000.00	1,155,000.00	
				\$ 1,359,980.95	\$ 1,947,450.18	\$ 1,948,500.00	\$ 1,328,915.28	\$ 1,361,396.60	\$ 2,566,517.55	\$ 898.30

Deferred Charges-Unfunded
Capital Improvement Fund
Fund Balance

1,848,500.00
100,000.00
1,948,500.00

Reserve for Encumbrances
Disbursed
Due to Current Fund

614,344.77
260,786.86
453,783.65
1,328,915.28

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NUMBER	PURPOSE	ORIGINAL AMOUNT ISSUED	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DEC. 31, 2014	INCREASES	DECREASES	BALANCE DEC. 31, 2015
06-24	Pedestrian Walkway-Minebrook Park	45,000.00	8/24/06	04/22/15	04/22/16	0.60%	30,000.00	28,500.00	30,000.00	28,500.00
06-24	Pedestrian Walkway-Minebrook Park	70,000.00	8/9/07	04/22/15	04/22/16	0.60%	60,500.00	57,500.00	60,500.00	57,500.00
07-17	Design-Sunny Hills Phase I	26,000.00	8/8/08	04/22/15	04/22/16	0.60%	22,000.00	21,000.00	22,000.00	21,000.00
12-09	Reconstruction of Meadowlark Court	53,500.00	5/1/14	04/22/15	04/22/16	0.60%	53,500.00	53,500.00	53,500.00	53,500.00
12-10	Acquis. Of DPW Mower	50,000.00	5/1/14	04/22/15	04/22/16	0.60%	50,000.00	50,000.00	50,000.00	50,000.00
03-26/12-11	Const. Road	310,000.00	5/1/14	04/22/15	04/22/16	0.60%	310,000.00	310,000.00	310,000.00	310,000.00
13-09	Acquis. of Police Equip.	106,000.00	5/1/14	04/22/15	04/22/16	0.60%	106,000.00	106,000.00	106,000.00	106,000.00
13-13	Reconstr. of Everetts Rd. Phase II	368,000.00	5/1/14	04/22/15	04/22/16	0.60%	368,000.00	368,000.00	368,000.00	368,000.00
13-14	Reconstr. of River Rd.	215,000.00	5/1/14	04/22/15	04/22/16	0.60%	215,000.00	215,000.00	215,000.00	215,000.00
13-15	Overlay of Old Croton Rd.	113,500.00	5/1/14	04/22/15	04/22/16	0.60%	113,500.00	113,500.00	113,500.00	113,500.00
13-16	Acquis. of DPW Vehicles & Equip.	460,000.00	5/1/14	04/22/15	04/22/16	0.60%	460,000.00	460,000.00	460,000.00	460,000.00
13-17	Acquis. 4-Wheel Drive Vehicles	127,000.00	5/1/14	04/22/15	04/22/16	0.60%	127,000.00	127,000.00	127,000.00	127,000.00
14-07	Acquis. Of Fire Truck	865,000.00	4/22/15	04/22/15	04/22/16	0.60%	865,000.00	865,000.00	865,000.00	865,000.00
14-13	Acquis. of DPW Vehicles & Equip.	205,000.00	4/22/15	04/22/15	04/22/16	0.60%	205,000.00	205,000.00	205,000.00	205,000.00
15-10	Milling & Overlay of Roads	58,500.00	10/7/15	10/07/15	10/07/16	1.00%	58,500.00	58,500.00	58,500.00	58,500.00
15-11	Acquis. of Various DPW Equip.	325,000.00	10/7/15	10/07/15	10/07/16	1.00%	325,000.00	325,000.00	325,000.00	325,000.00
15-12	Acquis. Of Various Capital Equip.	310,000.00	10/7/15	10/07/15	10/07/16	1.00%	310,000.00	310,000.00	310,000.00	310,000.00
							<u>\$ 1,915,500.00</u>	<u>\$ 3,673,500.00</u>	<u>\$ 1,915,500.00</u>	<u>\$ 3,673,500.00</u>

Disbursed
Budget Appropriation

\$ 1,910,000.00
5,500.00
\$ 1,915,500.00

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - C-7

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>			<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2014</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2015</u>
			<u>OUTSTANDING - DEC. 31, 2015</u>	<u>AMOUNT</u>	<u>DATE</u>				
General Improvement Bonds	6/3/05	7,900,000.00	575,000.00	7/15/16	3.625%				
			600,000.00	7/15/17	3.625%				
			600,000.00	7/15/18	3.700%				
			625,000.00	7/15/2019-20	3.750%	\$3,600,000.00	\$575,000.00	\$3,025,000.00	
General improvement Refunding Bonds	5/19/09	2,575,000.00	260,000.00	8/15/16	5.000%				
			255,000.00	8/15/17-19	5.000%	1,285,000.00	260,000.00	1,025,000.00	
General Improvement Bonds	8/1/10	7,348,000.00	335,000.00	8/1/2016-17	3.000%				
			630,000.00	8/1/2018-22	3.000%				
			630,000.00	8/1/23	3.125%				
			630,000.00	8/1/24	3.250%				
			628,000.00	8/1/25	3.500%	6,043,000.00	335,000.00	5,708,000.00	
General improvement Refunding Bonds	3/28/12		675,000.00	8/15/16	2.000%				
			665,000.00	8/15/17	3.000%	2,020,000.00	\$680,000.00	1,340,000.00	
						<u>\$12,948,000.00</u>	<u>\$1,850,000.00</u>	<u>\$11,098,000.00</u>	

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance - December 31, 2014	\$	2,923.86
Increased by:		
2014 Budget Appropriation		<u>104,500.00</u>
		107,423.86
Decreased by:		
Appropriated to Finance Improvement Authorization		<u>100,000.00</u>
Balance - December 31, 2015	\$	<u><u>7,423.86</u></u>

SCHEDULE OF OTHER RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Payment of Loan Interest	\$ 0.33	\$ 0.33
Loans Receivable	38,000.00	38,000.00
Purchase of Fire Equipment	18,347.92	18,347.92
Purchase of Road Equipment	66.40	66.40
Purchase of Police Equipment	700.00	700.00
Road Construction	93.19	93.19
Concord Ridge	2,500.00	2,500.00
County Open Space Funds	18,000.00	18,000.00
	<u>347.27</u>	<u>347.27</u>
	<u>\$ 78,055.11</u>	<u>\$ 78,055.11</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2014	2015 AUTHORIZED	2015 FUNDING	B.A.N.s ISSUED	BALANCE DEC. 31, 2014
		\$	\$	\$		\$
94-6	Reconstr. Old Croton Rd.					-
95-38/97-43	Millbrook Rd. Assessment	9,750.00				9,750.00
95-39/97-44	Washington St. Assessment	8,145.42				8,145.42
98-15/01-30	Green Acres Open Space					-
99-31/00-25	Acquis. Dev. Rights-Rogers					-
01-21/01-34	Reconstr. Greenwood Place	28,000.00				28,000.00
03-26/12/11	Constr. Road	9,000.00				9,000.00
03-30/04-14	Reconstr. Clover Hill Rd.					-
04-10	Reconstr. Everitt Road, Sec. 1	14,373.12		11,000.00		3,373.12
06-06	Land Acqui. Cost Share-Turnquist					-
06-24	Pedestrian Walkway-Minebrook Park	26,000.00				26,000.00
07-17	Prelim. Planning-Sunny Hills Rds.	76,000.00				76,000.00
12-09	Reconstruction of Meadowlark Court	3,500.00				3,500.00
12-10	Acquis. Of DPW Mower					-
13-09	Acquis. of Police Equip.	3,000.00				3,000.00
13-13	Reconstr. of Everitts Rd. Phase II	7,000.00				7,000.00
13-14	Reconstr. of River Rd.	5,000.00				5,000.00
13-15	Overlay of Old Croton Rd.	2,500.00				2,500.00
13-16	Acquis. of DPW Vehicles & Equip.	27,000.00				27,000.00
13-17	Acquis. 4-Wheel Drive Vehicles					-
14-07	Acquis. Of Fire Truck	900,000.00			865,000.00	35,000.00
14-11	Reconstr. Ridge Rd. & Case Blvd.	608,000.00				608,000.00
14-12	Road Overlays Crestwood	200,000.00				200,000.00
14-13/14-19	Acquis. of DPW Vehicles & Equip.	219,800.00			205,000.00	14,800.00
15-09	Acquis. Of Sport Utility Vehicles		58,500.00		58,500.00	-
15-10	Milling & Overlay of Roads		325,000.00		325,000.00	-
15-11	Acquis. of Various DPW Equip.		310,000.00		310,000.00	-
15-13	Reconstr. Of Roads-Sunny Hills Area		1,155,000.00			1,155,000.00
		\$ 2,147,068.54	\$ 1,848,500.00	\$ 11,000.00	\$ 1,763,500.00	\$ 2,221,068.54

Payroll Fund

SCHEDULE OF PAYROLL FUND CASH

Balance, December 31, 2014		\$	76,719.79
Increased by:			
Deposits for Payroll and Deductions			<u>9,463,557.36</u>
			9,540,277.15
Decreased by:			
Paid to Employees	4,526,287.06		
Payroll Deductions and Employer Pensions	<u>4,874,967.32</u>		
			<u>9,401,254.38</u>
Balance, December 31, 2015		\$	<u><u>139,022.77</u></u>

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY**



**PART IV
SUPPLEMENTARY DATA**

Length of Service Award Program (LOSAP) (Unaudited)

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

JO ANN BOOS, CPA, PSA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Mayor and Members
of the Township Committee
Township of Raritan
County of Hunterdon, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net assets of the Township of Raritan Length of Service Award Program (LOSAP) as of December 31, 2015 and 2014, and the related statement of revenues, expenses and other changes in net assets for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the administration of the Township. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The Length of Service Award Program is a Township sponsored program and has no separate legal status or existence. The Township's administration is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Hodulik & Morrison, P.A.

Hodulik & Morrison, P.A.
Highland Park, N.J.
May 25, 2016

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

L.O.S.A.P. PLAN BALANCE SHEET
REGULATORY BASIS (UNAUDITED)
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Plan Assets Held by Trustee	<u>\$725,022.04</u>	<u>\$688,141.57</u>
<u>LIABILITIES AND PLAN BALANCE</u>		
LOSAP Plan Balance	<u>\$725,022.04</u>	<u>\$688,141.57</u>

See Accountant's Review report

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

STATEMENT OF CHANGES IN L.O.S.A.P. PLAN BALANCE
REGULATORY BASIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>INCREASES TO PLAN BALANCE:</u>		
Contributions to Plan from Employees	\$ 37,200.00	\$ 71,500.00
Interest Earned	3,791.52	3,702.06
Gain (Loss) on Investments	<u>4,601.65</u>	<u>40,770.18</u>
TOTAL PLAN INCREASES	<u>45,593.17</u>	<u>115,972.24</u>
<u>DECREASES TO PLAN BALANCE:</u>		
Cash Distributions	<u>8,712.70</u>	<u>33,379.29</u>
TOTAL PLAN DECREASES	<u>8,712.70</u>	<u>33,379.29</u>
TOTAL INCREASE (DECREASE)	36,880.47	82,592.95
Balance - Beginning of Year	<u>688,141.57</u>	<u>605,548.62</u>
Balance - End of Year	<u>\$ 725,022.04</u>	<u>\$ 688,141.57</u>

See Accountant's Review report

TOWNSHIP OF RARITAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Township of Raritan Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and P.L. 1997, c.388, as amended by P.L. 2001, c.272. The Township established the LOSAP Program for the Raritan Township Volunteer Fire Company. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the enacting LOSAP ordinance. The Township of Raritan sponsors LOSAP through an annual award appropriated through the municipal budget.

B. Basis of Presentation

The accounting policies of the Township of Raritan (the "Township"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the division of Local Government Services, department of Community Affairs, State of New Jersey.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the Township, and provides for fixed annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the Township are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Township offers the Program to the participants through VALIC.

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the Township (without being restricted to the provisions of benefits under the Program), subject only to the claims of the Township's general creditors. Participant's rights under the Program are equal to those of general creditors of the Township in an amount equal to the fair market value of the deferred account for each participant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting standards Board, the Program balances are displayed in the Trust Fund of the Township. The Program is tax exempt under Internal revenue Code Section 457.

D. Amount of Contribution

The Township will contribute to the plan for an active volunteer the annual contribution amount of \$1,100 per volunteer for an estimated annual cost not to exceed \$55,000. The maximum contribution provided by the Township per volunteer shall not exceed \$1,100.

NOTE 2: QUALIFICATIONS

The amount of the contribution for each active volunteer member is based upon an accumulation of points during each calendar year. Points are earned by response to fire calls, and participation in training and other eligible activities.

Other Supplementary Data

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2013

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	PAYROLL FUND	GENERAL FIXED ASSETS	MEMORANDUM ONLY TOTALS BALANCE DEC. 31, 2014	MEMORANDUM ONLY TOTALS BALANCE DEC. 31, 2014
Cash and Investments	\$ 3,637,831.75	4,842,169.87	2,694,965.76	139,022.77	\$	11,313,990.15	\$ 10,409,540.38
Plan Assets Held by Trustee		725,022.04				725,022.04	688,141.57
Accounts Receivable:							
State & Federal Grants Receivable	209,258.95					209,258.95	210,044.75
Due from State of New Jersey							1,263.39
Taxes, Assessments, Liens & Utility Charges	769,665.26					769,665.26	1,075,840.43
Interfund Loans	431,737.09	5,393.08	65,495.00			502,625.17	112,865.36
Other Accounts Receivable			38,000.00			38,000.00	38,000.00
Property Acquired for Taxes at Assessed Valuation							
Prospective Assessments Funded					35,248,181.00	35,248,181.00	34,133,777.00
General Fixed Assets	3,660.95		898.30	10,584.36		15,143.61	20,000.00
Deferred Charges to Revenue of Succeeding Years							
Deferred Charges to Future Taxation:							
General Capital Fund			17,785,181.97			17,785,181.97	17,969,884.97
	\$ 5,052,154.00	\$ 5,572,584.99	\$ 20,584,541.03	\$ 149,607.13	\$ 35,248,181.00	\$ 66,607,068.15	\$ 64,659,357.85
LIABILITIES, RESERVES AND FUND BALANCE							
Bonds, Notes and Loans Payable			15,564,113.43			15,564,113.43	15,822,316.43
Prepaid Taxes, Assessments, Utility Charges and Licenses	546,944.26					546,944.26	439,234.31
Appropriation Reserves	413,923.41					413,923.41	669,515.00
Reserve for Encumbrances/ Accounts Payable	281,514.18		662,719.93	149,607.13		1,093,841.24	1,325,306.98
Other Liabilities	12,572.61	14.40				12,587.01	27,827.08
Due County for Added Taxes	119,925.85					119,925.85	77,968.58
Amts. Pledged to Specific Purposes	467,088.79	3,071,812.27	47,478.97			3,586,380.03	3,816,676.46
Escrow Funds		2,412,640.06				2,412,640.06	2,347,269.10
Improvement Authorizations			3,927,914.15			3,927,914.15	3,307,431.13
Interfund Loans	70,222.49		344,284.40			502,625.15	112,865.36
Investment in General Fixed Assets							
Reserve for Certain Assets Acquired or Receivables & Inventories	1,167,897.35		38,000.00			1,205,897.35	1,114,133.43
Fund Balance	1,972,065.06		30.15			1,972,095.21	1,465,036.99
	\$ 5,052,154.00	\$ 5,572,584.99	\$ 20,584,541.03	\$ 149,607.13	\$ 35,248,181.00	\$ 66,607,068.15	\$ 64,659,357.85

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

Revenue and Other Income Realized	Year 2015		Year 2014	
	Amount	%	Amount	%
Fund Balance Utilized	\$ 870,000.00	0.87	\$983,000.00	1.01
Miscellaneous - From Other Than Local Property Tax Levies	4,546,831.69	4.55	4,394,546.26	4.50
Collection of Delinquent Taxes and Tax Title Liens	1,094,405.31	1.09	826,721.05	0.85
Collection of Current Tax Levy	<u>93,444,936.77</u>	<u>93.49</u>	<u>91,492,345.40</u>	<u>93.65</u>
Total Income	<u>99,956,173.77</u>	<u>100.00</u>	<u>97,696,612.71</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	16,348,811.65	16.58	16,474,062.15	17.00
County Taxes	14,646,459.56	14.86	14,322,510.31	14.78
Regional School Taxes	44,529,081.00	45.17	43,494,651.00	44.90
Regional High School Taxes	22,051,225.00	22.37	21,956,917.00	22.66
Open Space Taxes	603,018.96	0.61	599,019.25	0.62
Other Expenditures	<u>400,689.09</u>	<u>0.41</u>	<u>32,250.05</u>	<u>0.03</u>
Total Expenditures	<u>98,579,285.26</u>	<u>100.00</u>	<u>96,879,409.76</u>	<u>100.00</u>
Less: Expenditures to be Raised by Future Taxes	<u>169.70</u>		<u>20,000.00</u>	
Total Adjusted Expenditures	<u>98,579,115.56</u>		<u>96,859,409.76</u>	
Excess in Revenue	1,377,058.21		837,202.95	
Fund Balance January 1	<u>1,465,006.84</u>		<u>1,610,803.89</u>	
	2,842,065.05		2,448,006.84	
Less:				
Utilization as Anticipated Revenue	<u>870,000.00</u>		<u>983,000.00</u>	
Fund Balance December 31	<u>\$1,972,065.05</u>		<u>\$1,465,006.84</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate:</u>	<u>\$2.35</u>	<u>\$2.31</u>	<u>\$2.31</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	0.295	0.292	0.294
Municipal Open Space	0.015	0.015	0.014
County (Inc. Library & Open Space Taxes)	0.365	0.359	0.368
Regional School	1.117	1.096	1.078
Regional High School	0.553	0.552	0.557

Assessed Valuation:

2015	<u>\$3,987,470,536</u>		
2014		<u>\$3,972,083,111</u>	
2013			<u>\$3,978,598,228</u>

Note: Under the provisions of Chapter 73, L. 1976 (R.S. 54:4-46.1), the Hunterdon County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$144,000 for the year 2014.

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.

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENTLY</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 94,274,701.19	\$ 93,444,936.77	99.12%
2014	92,413,831.99	91,492,345.40	99.00%
2013	92,777,393.17	91,768,547.03	98.91%
2012	90,985,865.20	89,365,596.72	98.22%
2011	89,947,970.82	88,787,651.07	98.71%

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 four years.

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$5,084.81	\$764,580.45	\$769,665.26	0.82%
2014	231,576.40	844,264.03	1,075,840.43	1.16%
2013	195,051.71	874,170.24	1,069,221.95	1.15%
2012	164,466.30	1,588,734.84	1,753,201.14	1.93%
2011	131,920.00	1,156,294.08	1,288,214.08	1.43%
2010	99,672.55	788,017.99	887,690.54	0.99%

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:

<u>Year</u>	<u>Amount</u>
2015	\$ -
2014	-
2013	-
2012	-
2011	302,200.00

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>
	2015	\$ 1,972,065.06	\$ 875,000.00
	2014	1,465,006.84	870,000.00
Current Fund	2013	1,610,803.89	983,000.00
	2012	71,182.92	-
	2011	471,182.92	400,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Craig O'Brien	Mayor	
Karen Gilbert	Deputy Mayor	
Richard Chen	Committeeperson	
Michael Mangin	Committeeperson	
Louis Reiner	Committeeperson	
Albert Cruz, Esq.	Township Attorney	
Rose Sollena	Clerk, Assessment Search Officer	
Gerald Giaimis	Twp. Administrator	
William Pandos	Chief Financial Officer	\$ 100,000.00
Sharon Brown	Tax Collector	475,000.00
Marianne Busher	Assessor	
Antoine Hajjar	Engineer	
John Daniels	Construction Code Official	
Joseph Novak	Magistrate	61,000.00
Lynne Timlin	Court Administrator	61,000.00
Glenn Tabasko	Police Chief	
Robert Ballard, Esq.	Municipal Prosecutor	
Anthony Danzo, Esq.	Public Defender	

Public Employees' Dishonesty Blanket Bond issued by the Selective Insurance Company of America covers Township employees not required to have individual bonds in the sum \$20,000.00.

Position Bonds listed above issued by Selective Insurance Co. of America.
The Municipal Court Bond meets the minimum and suggested coverage levels promulgated by the Division of Local Government Services.

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY**



**PART V
FINDINGS AND RECOMMENDATIONS**

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Schedule of Findings and Recommendations for the Year Ended December 31, 2015

Finding 2015-01:

Finding: During 2015, the Township did not maintain a reliable general ledger record for any of the Township's funds. The maintenance of a general ledger is required by N.J.A.C. 5:30-5.7.

Finding 2015-02:

Finding: During 2015, due to the absence of a reliable general ledger record, monthly cash reconciliations for the various Township bank accounts could not be performed, as there was no "book balance" to reconcile to. Reconciliation efforts utilized manually maintained summaries of cash receipts and cash disbursements, and while these records were found to be generally reliable, they could not be reconciled to transactions posted to the automated accounting systems.

Finding 2015-03:

Finding: During 2015, proofs of the amounts deposited to the payroll and agency accounts for gross payrolls plus employer costs were not performed timely, resulting in unidentified cash balances and recorded deficits in some payroll deduction categories. A subsidiary record of payroll deductions withheld, paid and month-end agency balances was not maintained. In instances where the payroll, as processed, contained errors in withholdings, we were unable to obtain audit evidence that corrections were processed through the automated payroll system in every instance.

Finding 2015-04:

Finding: During 2015, subsidiary records of transactions and balances for escrow and refundable deposit accounts were not maintained timely and proved to monthly cash balances in the bank accounts.

Finding 2015-05:

Finding: Monthly proof procedures used by Finance to prove the completeness and accuracy of budgetary records and appropriation ledgers were inadequate, as they focused on current month activity and did not address reclassifications of prior month postings based upon management reviews. Computerized records of budgetary and other cash disbursements for the year could not be reconciled to aggregated monthly proof totals as presented, and numerous errors and omissions in the computerized records were subsequently noted.

Finding 2014-01 Through 2014-05 (Cont'd.):

Finding 2015-05: Errors in the expenditure records for the period from January 1 through August 31, which were maintained on a software package that was discontinued as of September 1, 2015 were not identified or corrected, resulting in incorrect balances of unexpended funds. This in turn resulted in some minor overexpenditures and significant audit adjustments to expenditure totals and year-end appropriation reserve balances.

Conditions: As noted in our previous reports, the Township has for many years been utilizing an automated accounting system that does not provide revenue accounting or an integrated general ledger record. Notwithstanding a desire on the part of the numerous Township Committees that have had to confront this problem, to effect the requisite changes, the lack of stability relating to the staffing and competence levels of staff within the Finance Office had precluded a conversion to upgraded accounting systems that provided all the requisite accounting and record keeping modules. The delays were the direct result of the recognition that: a) The Township's financial records were not in a condition that would allow for a smooth conversion; and b) The lack of stability within the staffing of the Finance Office had precluded the ability of any software provider to provide the systems training that is necessary to properly utilize the systems when installed.

The Township's Business Administrator had, for many years, also served as the Treasurer/CFO, although most of his efforts over time became focused on administrative functions. As his duties as BA grew, he was not able to devote the time and effort that became necessary, due to retirements and personnel issues, to maintain the financial records of the Township in compliance with New Jersey accounting standards and with appropriate levels of internal controls.

In response to these continuing problems, the Township Committee, in early 2015, took action to bifurcate positions of Business Administrator and Treasurer/CFO. A decision was made by the Committee to separate the two functions and a part-time Business Administrator was engaged, while the existing BA/Treasurer/CFO relinquished his BA responsibilities and became full time Treasurer/CFO. In his new role, the Treasurer/CFO was to oversee all finance related functions, including remedial efforts, and to support the Township's Business Administrator.

Upon the engagement of the new Business Administrator, he performed a needs assessment and recommended the purchase of a fully automated accounting and reporting system, including general ledger, requisition & purchase order, budgetary revenue and expenditure, and property tax assessment, billing and collections modules. An ambitious staff training, records updating and systems conversion schedule was established with the hope of a mid-summer conversion and the achievement of full systems efficacy by year-end.

Finding 2015-01 Through 2015-05 (Cont'd.):

Conditions: Unfortunately, the then Treasurer/CFO soon after announced his retirement, delaying the commencement of system training and the performance of the remedial efforts necessary to perform proofs of the accuracy of transactions entered into the accounting system being replaced as well as necessary updates to the December 31, 2014 trial balances that would need to be entered into the new systems upon conversion. A new CFO was hired in June 2015, and he was immediately confronted with both the significant weaknesses and deficiencies of the old system as well as a need to establish, on an extremely expedited basis, a viable chart of accounts for the new system, as well as performing a full review of the 2015 transactional records to identify errors and omissions for correction and to establish reliable trial balances for each fund.

The Township went live on its new, fully integrated accounting system on approximately September 1, 2015. Unfortunately, at that date, the remedial efforts described above had not been completed, and reliable trial balances were not available for entry into the new system. Furthermore, a review of the chart of accounts established in the new system suggests to us the possibility that system functionality may have been compromised as a result of a compressed training and roll out schedule.

Effect: While the need to upgrade the accounting systems was both indisputable and well documented, the actual conversion became rushed. The decision to convert in mid-year required a significant additional effort on the part of the finance office staff as a full close-out of the old systems and the preparation of closed trial balances is generally the appropriate process for establishing balances to be entered into the new system. The inability of the finance office staff to process current transactions while at the same time devote significant time to the identification and correction of errors in the old system, perform the mid-year closing to produce manual trial balances to convert, and build a chart of accounts on the new system was not surprising given the fact that a new CFO had just been hired. Essentially, the Township's immediate result from the conversion was no improvement in the condition of the records and no improvement in the internal control structure. Post conversion, the Township was still relying on manually produced records of receipts and disbursements, and few if any of the built-in controls provided by the new system were being used as a result of the failed conversion.

However difficult the conversion was, it was done. The Township has acquired the tools that are necessary for improved financial record keeping are now available. The focus now should be take the timely corrective actions needed to utilize the system capabilities and improve both the quality of financial reporting and the internal controls over such reporting.

Finding 2015-01 Through 2015-05 (Cont'd.):

Recommendations: That the Township engage a consultant with significant experience working with the accounting software adopted by the Township to assist the CFO in modifications to the chart of accounts to take full advantage of the system's capabilities and to assist in both the entry of beginning balances and the required reviews of 2016 transactions to assure that all transactions have been properly recorded in the system. To the extent that additional systems training is deemed necessary or appropriate, such training should be scheduled at the earliest opportunity.

That policies and procedures for the performance of all significant finance office tasks, including the timely periodic proofs of payrolls, cash reconciliations, revenue and appropriations ledgers, and other detailed subsidiary records, be established and communicated to those charged with the performance of those tasks.

Management Response:

2015-01 The lack of a general ledger in 2015 is not a surprise to the township given that the audits of 2013 and 2014 identify the same deficiency. The auditor was aware of this finding prior to understanding the 2015 audit. The Township management experienced significant turnover in early to mid 2015 when the positions of the Township Administrator and CFO were rightly separated. After reading the 2013/2014 audits prior to taking the position, one of the first things I did as new administrator was begin the process of procuring a new finance system. Unfortunately, due to the nature of how New Jersey public accounting works the township was essentially limited to two vendors. The change to the new finance system, which the auditor notes included a general ledger module, was to begin in the middle of 2015. However, the CFO abruptly resigned/retired after refusing to take part in the township's newly signed shared service agreement. This act was a significant setback to the township and delayed the process of procuring a new system until a new CFO was hired. Hence, it became nearly impossible to address this deficiency that was occurring, along with other glaring financial deficiencies, long before the CFO and I started with the township government.

2015-02 This recommendation seems to be rather repetitive to 2015-1 and provides the information that is easily implied in the aforementioned recommendation. The auditor notes that the reporting is deemed to be generally reliable. He further notes that though reliable, they could not be reconciled due to the lack of a general ledger. The reasons for that occurring prior to the current administrations arrival is documented in the comment and response set forth in 2015-1.

Management Response:

2015-03 We are currently reconciling these accounts on a monthly basis and acknowledge that in some instances the right deductions were not taken out. We have switched to a new more fully functional payroll system that will handle these tasks with much more ease. Noteworthy is the fact that all employees were paid properly and no one was shorted or received excess payroll.

2015-04 The accounts were eventually reconciled as they are done yearly. The implementation of the new finance system will allow this to be done on a more regular basis.

2015-05 The gist of this comment is a result of the changeover to the new finance system from an archaic and outdated system. It was inevitable that whenever this transition occurred there would be a few errors along the way that needed to be corrected based on the deficiencies and weaknesses of the financial practices that occurred prior to the arrival of me and the CFO. To illustrate this point the auditor notes the *"The Township's financial records were not in a condition that would allow for a smooth conversion."* This would have been encountered no matter when it was done and who was doing it and further complication the matter is that fact that there was no general ledger to transfer into the new fund accounting system. The Township was waiting for the audit to get adjusting entries to bring the general ledger and we are still waiting on those today. The auditor further acknowledges, despite some minor over expenditures as a result of the transition (\$300 and \$3,200) the change of administration and the subsequent change in financial system led by myself and the CFO eventually resulted in the Township having *"acquired the tools that are necessary for improving financial record keeping."*

The new CFO and I worked together to recognize the weak past financial practices and fixed them. I am unhappy with the level of detail of this recommendation which seems to go out of its way to unnecessarily try and place some sort of blame on the current administration when the auditor himself notes that the change in the finance system was necessary and well documented and that the bifurcation of the CFO/administration position was a wise one as well. Moreover, he was notified of the eventual mid year conversion and did not object to any time. Rather than focus on the corrective measures the new administration undertook, there was an overemphasis on past problems of the prior administration.

Finding 2015-06:

Finding: The Township did not maintain a record of governmental fixed assets in accordance with the rules established by the State of New Jersey as codified in N.J.A.C. 5:30-5.6.

Conditions: The DLGS first established regulations requiring the maintenance of accounting records for governmental fixed assets through the issuance of Technical Accounting Directive No. 2, effective January 1, 1986. These rules were subsequently codified in the New Jersey Administrative Code in 2003. The rules required the taking of a physical inventory of fixed assets, and the maintenance of this inventory, including a subsidiary ledger, consisting of detailed property records for each asset that clearly identify the individual assets, their dates of acquisition and their costs or other valuation basis. The regulations require, minimally, an annual reconciliation of the detailed subsidiary ledger to general ledger control accounts.

At some point subsequent to the adoption of these rules, the Township had an inventory of its governmental fixed assets taken, and the requisite records were established. However, over time, no adjustments to the detailed records were made for new acquisitions and retirements/trade-ins. Instead, on an annual basis, a staff member would review the record of purchase orders and make adjustments to a manually maintained record of asset values by category.

Effect: At present, the Township does not have detailed property records for its governmental fixed assets.

Recommendation: That the Township reestablish the detailed property records required by the regulations and maintain its record of governmental fixed assets in accordance with the provisions of N.J.A.C. 5:30-5.6.

Management Response:

The Township does have a fixed assets program in place and as noted in the recommendation, the records are updated annually. The auditor recommends hiring an outside firm to handle this part of the Township operation. Though I have seen this done in other communities, the process which they undertake has few differences in the process we currently undertake internally. The CFO and administrator have discussed this recommendation and are in the process of deciding whether or not we make a recommendation to the committee for an outside vendor or improve the process internally.

Finding 2015-07:

Finding: During 2015, the Township did not prove amounts reported as received by the Tax Collector for current and prior year taxes to amounts deposited into the Township's bank accounts. Similarly, no proofs were performed during 2015 to reconcile amounts reported by the Tax Collector as tax overpayment refunds to amounts disbursed by the Township.

Conditions: Monthly reconcilements of Collector reported receipts and overpayment refunds to the official cash journals maintained by the Finance Department should be standard operating procedure. Similarly, reconciliation of amounts carried as taxes receivable in the Township's general ledger should be proved to the Collector's balances. As the Township did not maintain a general ledger during 2014 or 2015, and as cash reconciliations could not be performed, these standard proof procedures could not be performed.

Effect: The records provided by the tax office for taxes collected, tax overpayments received and tax overpayments returned did not agree with the aggregated receipts and disbursements totals reported by the Finance Department. Significant additional audit procedures were required to identify and correct errors in the records.

Recommendation: That monthly proofs of taxes and overpayments billed, received and returned be performed to reconcile general ledger balances to the detailed records maintained by the Tax Office.

Management Response:

As the auditor states in his comments, "*as the Township did not maintain a General Ledger during 2014 or 2015*", these proofs to the General Ledger could not be performed. As previously mentioned in these comments, there was no General Ledger to transfer into the new fund accounting system. The Township was waiting for the audit to get adjusting entries to bring the General Ledger to balance. It is unfortunate the audit didn't begin until the middle of April, well into 2016. The Township was anticipating these entries earlier in the year. Such a late start to the audit caused the Annual Financial Statement to be filed three full months late. The Township is still waiting for the audit entries that have been promised by the auditor.

Management's Conclusions:

Anyone with knowledge of the Township's financial operations would read through this audit and find that nearly all of the noted recommendations were a result of the past practices that were out of line with proper public finance best practices prior to the arrival of me and the CFO. This is proven by the line in the audit which states that the "*Township's financial records were not in a condition that would allow for a smooth conversion*". Moreover, it can be seen that Mr. Pandos and I have taken dramatic steps to correct these past weaknesses and deficiencies and as noted by the auditor, have "acquired the tools that are necessary for improve[ing]" the "financial record keeping" of the Township government. While much of the auditor comments are technically correct it does appear to be a concerted effort to diminish the positive changes made by myself and the CFO to address past deficiency's and focuses on the problems that were a result of those past weaknesses and deficiencies.

In all of my years of working in municipal government and being a part of municipal audits, this was the first time I have never been contacted by an auditor or his staff with questions during the audit or given a draft copy of recommendations to discuss prior to them becoming final. While I typically avoid speculating it is difficult not attribute some of that, and the tone and tenor of his recommendations, to the fact that the auditor is upset he was not retained in 2016 based on the negative comments he is know to have made about me, the CFO and the gender of the current Mayor and new auditor.

Auditor Evaluation of Management Responses:

Management decisions directly impact results. When decisions that will affect the financial accounting and reporting systems do not work out as planned, management has a responsibility to both notify the governing body as to the problems encountered and to develop a plan to remediate these problems in a timely manner. The independent auditor has a responsibility to report the conditions encountered during the audit. We are comfortable that we have communicated the significant deficiencies in the financial accounting system that remained after the attempted conversion of the accounting records to a more complete and integrated financial reporting system. These deficiencies were previously communicated to the Township's C.F.O. throughout the audit process, along with our suggestions as to possible corrective actions, which included the need to bring in a consultant who had greater familiarity with the system's functionality as well as the perceived need for additional training of the staff. To our knowledge, no corrective actions have yet been initiated. Notwithstanding some of the comments made in the management responses as to the validity of our findings and recommendations, we believe that they are a fair representation of the existing conditions, and we stand by them.

0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99

Hodulik & Morrison, P.A.
Certified Public Accountants
Registered Municipal Accountants
Highland Park, N.J.