

**TOWNSHIP OF RARITAN
HUNTERDON COUNTY
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE FISCAL YEARS
ENDED DECEMBER 31, 2010 and 2009**

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

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TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS - REGULATORY BASIS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds of the Township of Raritan as of December 31, 2010 and 2009 and the related statements of operations and changes in fund balance- regulatory basis for the years then ended and the related statements of revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2009, which collectively comprise the Township's financial statements. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include the assets and liabilities of the Township's Length of Service Awards Program Plan (LOSAP), which by regulation, is subject to an accountant's review report and is unaudited. The Length of Service Awards Program Plan is included in the Trust Fund.

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, 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. This regulatory basis of accounting is more fully described in Note 2. 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 are

not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because the prescribed regulatory basis of accounting as described in the preceding paragraph is utilized by the Township of Raritan, County of Hunterdon, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Raritan, County of Hunterdon, New Jersey as of December 31, 2010 and 2009 or the results of its operations, or cash flows for the years then ended.

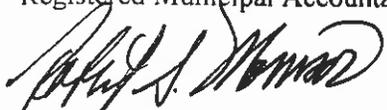
However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Township of Raritan, County of Hunterdon, New Jersey as of December 31, 2010 and 2009, and the results of operations and changes in fund balance – regulatory basis and the revenues – regulatory basis and expenditures – regulatory basis of such funds for the year ended December 31, 2009 on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2011 on our consideration of the Township of Raritan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Township of Raritan, County of Hunterdon, New Jersey taken as a whole. The information included in the supplementary data, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Township of Raritan, County of Hunterdon, New Jersey. Such information contained in the Supplementary Data has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

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
June 3, 2011

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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 the financial statements – regulatory basis of the Township of Raritan, County of Somerset, New Jersey, as of and for the year ended December 31, 2010 as set forth in the foregoing table of contents, which collectively comprise the Township of Raritan's financial statements, and have issued our report thereon dated June 3, 2011. Our report was modified because of a departure from accounting principles generally accepted in the United States of America, as described in Note 2 and was unqualified based upon the other comprehensive basis of accounting financial statements presentation. Except as noted in our report, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Raritan's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Township of Raritan's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted certain other matters that we have reported to the management of the Township in the General Comments section of the Report of Audit.

This report is intended for the information of the Mayor and Township Committee, management, and the Division of Local Government Services, and state regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



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

Highland Park, New Jersey
June 3, 2011

FINANCIAL STATEMENTS – REGULATORY BASIS

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

<u>ASSETS</u>	<u>BALANCE</u> DEC. 31, 2010	<u>BALANCE</u> DEC. 31, 2009	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> DEC. 31, 2010	<u>BALANCE</u> DEC. 31, 2009
Cash and Investments - Treasurer	\$ 2,512,707.92	\$ 2,173,075.20	Liabilities:		
Change Funds	775.00	775.00	Appropriation Reserves	\$ 252,239.51	\$ 324,687.37
Due from State of NJ-Sr. Cit. Deductions	<u>28,454.36</u>	<u>26,661.72</u>	Reserve for Encumbrances	176,321.97	226,059.88
			Accounts Payable	13,454.72	20,550.03
	<u>2,541,937.28</u>	<u>2,200,511.92</u>	Prepaid Taxes	370,521.05	255,467.72
			Tax Overpayments	84,077.18	225.85
Receivables and Other Assets With			Due County for Added Taxes	154,367.49	148,530.66
Full Reserves:			Deferred Revenues		3,442.83
Taxes Receivable	788,017.99	784,921.82	Due to State of NJ - Various Fees	11,186.00	9,868.00
Tax Title Liens Receivable	99,672.55	68,618.81	Interfund Accounts Payable	6,614.90	6,695.56
Property Acquired for Taxes	302,200.00	308,200.00	Other Reserves	62,826.62	21,944.31
Interfund Accounts Receivable	<u>73,662.00</u>	<u>37,447.67</u>	Unallocated Receipts	16,644.75	1,000.00
			Health Inspection Fees Payable	31,375.00	31,375.00
	<u>1,263,552.54</u>	<u>1,199,188.30</u>			
Total Current Fund	<u>3,805,489.82</u>	<u>3,399,700.22</u>	Reserve for Receivables	1,179,629.19	1,049,847.21
			Fund Balance	1,263,552.54	1,199,188.30
Federal and State Grant Fund:			Total Current Fund	<u>3,805,489.82</u>	<u>3,399,700.22</u>
Cash	84,682.14	14,526.65	Federal and State Grant Fund:		
Federal and State Grants Receivable	<u>377,669.00</u>	<u>405,071.13</u>	Reserve for State and Federal Grants:		
			Appropriated	360,713.86	377,150.11
Total Grant Fund	<u>462,351.14</u>	<u>419,597.78</u>	Unappropriated	27,975.28	5,000.00
			Reserve for Encumbrances	73,662.00	37,447.67
			Interfund Accounts Payable		
			Total Grant Fund	<u>462,351.14</u>	<u>419,597.78</u>
	<u>\$ 4,267,840.96</u>	<u>\$ 3,819,298.00</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, 2010 AND 2009

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
Fund Balance Appropriated	\$ 1,085,000.00	\$ 695,000.00
Miscellaneous Revenues Anticipated	4,215,405.47	4,994,254.75
Receipts from Delinquent Taxes	1,011,860.84	937,845.69
Receipts from Current Taxes	89,150,832.27	86,999,862.50
Non-Budget Revenue	64,984.12	165,642.40
Other Credits to Income:		
Prior Year Sr. Cit. and Vet. Ded.		
Inspection Fees Payable Canceled		30,000.00
Interfund Loan Returns		17,766.46
Prior Year Encumbrance Canceled	530.07	
Grant Reserves Canceled		
Unexpended Balances of Approp. Reserves	113,539.61	64,243.94
	<hr/>	<hr/>
Total Revenues	95,642,152.38	93,904,615.74
	<hr/>	<hr/>
<u>EXPENDITURES AND OTHER CHARGES</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages	7,354,878.00	7,295,009.00
Other Expenses	5,378,227.14	5,041,506.15
Capital Improvements	51,450.00	116,715.00
Municipal Debt Service	1,781,806.99	1,827,175.48
Def. Charges and Statutory Expend.	1,497,235.00	1,584,457.00
Refunds of Prior Year Revenues		3,159.36
Interfund Loan Advanced	36,214.33	
Prior Year Sr. Cit. and Vet. Ded.		1,416.40
Regional School Tax	41,402,302.58	41,046,904.13
Regional High School Tax	21,302,196.29	20,518,217.98
County Tax	14,790,331.28	14,760,827.82
Due County for Added Taxes	154,367.49	148,530.66
Local Open Space tax	596,499.90	608,111.00
	<hr/>	<hr/>
Total Expenditures	94,345,509.00	92,952,029.98
	<hr/>	<hr/>
Excess in Revenue (Balance Forward)	1,296,643.38	952,585.76

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, 2010 AND 2009

	<u>REF.</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
Excess in Revenue (Balance Brought Forward)		\$ <u>1,296,643.38</u>	\$ <u>952,585.76</u>
Statutory Excess to Fund Balance		1,296,643.38	952,585.76
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>1,150,664.71</u>	<u>893,078.95</u>
		2,447,308.09	1,845,664.71
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,085,000.00</u>	<u>695,000.00</u>
Balance - December 31	A	\$ <u><u>1,362,308.09</u></u>	\$ <u><u>1,150,664.71</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, 2010

	ANTICIPATED 2010 <u>BUDGET</u>	APPROP. N.J.S.A. 40A:4-87	<u>REALIZED</u>	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 1,085,000.00	\$ _____	1,085,000.00	\$ _____
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	23,600.00		23,690.00	90.00
Other	15,000.00		13,993.00	(1,007.00)
Fees and Permits	250,000.00		269,393.98	19,393.98
Fines and Costs:				
Municipal Court	330,000.00		344,385.54	14,385.54
Interest and Costs on Taxes	215,000.00		212,440.49	(2,559.51)
Interest on Investments and Deposits	55,000.00		27,499.80	(27,500.20)
Hotel/Motel Occupancy Tax	81,000.00		84,433.36	3,433.36
Energy Receipts Tax	2,022,889.00		2,022,889.00	
Garden State Trust Fund	3,443.00		3,442.83	(0.17)
Consolidated Municipal Property Tax Relief Aid	42,752.00		41,773.80	(978.20)
Homeland Security Aid				
Municipal Property Tax Assistance Act				
Uniform Construction Code	434,000.00		456,101.00	22,101.00
Uniform Fire Safety Act	50,052.00		56,010.45	5,958.45
General Capital Surplus	3,650.69		3,650.69	
General Capital Reserve for Debt Service	77,680.00		77,680.00	
CATV Franchise Fee	22,347.00		22,347.00	
Escrow-Administration Fees	40,000.00		37,400.00	(2,600.00)
NJJIF-Return of Surplus	11,476.00		11,476.02	0.02
Employee Contributions for Health Insurance	12,000.00		13,629.97	1,629.97
RTMUA Transfer	313,245.00		313,245.00	
Shared Service Agreements:				
Borough of Hampton-Municipal Court	10,000.00		11,315.40	1,315.40
East Amwell Township-Police Services	10,000.00		10,000.00	
East Amwell Township-Construction Code	23,000.00		28,271.00	5,271.00
Borough of Flemington-Lease of Courtroom	9,960.00		9,960.00	
Body Armor Replacement Fund	1,305.79	2,944.26	4,250.05	
Alcohol Education & Rehab	4,574.85		4,574.85	
Bulletproof Vest Partnership-BLA	1,911.00		1,911.00	
Clean Communities	46,414.22		46,414.22	
Emergency Mgmt. Assistnace Grant	5,000.00		5,000.00	
Emergency Mgmt. Assistnace Grant	5,000.00		5,000.00	
BPU Clean Energy Grant		18,792.00	18,792.00	
NJ Forestry Business Stimulus		6,870.00	6,870.00	
Over the Limit-Under Arrest		9,400.00	9,400.00	
Click It or Ticket	4,000.00		4,000.00	
Drunk Driving Enforcement		14,165.02	14,165.02	
Total Miscellaneous Revenues	4,124,300.55	52,171.28	4,215,405.47	38,933.64
Receipts from Delinquent Taxes	750,000.00		1,011,860.84	261,860.84
Subtotal General Revenues	5,959,300.55	52,171.28	6,312,266.31	300,794.48
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal purposes Including Reserve for Uncollected Taxes	10,989,879.31		11,840,134.73	850,255.42
Budget Totals	16,949,179.86	52,171.28	18,152,401.04	\$ 1,151,049.90
Non-Budget Revenues			64,984.12	
	\$ 16,949,179.86	\$ 52,171.28	\$ 18,217,385.16	

() 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, 2010

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

2010 Collections	88,734,614.55	
Prepaid Taxes Applied	255,467.72	
State Share of Sr. Citizen's and Veteran's Deductions Allowed	<u>160,750.00</u>	
		\$ 89,150,832.27
Allocated to:		
Regional School Tax	41,402,302.58	
Regional High School Tax	21,302,196.29	
County Taxes	14,944,698.77	
Local open Space Tax	<u>596,499.90</u>	
		<u>78,245,697.54</u>
		10,905,134.73
Add: Reserve for Uncollected Taxes		<u>935,000.00</u>
Amount for Support of Municipal Budget		\$ <u><u>11,840,134.73</u></u>

Allocation of Delinquent Tax Collections:

<u>2010 Collections:</u>		
Delinquent Taxes	1,010,695.10	
Tax Title Liens	<u>1,165.24</u>	
		\$ <u><u>1,011,860.34</u></u>

Miscellaneous Revenue Not Anticipated:

Miscellaneous	61,864.95	
SC & Vet Admin Fee	<u>3,119.17</u>	
		\$ <u><u>64,984.12</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
Operations - within "CAPS":						
<u>GENERAL GOVERNMENT FUNCTIONS:</u>						
<u>General Administration:</u>						
Township Administrator/CFO	195,059.00	195,059.00	195,058.99		0.01	
Salaries & Wages						
Other Expenses:						
Postage & Photo Copying	60,210.00	60,210.00	56,550.54	2,590.74	1,068.72	
Miscellaneous Other Expenses	10,938.00	9,838.00	8,888.71	82.08	867.21	
Mayor and Committee						
Salaries & Wages	33,000.00	33,000.00	32,999.72		0.28	
Other Expenses	2,005.00	2,005.00	1,732.99	136.97	135.04	
Township Clerk						
Salaries & Wages	96,642.00	98,072.00	98,062.14		9.86	
Other Expenses						
Elections	13,550.00	13,550.00	13,536.66		13.34	
Miscellaneous Other Expenses	12,000.00	13,200.00	12,156.79		1,043.21	
Financial Administration						
Salaries & Wages	132,788.00	132,788.00	132,785.10		2.90	
Other Expenses	3,265.00	3,265.00	2,642.01		622.99	
Audit Services						
Other Expenses	34,200.00	34,200.00	34,200.00			
Data Processing						
Other Expenses	50,489.00	46,489.00	43,489.16	280.00	2,719.84	
Tax Assessment Administration						
Salaries & Wages	132,956.00	132,956.00	132,952.23		3.77	
Other Expenses	27,985.00	22,985.00	9,288.22		13,696.78	
Revenue Administration						
Salaries & Wages	76,125.00	69,025.00	68,842.94		182.06	
Other Expenses	5,050.00	3,200.00	2,684.74		515.26	
Legal Services						
Other Expenses	136,000.00	136,000.00	115,459.36	13,251.49	7,289.15	

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>GENERAL GOVERNMENT FUNCTIONS (Cont'd.):</u>						
Engineering Services						
Salaries & Wages	243,974.00	254,974.00	254,400.42		573.58	
Other Expenses	7,045.00	5,045.00	2,714.00	877.94	1,453.06	
Historical Commission						
Other Expenses	1,750.00	1,750.00	432.24	716.07	601.69	
<u>LAND USE ADMINISTRATION</u>						
Planning Board						
Salaries & Wages	57,586.00	51,586.00	51,508.59		77.41	
Other Expenses	23,210.00	33,310.00	31,476.67	600.47	1,232.86	
Board of Adjustment						
Salaries & Wages	44,468.00	44,468.00	43,060.41		1,407.59	
Other Expenses	9,390.00	9,390.00	8,616.87		773.13	
Landfill Monitoring Wells						
Other Expenses	5,000.00	5,000.00	2,965.00	1,880.00	155.00	
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Police						
Salaries and Wages	3,338,873.00	3,353,873.00	3,343,182.79		10,690.21	
Other Expenses	168,675.00	146,175.00	89,646.63	7,987.90	48,540.47	
First Aid Organization						
OSHA/PEOSHA	6,000.00	6,000.00		5,833.31	166.69	
Aid & Maintenance Contract-Flem/Rar FAS	27,500.00	27,500.00	27,500.00			
Fire						
Other Expenses	113,295.00	113,295.00	100,899.66	12,387.05	8.29	
Fire Hydrants	273,000.00	272,000.00	249,345.70		22,654.30	
OSHA/PEOSHA (PL1983 Ch. 516)						
Fire Code Official (PL 1983 Ch. 383)	5,750.00	5,750.00	3,504.00	2,246.00		
Uniform Fire Safety Program						
Salaries & Wages	114,743.00	114,743.00	114,743.00			
Other Expenses	8,375.00	8,375.00	6,764.42		1,610.58	
Municipal Prosecutor						
Salaries & Wages	29,166.00	29,166.00	27,460.37		1,705.63	

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>BALANCE CANCELED</u>
<u>PUBLIC SAFETY FUNCTIONS (Cont'd.):</u>						
Municipal Court						
Salaries & Wages	220,674.00	220,764.00	219,877.43		886.57	
Other Expenses	7,915.00	8,475.00	5,825.69	1,054.05	1,595.26	
Municipal Public Defender						
Salaries & Wages	4,673.00	4,673.00	4,673.00			
Emergency Management Services						
Salaries & Wages	3,563.00	3,563.00	3,427.40		135.60	
Other Expenses	3,700.00	3,700.00	2,665.07	752.53	282.40	
Animal Control Services						
Other Expenses	5,595.00	5,595.00	4,850.45		744.55	
<u>PUBLIC WORKS FUNCTIONS:</u>						
Streets and Road Maintenance						
Salaries and Wages	1,385,043.00	1,385,043.00	1,384,081.10		961.90	
Other Expenses:						
OSHA/PEOSHA	7,650.00	7,650.00	4,205.84	1,274.00	2,170.16	
Miscellaneous Other Expenses	75,985.00	75,985.00	72,940.94	842.59	2,201.47	
Snow Removal						
Salaries & Wages	30,000.00	30,000.00	30,000.00			
Other Expenses	157,150.00	157,150.00	138,289.81	15,420.00	3,440.19	
Recycling Program						
Salaries & Wages	61,109.00	61,109.00	61,109.00			
Solid Waste Collection						
Other Expenses	43,000.00	43,000.00	33,288.56		9,711.44	
Public Buildings and Grounds						
Other Expenses	75,715.00	75,715.00	67,393.37	1,846.71	6,474.92	
Vehicle Maintenance						
Salaries & Wages	289,395.00	289,395.00	289,069.34		325.66	
Other Expenses	194,825.00	194,825.00	175,757.80	12,964.97	6,102.23	
Condo Act Serv. Per NJSA40A:35-3d						
Other Expenses	7,183.00	7,183.00			7,183.00	

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>HEALTH & HUMAN SERVICES FUNCTIONS</u>						
Public Health Services						
Salaries & Wages	67,454.00	67,454.00	67,319.40		134.60	
Other Expenses	3,690.00	3,360.00	2,436.81		923.19	
Environmental Commission						
Other Expenses	1,750.00	1,750.00	625.00		1,125.00	
<u>PARKS & RECREATION FUNCTIONS</u>						
Joint Recreation Commission (Recreation and Education)						
Salaries & Wages	29,834.00	29,834.00	29,834.00			
Other Expenses	35,035.00	35,035.00	35,035.00			
Maintenance of Parks						
Salaries & Wages	288,465.00	288,465.00	285,286.26		3,178.74	
Other Expenses	25,450.00	25,450.00	16,445.56	2,950.00	6,054.44	
Insurance						
Liability	286,559.00	286,559.00	286,242.00		317.00	
Workers Compensation	272,871.00	272,871.00	272,871.00			
Employee Group Health	1,905,840.00	1,905,840.00	1,857,921.93	4,865.46	43,052.61	
<u>Uniform Construction Code</u>						
Appropriations Offset by Dedicated						
Revenues (N.J.A.C. 5:23-4.17)						
Construction Official						
Salaries and Wages	457,768.00	464,868.00	463,967.52		900.48	
Other Expenses	8,928.00	8,928.00	4,757.64	1,566.50	2,603.86	

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>UNCLASSIFIED:</u>						
Purchase of Police Vehicles	85,000.00	85,000.00	84,934.27		65.73	
Accumulated Sick Leave Fund						
Other Expenses	35,000.00	35,000.00	35,000.00			
<u>UTILITIES EXPENSES & BULK PURCHASES</u>						
Utilities						
Other Expenses	516,500.00	516,500.00	485,134.95	10,360.39	21,004.66	
Total Operations {Item 8(A)} within "CAPS"	12,093,381.00	12,088,981.00	11,744,817.21	102,767.22	241,396.57	
Total Operations Including Contingent within "CAPS"	12,093,381.00	12,088,981.00	11,744,817.21	102,767.22	241,396.57	
Detail:						
Salaries & Wages	7,333,358.00	7,354,878.00	7,333,701.15		21,176.85	
Other Expenses (Including Contingent)	4,760,023.00	4,734,103.00	4,411,116.06	102,767.22	220,219.72	
<u>STATUTORY EXPENDITURES WITHIN "CAPS":</u>						
Contribution to:						
Public Employees' Retirement System	455,623.00	455,623.00	455,623.00			
Social Security System (O.A.S.I.)	560,793.00	565,193.00	563,361.79		1,831.21	
Police and Firemen's Retirement System of N.J.	459,020.00	459,020.00	459,020.00			
Defined Contribution Retirement Plan	610.00	610.00	606.00		4.00	
Unemployment Compensation (NJSA 43:21-3 et seq.)	16,789.00	16,789.00	16,529.98		259.02	
Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"	1,492,835.00	1,497,235.00	1,495,140.77		2,094.23	
Total General Appropriations for Municipal Purposes within "CAPS"	13,586,216.00	13,586,216.00	13,239,957.98	102,767.22	243,490.80	

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
Operations - Excluded from "CAPS":						
Contribution to:						
Public Employees' Retirement System	117.00	117.00	117.00			
Police & Firemen's Retirement System	324,774.00	324,774.00	324,774.00			
L.O.S.A.P. (Fire Company) Contribution	51,000.00	51,000.00	48,246.00			2,754.00
NJDES/Stormwater General Permit Tier A						
Streets & Roads O.E.	4,050.00	4,050.00	4,050.00			
Recycling Tax	1,500.00	2,020.00	1,519.01		500.99	
Employee Group Health						
NJDES/Stormwater	131,560.00	131,560.00	131,560.00			
Preparation of Pollution Prevention Plan						
Engineering						
Other Expenses	13,500.00	12,980.00	6,480.00	6,500.00		
Public and Private Programs Offset						
by Revenues:						
Clean Communities Program	46,414.22	46,414.22	46,414.22			
Body Armor Replacement Fund	1,305.79	4,250.05	4,250.05			
Alcohol Education/Rehabilitation	4,574.85	4,574.85	4,574.85			
Drunk Driving Enforcement Fund		14,165.02	14,165.02			
Emergency Mgmt. Assistance Grant	10,000.00	10,000.00	10,000.00			
BPU Clean Energy Grant		18,792.00	18,792.00			
Click It or Ticket	4,000.00	4,000.00	4,000.00			
NJ Forestry Business Stimulus		6,870.00	6,870.00			
Bulletproof Vest Partnership-BLA	1,911.00	1,911.00	1,911.00			
Over the Limit, Under Arrest		9,400.00	9,400.00			
Total Operations - Excluded from "CAPS"	594,706.86	646,878.14	637,123.15	6,500.00	500.99	2,754.00
Detail:						
Other Expenses	594,706.86	646,878.14	637,123.15	6,500.00	500.99	2,754.00

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	BALANCE CANCELED
<u>Capital Improvements - Excluded from "CAPS"</u>						
Purchase of Police Equipment	4,000.00	4,000.00			4,000.00	
Road Drainage, Overlay & Treatment	14,000.00	14,000.00	13,202.28		797.72	
Purchase of Office Equipment	3,450.00	3,450.00			3,450.00	
Purchase of Fire Equipment	30,000.00	30,000.00	11,903.14	18,096.86		
Total Capital Improvements Excluded from "CAPS"	51,450.00	51,450.00	25,105.42	18,096.86	8,247.72	
<u>Municipal Debt Service - Excluded from "CAPS"</u>						
Payment of Bond Principal	1,029,254.00	1,029,254.00	1,029,254.00			
Payment of Bond Anticipation Notes and Capital Notes	219,000.00	219,000.00	219,000.00			
Interest on Bonds	376,178.00	376,178.00	376,178.00			
Interest on Notes	157,375.00	157,375.00	157,374.99			0.01
Total Municipal Debt Service Excluded from "CAPS"	1,781,807.00	1,781,807.00	1,781,806.99			0.01

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

Exhibit A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>	<u>BALANCE CANCELED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>
Total General Appropriations - Excluded from "CAPS"	2,427,963.86	2,480,135.14	2,444,035.56	24,596.86	8,748.71
Subtotal General Appropriations	16,014,179.86	16,066,351.14	15,683,993.54	127,364.08	252,239.51
Reserve for Uncollected Taxes	<u>935,000.00</u>	<u>935,000.00</u>	<u>935,000.00</u>		
Total General Appropriations	<u>16,949,179.86</u>	<u>17,001,351.14</u>	<u>16,618,993.54</u>	<u>127,364.08</u>	<u>252,239.51</u>
Adopted Budget Chapter 159 Amendments		16,949,179.86 <u>52,171.28</u>			
		<u>17,001,351.14</u>			
Cash Disbursed			15,563,616.40		
Reserve for Uncollected Taxes			935,000.00		
Due to State & Federal Grant Fund			<u>120,377.14</u>		
			<u>16,618,993.54</u>		

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2010</u>	<u>BALANCE DEC. 31, 2009</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2010</u>	<u>BALANCE DEC. 31, 2009</u>
Open Space Trust Fund:			Open Space Trust Fund:		
Cash - Treasurer	\$ 875,984.32	\$ 1,098,989.52	Reserve for Open Space	\$ 595,214.68	\$ 843,419.85
Interfund Accounts Receivable		6,274.22	Reserve for Interest Earned	280,769.64	261,843.89
Total Open Space Trust Fund	<u>875,984.32</u>	<u>1,105,263.74</u>	Total Open Space Trust Fund	<u>875,984.32</u>	<u>1,105,263.74</u>
Animal Control Fund:			Animal Control Fund:		
Cash-Treasurer	2,672.17	11,345.65	State Registration Fees Payable	16.80	20.40
Total Animal Control Fund	<u>2,672.17</u>	<u>11,345.65</u>	Res. For Animal Control Expend.	2,655.37	11,325.25
General Trust Fund:			Total Animal Control Fund	<u>2,672.17</u>	<u>11,345.65</u>
Cash - Treasurer	7,323,459.06	7,871,782.25	General Trust Fund:		
Interfund Accounts Receivable	385.00	0.00	Restricted Accounts:		
Plan Assets Held by Trustee (Unaudited)	455,330.47	360,282.08	L.O.S.A.P. Plan Balance (Unaudited)	455,330.47	360,282.08
Total General Trust Fund	<u>7,779,174.53</u>	<u>8,232,064.33</u>	Other Reserves	2,315,595.79	2,210,107.18
			Res. For Expenditures - Dedications by Rider	<u>5,008,248.27</u>	<u>5,661,675.07</u>
			Total General Trust Fund	<u>7,779,174.53</u>	<u>8,232,064.33</u>
	<u>\$ 8,657,831.02</u>	<u>\$ 9,348,673.72</u>		<u>\$ 8,657,831.02</u>	<u>\$ 9,348,673.72</u>

Note: See Notes to Financial Statements.

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

OPEN SPACE TRUST FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Balance - December 31, 2009		\$ 1,105,263.74
Increased by Revenues:		
Farmland Preservation Grant Funding		
2010 Municipal Open Space Tax	590,270.00	
Interest on Deposits	<u>1,613.20</u>	
		<u>591,883.20</u>
		1,697,146.94
Decreased by Expenditures:		
Debt Service Payments - Green Trust Loans	185,059.96	
Bond Principal	390,746.00	
Interest on Bonds	165,210.04	
Acquisition Costs	<u>80,146.62</u>	
		<u>821,162.62</u>
Balance - December 31, 2010		\$ <u><u>875,984.32</u></u>

Analysis of Balance - December 31, 2010:

Unexpended Tax Levies		\$ 595,214.68
Cumulative Interest Earnings		<u>280,769.64</u>
		<u><u>875,984.32</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
Cash and Investments	\$ 749,121.33	\$ 605,400.76
Grant Receivable	225,500.00	37,500.00
Loan Receivable - CFP	38,000.00	38,000.00
Due from Current Fund		421.34
Prospective Assessments Raised by Taxation	85,750.00	85,750.00
Deferred Charges to Future Taxation:		
Funded	21,830,922.22	16,053,836.27
Unfunded	<u>551,847.40</u>	<u>8,689,660.61</u>
	<u>\$ 23,481,140.95</u>	<u>\$ 25,510,568.98</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
General Serial Bonds	\$ 20,237,000.00	\$ 14,309,000.00
Bond Anticipation Notes	134,500.00	6,295,000.00
Green Acres Loans	1,593,922.22	1,744,836.27
Reserves for:		
Capital Improvement Fund	3,028.86	3,028.86
Payment of Note Interest	0.33	77,680.33
Loans Receivable	38,000.00	38,000.00
Prospective Assessments	85,750.00	85,750.00
Encumbrances	14,117.00	22,532.92
Purchase of Fire Equipment	3.66	3.66
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	
Concord Ridge	18,000.00	18,000.00
County Open Space Funds	532.15	532.15
Improvement Authorizations:		
Funded	833,204.89	227,408.07
Unfunded	515,429.59	2,684,286.44
Fund Balance	<u>4,292.66</u>	<u>3,650.69</u>
	<u>\$ 23,481,140.95</u>	<u>\$ 25,510,568.98</u>
 Note:		
Bonds and Notes Authorized but not Issued	<u>\$ 417,347.40</u>	<u>\$ 2,394,660.61</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Increased by:		
Premium Received on Sale of Bonds	\$ 9.09	\$ -
Improvement Authorizations Canceled	<u>4,283.57</u>	<u>-</u>
Total Increases	<u>4,292.66</u>	<u>-</u>
Decreased by:		
Fund Balance Utilized as Current Revenue	<u>3,650.69</u>	<u>-</u>
Total Decreases	<u>3,650.69</u>	<u>-</u>
Net Increase (Decrease)	641.97	-
Balance - January 1	<u>3,650.69</u>	<u>3,650.69</u>
Balance - December 31	<u>\$ 4,292.66</u>	<u>\$ 3,650.69</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

PAYROLL FUND
 COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
Cash	\$ <u>55,787.18</u>	\$ <u>54,137.86</u>
	\$ <u><u>55,787.18</u></u>	\$ <u><u>54,137.86</u></u>
<u>LIABILITIES</u>		
Payroll Deductions Payable	\$ 55,463.25	\$ 53,813.93
Unallocated	<u>323.93</u>	<u>323.93</u>
	\$ <u><u>55,787.18</u></u>	\$ <u><u>54,137.86</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS - STATUTORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
General Fixed Assets:		
Land	\$ 12,307,080.00	\$ 12,307,080.00
Buildings & Improvements	8,927,120.00	8,927,120.00
Machinery & Equipment	<u>11,003,629.00</u>	<u>9,715,955.00</u>
	<u>\$ 32,237,829.00</u>	<u>\$ 30,950,155.00</u>
Investment in General Fixed Assets	<u>\$ 32,237,829.00</u>	<u>\$ 30,950,155.00</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

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 Committee members 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.

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:

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
- Memorial Clock Fund-September 11, 2001 Donations

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.

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 recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations at the fund level in accordance with generally accepted accounting principles. This structure of funds differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the general purpose financial statements required by GAAP.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences between the Township's statutory accounting basis and GAAP at the fund and account group level are as follows:

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.

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

C. Basis of Accounting (Cont'd.)

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. 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 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 overexpenditures to succeeding budgets.

In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

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.

Compensated Absences - The Township has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. 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. 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. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources.

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

C. Basis of Accounting (Cont'd.)

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 OPEB information provided was calculated as of January 1, 2009 and is applicable to the year ended December 31, 2008. As this reporting standard does not require the recognition of an expenditure and/or liability on the face of the financial statements, the disclosures included in Note 11 do not impact the amounts reported in the accompanying financial statements.

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.

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.

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

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.

Recent GAAP Accounting Standards

GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund" in March 2009. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB issued Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" in March 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

GASB issued Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards" in March 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

GASB issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" in December 2009. This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

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

C. Basis of Accounting (Cont'd.)

GASB issued Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies" in December 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan.

GASB issued Statement No. 59, "Financial Instruments Omnibus" in June 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

GASB issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" in November 2010. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus—and amendment of GASB Statements No. 14 and No. 34" in November 2010. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" in December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

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 which require full disclosure in the Notes to Financial Statements of OPEB related matters, as set forth

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 2010</u>	<u>YEAR 2009</u>	<u>YEAR 2009</u>
<u>Issued:</u>			
General:			
Bonds, Loans and Notes	\$ 21,965,422.22	\$ 22,348,836.27	\$ 22,348,836.27
<u>Authorized but not Issued:</u>			
General:			
Bonds & Notes	<u>417,347.40</u>	<u>2,394,660.61</u>	<u>2,394,660.61</u>
Net Bonds & Notes Issued and Authorized but not Issued	<u>\$ 22,382,769.62</u>	<u>\$ 24,743,496.88</u>	<u>\$ 24,743,496.88</u>

Summarized below are the Township's individual bond & loan issues which were outstanding at December 31, 2009:

	<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 2002	\$ 9,595,000.00	\$ 5,499,000.00	3.400-4.200%	2017
General Improvement Bonds of 2005	7,900,000.00	6,250,000.00	2.800-3.250%	2020
General Improv. Ref. Bonds of 2009	2,575,000.00	2,560,000.00	3.000-5.000%	2019
Green Trust Loan	2,250,000.00	1,744,836.27	2.000%	2020
Bond Anticipation Notes	6,375,000.00	<u>6,295,000.00</u>	4.250%	2010
Total General. Improv. Debt		<u>\$ 22,348,836.27</u>		

Summarized below are the Township's individual bond & loan issues which were outstanding at December 31, 2010:

	<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 2002	\$ 9,595,000.00	\$ 4,824,000.00	3.500-4.200%	2017
General Improvement Bonds of 2005	7,900,000.00	5,750,000.00	2.875-3.25%	2020
General Improv. Ref. Bonds of 2009	2,575,000.00	2,315,000.00	3.000-5.000%	2019
General Improvement Bonds of 2010	7,348,000.00	7,348,000.00	2.000-3.500%	2025
Green Trust Loan	2,250,000.00	1,593,922.22	2.000%	2020
Bond Anticipation Notes	134,500.00	<u>134,500.00</u>	1.650%	2011
Total General. Improv. Debt		<u>\$ 21,965,422.22</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, 2009

Calendar Year	General Capital Bonds		Green Trust Loans		Total
	Principal	Interest	Principal	Interest	
2011	\$ 1,760,000.00	\$ 668,193.00	\$ 153,947.42	\$ 31,112.54	\$ 2,613,252.96
2012	1,795,000.00	615,824.25	157,041.77	28,018.19	2,595,884.21
2013	1,825,000.00	561,120.50	160,198.31	24,861.65	2,571,180.46
2014	1,840,000.00	503,850.50	163,418.29	21,641.67	2,528,910.46
2015	1,860,000.00	444,250.50	166,703.00	18,356.96	2,489,310.46
2016	1,870,000.00	382,013.00	170,053.73	15,006.23	2,437,072.96
2017	1,889,000.00	312,725.00	173,471.81	11,588.15	2,386,784.96
2018	1,485,000.00	241,667.50	176,958.59	8,101.37	1,911,727.46
2019	1,510,000.00	191,117.50	180,515.46	4,544.50	1,886,177.46
2020	1,255,000.00	139,155.00	91,613.84	916.14	1,486,684.98
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>20,237,000.00</u>	<u>4,367,479.25</u>	<u>1,593,922.22</u>	<u>164,147.40</u>	<u>26,362,548.87</u>

Note 4: FIXED ASSETS

Changes in Fixed Assets for the year ended December 31, 2010 and 2009 are as follows:

	Balance Dec. 31, 2009	Increases	Decreases	Balance Dec. 31, 2008
Land	\$ 12,307,080			\$ 12,307,080
Buildings & Improvements	8,927,120			8,927,120
Machinery & Equipment	9,715,955	1,287,674	0	11,003,629
	<u>\$ 30,950,155</u>	<u>\$ 1,287,674</u>	<u>\$ 0</u>	<u>\$ 32,237,829</u>

	Balance Dec. 31, 2008	Increases	Decreases	Balance Dec. 31, 2009
Land	\$ 12,307,080			\$ 12,307,080
Buildings & Improvements	8,927,120			8,927,120
Machinery & Equipment	9,715,955			9,715,955
	<u>\$ 30,950,155</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,950,155</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, 2008 and 2009 that were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2009 and 2010 were as follows:

	<u>FUND BALANCE DEC 31,2010</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$1,362,308.09	\$1,280,000.00

	<u>FUND BALANCE DEC 31,2009</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$1,150,664.71	\$1,085,000.00

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, 2009 and 2008, the following deferred charges are shown on the balance sheets of the various funds:

	<u>BALANCE DEC. 31, 2009</u>	<u>RAISED IN 2010 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:	None	None	None

	<u>BALANCE DEC. 31, 2010</u>	<u>RAISED IN 2011 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:	None	None	None

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, 2010, the Township's recorded cash, cash equivalents and investments amounted to \$11,605,189.12, and an amount of \$11,706,718.34 was on deposit with the respective institutions. At December 31, 2009, the Township's recorded cash, cash equivalents and investments amounted to \$11,830,032.89, and an amount of \$12,099,730.20 was on deposit with the respective institutions.

An Analysis of the Township's cash, cash equivalents and investments at December 31, 2010 and 2009, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2010 Amount</u>	<u>2009 Amount</u>
Current	\$2,513,482.92	\$2,173,850.20
Grant	84,682.14	14,526.65
General Capital	749,121.33	605,400.76
Animal Control Trust	2,672.17	11,345.65
Open Space Trust	875,984.32	1,098,989.52
Other Trust	7,323,459.06	7,871,782.25
Payroll	<u>55,787.18</u>	<u>54,137.86</u>
Total Cash, Cash Equivalents & Investments	<u>\$11,605,189.12</u>	<u>\$11,830,032.89</u>

NOTES TO FINANCIAL STATEMENTS

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

Deposits (Cont'd.)

By Category (Type)

<u>Cash & Cash Equivalents:</u>	2010 <u>Amount</u>	2009 <u>Amount</u>
Change Fund	\$ 775.00	\$ 775.00
Demand Accounts	11,600,621.20	11,825,464.97
State of NJ Cash Mgmt. Fund	<u>3,792.92</u>	<u>3,792.92</u>
Total Cash & Cash Equivalents	<u>\$11,605,189.12</u>	<u>\$11,830,032.89</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, 2010, the carrying value of the Township's deposits was \$11,604,414.12 and the bank balance was \$11,706,718.34. Of the bank balance, Federal Depository Insurance covered \$250,000.00 and \$11,456,718.34 was covered under the provisions of GUDPA. At December 31, 2009, the carrying amount of the Township's deposits was \$11,829,257.89 and the bank balance was \$12,099,730.20. Of the bank balance, Federal Depository Insurance covered \$250,000.00 and \$11,845,937.28 was covered under the provisions of GUDPA.

At December 31, 2008, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) an 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.)

As of December 31, 2010, 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, 2010 and 2009, the Township had \$3,792.92 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.

NOTES TO FINANCIAL STATEMENTS

Note 9: 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.

Note 10: PENSION AND RETIREMENT PLANS

Employees of the Township of Raritan are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Township who are members of the plans are not available. The Township's contributions in 2010 and 2009 were \$455,740.00 and \$439,534.00 respectively for PERS, and \$783,794.00 and \$441,365.80 respectively for PFRS. The 2009 PFRS payment reflects a deferral of 50% of the normal and accrued liability components of the total obligation and was permitted pursuant to PL 2009, c.19. Pursuant to this legislation, the deferred amount will be repaid over a 15-year period commencing with pension system billings due in April, 2012. A portion of the annual employer contributions to both pension systems represents additional costs for Township participation in an "Early Retirement Incentive program" ("ERIP") authorized in a prior period.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. These financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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 former employer assumes the cost if the retired employee meets certain requirements. The Plan Sponsor has agreed to pay retiree coverage if:

1. he or she has 25 or more years of service credit in the New Jersey State pension System; and
2. 20 years of Township service.

At December 31, 2009, approximately 25 retirees were receiving non-contributory health coverage benefits at an estimated annual cost to the Township of approximately \$431,418.

This is the initial year (transition year) the Township is disclosing its postemployment 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. For 2009, the Township’s annual OPEB cost (expense) (GAAP Basis) of \$2,873,808 was equal to the ARC.

	<u>Total</u>
Annual required contribution (ARC)	\$2,873,808
Less: Contributions	<u>431,418</u>
Net OPEB obligation – end of year	<u>\$2,442,390</u>

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, 2009.

The funded status of the plan for the Township as of December 31, 2009, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$27,011,794
Actuarial value of plan assets	<u>- 0 -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$27,011,794</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$7,300,000
UAAL as a percentage of covered payroll	370%

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

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, 2009 actuarial valuation, the projected unit credit method was used. A rate of 5.0% 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. OPEB information will be updated biennially.

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.

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.

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

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, 2010 and 2009 of such unpaid leave would approximate \$1,531,839 and \$1,481,377. 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.

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. Third Party Liability & Workers Compensation

- a. The Fund covers \$250,000 for each occurrence SIR for all lines except Workers' Compensation, which has a per occurrence SIR of \$350,000.
- b. The Fund jointly cedes the next \$4.75 million combined single limit per occurrence/accident to commercial reinsurers under an excess of loss contract for all lines except Workers' Compensation. The next \$4.65 million of Workers' Compensation claims - combined single limit per occurrence/accident is ceded to commercial reinsures under an excess of loss contract.
- c. The Fund jointly cedes an excess annual aggregate limit of liability in the amount of \$10 million combined single limit per occurrence/accident excess of \$5 million (coverage provided by layers a and b above) to commercial reinsures.

2. Pollution Legal Liability

The Fund obtains commercial insurance coverage with the following limits:
 \$1 million each incident
 \$3 million policy aggregate
 \$25,000 deductible each incident

NOTES TO FINANCIAL STATEMENTS

Note 13: RISK MANAGEMENT (CONT'D.)

3. "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: COMMITMENTS AND CONTINGENCIES

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 impact upon the Township's financial position.

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

PART II
SUPPLEMENTAL FINANCIAL STATEMENTS
SUPPLEMENTARY DATA
GENERAL COMMENTS AND RECOMMENDATIONS

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS - TREASURER

	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2008	\$2,173,075.20	\$14,526.65
Increased by Receipts:		
Miscellaneous Revenue Anticipated	4,092,976.09	
Miscellaneous Revenue Not Anticipated	64,984.12	
Petty Cash Returned	350.00	
Taxes Receivable	89,745,309.65	
Tax Title Liens	1,165.24	
Other Reserves	40,882.31	
Tax Overpayments	146,705.52	
State of NJ Sr. Citizen's & Vet. Deductions	158,957.36	
Due to State of N.J. - Various Fees	36,151.00	
Health Inspection Fees	20,675.00	
Interfund Accounts		36,214.33
Prepaid Taxes	370,521.05	
Unallocated Cash Receipts	15,644.75	
State and Federal Grants Receivable		142,715.14
Contra Items	<u>361,139.55</u>	<u>193.56</u>
	<u>95,055,461.64</u>	<u>179,123.03</u>
Balance Carried Forward	97,228,536.84	193,649.68
Decreased by Disbursements:		
Prior Years Refunds		
Budget Appropriations	15,563,616.40	
Petty Cash	350.00	
Interfund Accounts	634,184.89	
Appropriation Reserves	387,719.77	
Accounts Payable	7,095.31	
Tax Overpayments	62,854.19	
Due to State of N.J. - Various Fees	34,833.00	
Health Inspection Fees	20,675.00	
Regional School Tax	41,402,302.58	
Regional High School Tax	21,302,196.29	
County Taxes	14,938,861.94	
State and Federal Grants Appropriated		108,773.98
Contra Items	<u>361,139.55</u>	<u>193.56</u>
	<u>94,715,828.92</u>	<u>108,967.54</u>
Balance (Deficit) - December 31, 2009	<u><u>\$2,512,707.92</u></u>	<u><u>\$84,682.14</u></u>

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

YEAR	BALANCE DEC. 31, 2009	2010 LEVY	ADDED BY APPEAL	COLLECTIONS BY CASH 2009	2010	STATE SHARE OF SR. CIT & VET. DEDUCTIONS	TRANSFER TO TAX TITLE LIENS	REMITTED OR CANCELLED	BALANCE DEC. 31, 2010
2009	\$ 784,921.82	\$ -	\$ 382,036.13	\$ -	\$ 1,010,695.10				\$ -
2010	784,921.82	90,012,564.75	382,036.13	255,467.72	1,010,695.10 88,734,614.55	160,750.00	32,218.98	41,495.51	788,017.99
	<u>\$784,921.82</u>	<u>\$90,012,564.75</u>	<u>\$382,036.13</u>	<u>\$255,467.72</u>	<u>\$89,745,309.65</u>	<u>\$160,750.00</u>	<u>\$32,218.98</u>	<u>\$41,495.51</u>	<u>\$788,017.99</u>

Analysis of 2010 Property Tax Levy:

Tax Yield:

General Purpose	89,091,421.77
Added Taxes (54:4-63.1 et seq.)	722,787.23
Added/Omitted Taxes	198,355.75
	<u>\$90,012,564.75</u>

Tax Levy:

Regional School Tax (Abstract)	41,402,302.58
Regional H.S. Tax (Abstract)	21,302,196.29
County Tax (Abstract)	12,445,896.55
County Library Tax (Abstract)	1,047,282.95
County Open Space Tax (Abstract)	1,297,151.78
Added County Tax	154,367.49
Municipal Open Space Tax	596,499.90
	<u>78,245,697.54</u>

Local Tax for Mun. Purposes (Abstract)	10,989,879.31
Add: Additional Tax Levied	776,987.90
	<u>11,766,867.21</u>

\$90,012,564.75

SCHEDULE OF TAX TITLE LIENS
CURRENT FUND

Balance - December 31, 2009	\$68,618.81
Increased by:	
Transfers from Taxes Receivable	<u>32,218.98</u>
	100,837.79
Decreased by:	
Redemption Payments	<u>1,165.24</u>
Balance - December 31, 2010	<u><u>\$99,672.55</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
CURRENT FUND

Balance - December 31, 2009	\$308,200.00
Decreased by:	
Preserved as Open Space and Deeded to Adjacent Owner	<u>6,000.00</u>
Balance - December 31, 2010	<u><u>\$302,200.00</u></u>

CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES

Exhibit A-8

	<u>BALANCE - DEC. 31, 2009</u>		<u>BALANCE AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>RESERVED</u>	<u>ENCUMBERED</u>			
Operations - within "CAPS":					
Township Administrator/CFO					
Salaries & Wages	0.45		0.45		0.45
Other Expenses:					
Postage & Photo Copying	598.52	1,046.24	1,644.76	1,199.26	445.50
Miscellaneous Other Expenses	2,676.99	760.00	3,436.99	607.00	2,829.99
Mayor and Committee					
Salaries & Wages	0.33		0.33		0.33
Other Expenses	68.07		68.07		68.07
Township Clerk					
Salaries & Wages	5.63		5.63		5.63
Other Expenses					
Elections	567.67		567.67		567.67
Miscellaneous Other Expenses	974.91		974.91	171.91	803.00
Financial Administration					
Salaries and Wages	23.55		23.55		23.55
Other Expenses	612.56	146.69	759.25	194.00	565.25
Data Processing					
Other Expenses	4,713.76	4,193.50	8,907.26	4,439.73	4,467.53
Tax Assessment Administration					
Salaries & Wages	0.94		0.94		0.94
Other Expenses	3,069.90	19,369.20	22,439.10	17,869.20	4,569.90
Revenue Administration					
Salaries & Wages	34.70		34.70		34.70
Other Expenses	1,958.30	282.07	2,240.37	275.83	1,964.54
Legal Services					
Other Expenses	282.87	598.92	11,881.79	9,838.63	2,043.16
Engineering Services					
Salaries & Wages	45.31		45.31		45.31
Other Expenses	2,345.06	464.38	2,809.44	1,660.92	1,148.52
Historical Commission					
Other Expenses	1,020.85		1,020.85		1,020.85
Planning Board					
Salaries & Wages	324.24		324.24		324.24
Other Expenses	981.40	224.75	2,706.15	2,419.11	287.04
Board of Adjustment					
Salaries & Wages	308.16		308.16	263.64	44.52
Other Expenses	973.43	58.75	1,032.18	532.75	499.43
Landfill Monitoring Wells					
Other Expenses	100.00	1,910.00	2,010.00	2,010.00	
Police					
Salaries and Wages	8,214.92		9,214.92	9,105.84	109.08
Other Expenses	22,360.76	20,935.60	38,296.36	24,813.50	13,482.86
First Aid Organization					
OSHA/PEOSHA		6,000.00	6,000.00	6,000.00	
Aid & Maintenance-Flem/Rar FAS	29,000.00		29,000.00	29,000.00	
Fire					
Other Expenses	0.17	7,606.00	7,606.17	7,606.17	
Fire Hydrants	1,645.61		1,645.61		1,645.61
OSHA/PEOSHA (PL1983 Ch. 516)	0.00	581.80	581.80	558.80	23.00
Fire Code Official (PL 1983 Ch. 383)					
Uniform Fire Safety Program					
Other Expenses	233.49	220.00	453.49	220.00	233.49
Municipal Prosecutor					
Salaries & Wages	815.10		815.10	375.00	440.10

CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES

Exhibit A-8

	BALANCE - DEC. 31, 2009		BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED			
Municipal Court					
Salaries & Wages	439.28		439.28	233.86	205.42
Other Expenses	2,215.43	451.73	2,667.16	458.35	2,208.81
Municipal Public Defender					
Salaries & Wages	14.73		14.73		14.73
Emergency Management Services					
Salaries & Wages	25.92		25.92		25.92
Other Expenses	202.41	2,166.00	2,368.41	2,125.50	242.91
Streets and Road Maintenance					
Salaries and Wages	153.22		153.22		153.22
Other Expenses:					
OSHA/PEOSHA	2,606.06	1,059.12	3,665.18	317.12	3,348.06
Miscellaneous Other Expenses	3,124.72	2,549.04	5,673.76	4,319.64	1,354.12
Snow Removal					
Other Expenses	465.89	2,939.96	3,405.85	2,995.80	410.05
Solid Waste Collection					
Other Expenses	10,666.82	2,888.27	13,555.09	5,357.46	8,197.63
Public Buildings and Grounds					
Other Expenses	14,718.13	6,651.72	21,369.85	7,259.52	14,110.33
Vehicle Maintenance					
Salaries & Wages	86.38		86.38		86.38
Other Expenses	4,342.26	20,949.77	25,292.03	21,139.29	4,152.74
Condo Act Serv. Per NJSA40A:35-3d					
Other Expenses	6,799.00		10,799.00	10,799.00	
Public Health Services					
Salaries & Wages	162.26		162.26		162.26
Other Expenses	1,305.66		1,305.66	17.55	1,288.11
Environmental Commission					
Other Expenses	430.05		430.05		430.05
Joint Recreation Commission					
Salaries & Wages	0.04		0.04		0.04
Maintenance of Parks					
Salaries & Wages	1,377.94		1,377.94	1,377.20	0.74
Other Expenses	7,155.73	2,950.00	10,105.73	3,670.00	6,435.73
Insurance					
Liability	654.00		654.00	635.00	19.00
Workers Compensation	4.00		4.00		4.00
Employee Group Health	10,563.08	79,555.79	90,118.87	81,920.36	8,198.51
Construction Official					
Other Expenses	3,120.24	903.18	4,023.42	841.04	3,182.38
Utilities					
Other Expenses	133,500.95	12,315.99	133,316.94	119,943.30	13,373.64
Contribution to:					
Public Employees' Retirement System	1.00		1.00		1.00
Social Security System (O.A.S.I.)	38.47		38.47		38.47
Defined Contribution Retirement Plan	34.00		34.00		34.00
Unemployment Compensation	103.53		103.53	103.53	
Total within "CAPS"	288,268.85	199,778.47	488,047.32	382,674.81	105,372.51

CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES

Exhibit A-8

	<u>BALANCE - DEC. 31, 2009</u>		<u>BALANCE AFTER</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>RESERVED</u>	<u>ENCUMBERED</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>LAPSED</u>
Operations - Excluded from "CAPS":					
Recycling Tax	142.44	140.67	283.11	278.34	4.77
Capital Improvements - Excluded from "CAPS"					
Purchase of Police Equipment	5,133.30		5,133.30		5,133.30
Road Drainage, Overlay & Treatment	1,000.00		1,000.00		1,000.00
Purchase of Office Equipment	1,173.38		1,173.38	117.75	1,055.63
Purchase of Fire Equipment	2.24	16,769.76	16,772.00	16,769.76	2.24
Municipal Building Improvements	25,933.95	8,841.00	34,774.95	34,774.00	0.95
Purchase of Public Works Equipment	3,033.21		3,033.21	2,063.00	970.21
 Total Excluded from "CAPS"	<u>36,418.52</u>	<u>25,751.43</u>	<u>62,169.95</u>	<u>54,002.85</u>	<u>8,167.10</u>
 Total General Appropriations	<u>324,687.37</u>	<u>225,529.90</u>	<u>550,217.27</u>	<u>436,677.66</u>	<u>113,539.61</u>
 Cash Disbursed				387,719.77	
Reserve for Encumbrances				<u>48,957.89</u>	
				<u>436,677.66</u>	

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE OR (PAYABLE)
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2009</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>
Open Space Trust Fund	(\$6,274.22)	\$596,499.90	\$596,544.22	(\$6,229.90)
Other Trust Fund		1,005.00	620.00	(385.00)
Federal and State Grant Fund	37,447.67	36,214.33		73,662.00
General Capital Fund	<u>(421.34)</u>		<u>421.34</u>	
	<u>\$30,752.11</u>	<u>\$633,719.23</u>	<u>\$597,585.56</u>	<u>\$67,047.10</u>
Receivables	\$37,447.67			\$73,662.00
Payables	<u>(6,695.56)</u>			<u>(6,614.90)</u>
	<u>\$30,752.11</u>			<u>\$67,047.10</u>
Cash Disbursements		37,219.33	596,965.56	
Budget Revenues			620.00	
Open Space Tax Levy		<u>596,499.90</u>		
		<u>\$633,719.23</u>	<u>\$597,585.56</u>	

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

	<u>TOTAL</u>	<u>MARRIAGE LICENSE FEES</u>	<u>BURIAL PERMITS</u>	<u>DCA TRAINING FEES</u>	<u>E. AMWELL DCA TRAINING FEES</u>
Balance - December 31, 2009	\$9,868.00	\$465.00	-\$20.00	\$9,423.00	
Increased by: Collections	<u>36,151.00</u>	<u>2,380.00</u>	<u>50.00</u>	<u>31,775.00</u>	<u>1,946.00</u>
	46,019.00	2,845.00	30.00	41,198.00	1,946.00
Decreased by: Payments	<u>34,833.00</u>	<u>2,425.00</u>	<u>40.00</u>	<u>31,253.00</u>	<u>1,115.00</u>
Balance - December 31, 2010	<u>\$11,186.00</u>	<u>\$420.00</u>	<u>-\$10.00</u>	<u>\$9,945.00</u>	<u>\$831.00</u>

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES
CURRENT FUND

	<u>REF.</u>	
Increased by: 2010 Levy	A-1, A-2, A-7	\$41,402,302.58
Decreased by: Payments	A-4	<u>\$41,402,302.58</u>

SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES
CURRENT FUND

	<u>REF.</u>	
Increased by: 2010 Levy	A-1, A-2, A-7	\$21,302,196.29
Decreased by: Payments	A-4	<u>\$21,302,196.29</u>

SCHEDULE OF COUNTY TAXES PAYABLE
CURRENT FUND

Balance - December 31, 2009		\$148,530.66
Increased by:		
2010 Levy:		
County Tax	12,445,896.55	
County Library Tax	1,047,282.95	
County Open Space Preservation	1,297,151.78	
Added Taxes (R.R. 54:4-63.1 et seq.)	<u>154,367.49</u>	
		<u>14,944,698.77</u>
		15,093,229.43
Decreased by:		
Payments		<u>14,938,861.94</u>
Balance - December 31, 2010		<u><u>\$154,367.49</u></u>

SCHEDULE OF OTHER RESERVES
CURRENT FUND

	BALANCE <u>DEC. 31, 2009</u>	<u>INCREASE</u>	BALANCE <u>DEC. 31, 2010</u>
Solicitor Bonds	\$ 500.00		\$ 500.00
Sunflower Estates	3,232.72		3,232.72
Community Day	3,189.32		3,189.32
Storm Water Management	12,500.00	40,882.31	53,382.31
Codification of Ordinances	100.05		100.05
Master Plan	2,421.85		2,421.85
Revaluation	0.37		0.37
	<u>\$ 21,944.31</u>	<u>\$ 40,882.31</u>	<u>\$ 62,826.62</u>

SCHEDULE OF DEFERRED REVENUE
CURRENT FUND

	BALANCE <u>DEC. 31, 2009</u>	REALIZED AS 2010 <u>REVENUE</u>
Garden State Trust	\$ 3,442.82	\$ 3,442.83

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

	<u>GRANT/AID PROGRAM</u>		TRANSFERRED		PAID OR CHARGED	CANCELLED	BALANCE DEC. 31, 2010
	BALANCE DEC. 31, 2009		FROM 2010 BUDGET				
Body Armor Fund - 2008	\$ 1,541.81	\$	\$	1,541.81			-
Body Armor Fund - 2010			4,250.05	2,488.19			1,761.86
Bulletproof Vest Partnership Emergency Mgmt.	4,470.21		1,911.00	1,911.00			-
Emergency Mgmt.- 2008	5,000.00			4,470.21			-
Emergency Mgmt.- 2010			10,000.00	5,000.00			-
Drunk Driving Enforcement Fund 2008				7,492.77			2,507.23
Drunk Driving Enforcement Fund 2010	18,996.29		14,165.02				-
Drunk Driving Enforcement Fund 2009	10,800.24			12,267.98			14,165.02
Clean Communities Act - 2009				10,800.24			6,728.31
Clean Communities Act - 2010			46,414.22	42,285.08			-
Over the Limit - Under Arrest 2010	3,044.52		9,400.00	7,400.00			4,129.14
Over the Limit - Under Arrest 2009	14.80			3,020.92		23.60	2,000.00
Click It or Ticket	200,000.00		4,000.00	4,000.00		14.80	-
NJDOT Safe Roads to School	2,582.07			2,556.34		25.73	200,000.00
Alcohol Education and Rehabilitation Fund 2009			4,574.85	433.16			-
Alcohol Education and Rehabilitation Fund 2010			6,870.00				4,141.69
NJ Forestry Business Stimulus	123,148.61			9,189.28			6,870.00
FY 04 Trans. Enhancement	2,808.17			1,300.28			113,959.33
Domestic Violence Training	1,300.00			1,300.00			1,507.89
Green Communities	500.00			500.00			-
DCA Domestic Violence Training	616.46						616.46
County Prosecutor-Forfeiture Funds			18,792.00				
BPU Clean Energy Grant				18,792.00			
Stormwater Regulation	2,326.93						2,326.93
	\$ 377,150.11	\$	\$ 120,377.14	\$ 136,749.26	\$	\$ 64.13	\$ 360,713.86

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND

Exhibit - A-17

<u>GRANT</u>	BALANCE DEC. 31, 2009	2010 BUDGET REVENUE REALIZED	COLLECTED 2010	TRANS. FROM STATE & FED. GRANTS UNAPPROP.	CANCELLED	BALANCE DEC. 31, 2010
Fiscal Year 2004 Transportation Enhancement						
Walkway & Streetscape project	\$ 144,000.00	\$	\$ 50,000.00	\$	\$	\$ 144,000.00
Smart Future Planning Grant	50,000.00					-
Mun. Stormwater Regulation Program	3,007.00		46,414.22			3,007.00
Clean Communities	-	46,414.22	5,000.00			-
Over the Limit - Under Arrest 2008	5,000.00				23.60	-
Over the Limit - Under Arrest 2009	23.60					-
Over the Limit - Under Arrest 2010			4,400.00		14.80	5,000.00
Click It or Ticket	14.80		4,000.00			-
Body Armor Replacement Fund			4,250.05			-
Emergency Management Grant			10,000.00	5,000.00		-
Bulletproof Vest Partnership		1,911.00	1,911.00			-
NJDOT Safe Roads to School	200,000.00					200,000.00
Drunk Driving Enforcement Fund 2008	-	14,165.02	14,165.02			-
Alcohol Education and Rehabilitation Fund	25.73	4,574.85	4,574.85		25.73	0.00
Green Communities	3,000.00		3,000.00			-
BPU Clean Energy Grant	-	18,792.00				18,792.00
NJ Forestry Business Stimulus	-	6,870.00				6,870.00
	\$ 405,071.13	\$ 120,377.14	\$ 142,715.14	\$ 5,000.00	\$ 64.13	\$ 377,669.00

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS
UNAPPROPRIATED
GRANT FUND

<u>GRANTS</u>	BALANCE <u>DEC. 31, 2009</u>	APPROPRIATED <u>2010 BUDGET</u>
Emergency Management Assistance	\$ 5,000.00	\$ 5,000.00
	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>

TRUST FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER

Exhibit - B-2

	OPEN SPACE FUND	ANIMAL CONTROL FUND	GENERAL TRUST FUND
Balance - December 31, 2009	\$1,098,989.52	\$11,345.65	\$7,871,782.25
Increased by Receipts:			
Farmland Preservation Funding	6,274.22		
Open Space Tax	590,270.00		
Interest Earned on Deposits	1,613.20	22.25	
Dog License Fees		42,390.50	
Other Fees		17,217.70	
Due to State of New Jersey		3,918.60	
Other Reserves			342,959.43
Dedications by Rider			510,764.02
Interfund Receipts	1,840,000.00	9,000.44	
	2,438,157.42	72,549.49	853,723.45
	3,537,146.94	83,895.14	8,725,505.70
Decreased by Disbursements:			
Dedicated Open Space trust			
Fund Expenditures	821,162.62		
Expend. Under R.S. 4:19-15.11		68,300.33	
Due to State of New Jersey		3,922.20	
Other Reserves			237,470.82
Dedications by Rider			1,164,575.82
Interfund Payments	1,840,000.00	9,000.44	
	2,661,162.62	81,222.97	1,402,046.64
Balance - December 31, 2010	\$875,984.32	\$2,672.17	\$7,323,459.06

SCHEDULE OF RESERVE FOR ANIMAL CONTROL
TRUST FUND

Balance - December 31, 2009		\$11,325.25
Increased by:		
Dog License Fees	30,648.50	
Other Fees	31,198.70	
		61,847.20
		\$73,172.45
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash Disbursements		70,517.08
Reserve Balance - December 31, 2010		\$2,655.37
<u>Animal License Revenue</u>		
<u>Year</u>		
2008		41,034.00
2009		11,325.25
Maximum Balance Allowable		\$52,359.25

SCHEDULE OF OTHER RESERVES
 ESCROWS AND REFUNDABLE DEPOSITS
TRUST FUND

	<u>BALANCE</u> <u>DEC. 31,2009</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31,2010</u>
Cash in Lieu of Bonds	1,590,609.05	142,997.03	124,295.46	1,609,310.62
Cash in Lieu of Road Bonds	261,855.95	1,407.15		263,263.10
Reserve for Traffic Study	50,670.29			50,670.29
Tax Sale Premiums	56,350.00	145,500.00	83,775.00	118,075.00
Perc Fees	12,499.61	8,200.00	6,176.52	14,523.09
Well Testing	1,991.25			1,991.25
Performance Guarantees	137,836.24	778.12		138,614.36
School & Park Improvements	17,712.91	71.85	440.36	17,344.40
Parking Adjudication	44.19	28.00		72.19
Other Reserves	6,461.46		2,783.48	3,677.98
Traffic Light	9,800.00			9,800.00
Minneakoning Rd.	44,276.23	191.44		44,467.67
Towne Center	20,000.00		20,000.00	-
Outside Liens	-	43,785.84		43,785.84
	<u>2,210,107.18</u>	<u>342,959.43</u>	<u>237,470.82</u>	<u>2,315,595.79</u>

SCHEDULE OF RESERVE FOR EXPENDITURES
DEDICATIONS BY RIDER
TRUST FUND

	<u>BALANCE</u> <u>DEC. 31,2009</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31,2010</u>
Developers' Escrow Fund	232,724.85	65,369.77	560.28	297,534.34
Engineering Inspections	256,734.96		31,993.73	224,741.23
Recycling Program	18,368.92	66,706.55	54,457.73	30,617.74
Transportation Improvement District	889,285.34	10,499.68		899,785.02
Affordable Housing - COAH	4,249,879.12	122,091.48	872,487.06	3,499,483.54
Accumulated Absences	2,160.06	35,040.47	24,674.30	12,526.23
Snow Removal	3,178.81	92,000.00	58,343.33	36,835.48
Outside Detail Police Salaries	2,034.57	118,441.07	116,329.59	4,146.05
Uniform Fire Code Enforcement and Dedicated Penalties (P.L. 1991, Ch. 489)	<u>7,308.44</u>	<u>1,000.00</u>	<u>5,729.80</u>	<u>2,578.64</u>
	<u>5,661,675.07</u>	<u>511,149.02</u>	<u>1,164,575.82</u>	<u>5,008,248.27</u>
Cash Receipts		510,564.02		
Interfund Receivable		<u>385.00</u>		
		<u>\$ 510,949.02</u>		

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

Balance - December 31, 2009		\$360,282.08
Increased by:		
Contributions to Plan from Employees	48,246.00	
Interest Earned	5,180.23	
Gain on Investments	<u>42,738.08</u>	
		<u>96,164.31</u>
		\$456,446.39
Decreased by:		
Cash Distributions		<u>1,115.92</u>
Balance - December 31, 2010		<u><u>\$455,330.47</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS-TREASURER

Balance - December 31, 2009		\$ 605,400.76
Increased by Receipts:		
Premium on Sale of Bonds	9.09	
Grant Receipts	150,000.00	
Bond Proceeds	7,348,000.00	
Interfund Accounts Receipts	1,250,421.34	
Reserve for Water Tower	2,500.00	
Bond Anticipation Notes	<u>134,500.00</u>	
		<u>8,885,430.43</u>
		9,490,831.19
Decreased by Disbursements:		
Reserve for Debt Service- Note Interest	77,680.00	
Interfund Accounts Disbursements	1,253,650.69	
Reserve for Encumbrances	1,334,379.17	
Bond Anticipation Notes	<u>6,076,000.00</u>	
		<u>8,741,709.86</u>
Balance - December 31, 2009		<u><u>\$ 749,121.33</u></u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	RECEIPTS			DISBURSED		BALANCE DEC. 31, 2010
	BALANCE DEC. 31, 2009	BONDS AND NOTES	MISCELLA- NEOUS	MISCELLA- NEOUS	TRANSFERS FROM TO	
Fund Balance	\$3,650.69					\$4,292.66
Due from/to Current Fund	(421.34)		\$9.09	1,253,650.69	3,650.69	4,283.57
Bond Anticipation Notes		6,076,000.00	1,250,421.34	6,076,000.00		3,650.69
Reserve for Encumbrances	22,532.92			1,334,379.17	6,112.64	1,332,075.89
Grants Receivable	(37,500.00)				338,000.00	(225,500.00)
Capital Improvement Fund	3,028.86		150,000.00			3,028.86
Reserves:						
Purchase of Fire Equip.	3.66					3.66
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	77,680.33			77,680.00		0.33
County Open Space Funds	532.15					532.15
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				23,107.60
94-6	Reconstr. Old Croton Rd.	(276.57)				(276.57)
95-38/97-43	Millbrook Rd. Assessment	2,505.27			530.70	1,974.57
95-39/97-44	Washington St. Assessment	(1,354.58)				(1,354.58)
96-28	Improv. At Mystic Green	2,688.91				2,688.91
98-15/01	Green Acres-Open Space	(42,993.71)	43,000.00		8.19	(1.90)
99-12	Sunflower Estates Improv.	9,707.14				9,707.14
99-31/00-25	Acquis. Dev. Rights-Rogers	(3,251.20)				(3,251.20)
00-38	Var. Park Improv.	88.11			88.11	0.00
01-11/05-32	Reconstr. Barton Hollow Rd.	232.79	2,000.00		390.53	1,842.26
01-21/01-34	Reconstr. Greenwood Place	21.60				21.60
20-03	Public Improv.	7,072.16				7,072.16
02-24	Reconstr. Sunset Village Rd.	9,615.51				9,615.51
02-26	Plan/Design Raritan Gardens	103,409.30	3,000.00		4,105.66	8,509.85
02-48	Cable & Wire New Bldg.	3,891.23			1,396.82	102,028.48
03-13	Acquis. Breathing Apparatus	8,712.76				3,891.23
03-15	Reconstr. Case Blvd.	322.86	8,500.00		1,375.90	8,712.76
03-22/05-13	Reconstr. Var. Rds.	315.86	9,000.00		1,353.94	8,817.46
03-26	Constr. Road	17,409.03				17,409.03
03-30/04-14	Reconstr. Clover Hill Rd.	(5,227.19)				(5,227.19)

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>RECEIPTS</u>			<u>DISBURSED</u>		<u>BALANCE DEC. 31, 2010</u>
	<u>BALANCE DEC. 31, 2009</u>	<u>BONDS AND NOTES</u>	<u>MISCELLA- NEOUS</u>	<u>MISCELLA- NEOUS</u>	<u>TRANSFERS FROM TO</u>	
04-10	(17,824.97)	44,500.00				17,760.46
04-29/05-14	34,262.80				8,914.57	32,828.65
04-34/05-11	13,551.32				1,434.15	12,627.89
05-07	1,270.42				923.43	1,270.42
05-12/05-31	14,570.58				314.66	14,255.92
05-17	497.39				497.39	0.00
05-18	802.04				802.04	22,344.26
05-19	5,092.49	21,000.00			3,748.23	12,035.31
05-20	13,010.15				974.84	19,730.26
05-30	19,730.26					3,471.60
05-33	3,473.72				2.12	2,175.26
05-34	2,177.38				2.12	(840.54)
06-06	(840.54)					119,394.93
06-24	120,556.79	10,000.00			1,161.86	10,507.03
06-27	2,304.51				1,797.48	2,133.49
06-22	2,133.49					2,883.29
06-23	2,883.29					-
06-38	791.18				791.18	2,666.78
06-41	2,666.78					2,950.35
06-42	2,950.35					10,663.19
07-03	5,938.14					31,972.15
07-16	36,174.13				4,201.98	534.17
07-17	806.68				272.51	
07-20	752.44				752.44	
07-27	7.39	1,500.00			1,507.39	
07-42	11,543.07				166.89	11,376.18
08-27	26,185.49	529,000.00			540,342.95	14,842.54
08-28	36,186.96	735,000.00			752,964.02	18,222.94
09-10	369.94				369.94	6,330.00
09-12	6,330.00					
09-17	2,793.00				2,793.00	
09-18	916.00				916.00	187,917.17
10-04					82.83	148,625.00
10-18					1,375.00	
	<u>605,400.76</u>	<u>7,482,500.00</u>	<u>1,402,930.43</u>	<u>8,741,709.86</u>	<u>1,684,122.70</u>	<u>749,121.33</u>
					<u>1,684,121.70</u>	

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-4

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2009	2010 FUNDING	CANCELLED	TRANSFER TO FUNDED	BALANCE DEC. 31, 2010	ANALYSIS OF BALANCE DECEMBER 31, 2010	
							BOND ANTIC. NOTES	UNEXPEND IMPROV. AUTHOR.
94-6	Reconstr. Old Croton Rd.	39,000.00		38,723.43		276.57	276.57	
95-38/97-43	Millbrook Rd. - Assessment	9,750.00				9,750.00		9,750.00
95-39/97-44	Washington St. Assessment	9,500.00				9,500.00		8,145.42
98-15/01-30	Green Acres Open Space	44,150.00		1,148.10	43,000.00	1.90	1.90	
99-31/00-25	Acquis. Dev. Rights-Rogers	35,000.00		31,748.80		3,251.20	3,251.20	
01-11/05-32	Reconstr. Barton Hollow Rd.	311,500.00			311,500.00			28,000.00
01-21/01-34	Reconstr. Greenwood Place	28,000.00				28,000.00		
02-24	Reconstr. Sunset Village Rd.	638,000.00		5,000.00	633,000.00			
02-26	Plan/Design Raritan Gardens	162,500.00		3,000.00	159,500.00			
03-15	Reconstr. Case Blvd.	850,000.00		136,500.00	713,500.00			
03-22/05-13	Reconstr. Var. Rds.	335,000.00		27,000.00	308,000.00			
03-26/06-19	Constr. Road	243,000.00				243,000.00		243,000.00
03-30/04-14	Reconstr. Clover Hill Rd.	5,910.61		683.42		5,227.19	5,227.19	
04-10	Reconstr. Everitt Road, Sec. 1	738,000.00			722,500.00			
04-29/05-14	Resurfacing Rds. Cherry Hill Estates	343,000.00		32,000.00	311,000.00			15,500.00
04-34/05-11	Constr. Of Park Facilities	250,500.00		4,000.00	246,500.00			
05-07	Acquis. Land (Mueller)							
05-12/05-31	Resurface Dayton Rd.	116,500.00		16,000.00	100,500.00			
05-18	Acquis 4 Wheel Drive Vehicle RTPD							
05-19	Reconstr. Rds.-Raritan Gardens Sec. 1	937,000.00		123,000.00	814,000.00			
05-20	Acquis. PW Equip.	183,500.00	16,500.00					
05-33	Acquis. 4 Wheel Dr. Vehicle-VFC	38,000.00	38,000.00					
05-34	Acquis. 4 Wheel Dr. Vehicle-FAS	38,000.00	38,000.00					
06-06	Land Acqui. Cost Share-Turnquist	3,850.00						
06-24	Pedestrian Walkway-Minebrook Park	139,000.00	4,500.00	3,009.46		840.54	840.54	
06-27	Acquis. Of Pumper Fire truck	518,000.00				134,500.00	108,500.00	26,000.00
06-38	Acquis. Of Loader for DPW	134,000.00			518,000.00			
06-41	Acquis. Of Dev. Rights-Kovi Farm	16,000.00						
06-42	Acquis. Of Dev. Rights-Moreira Farm	8,000.00						
07-16	Raritan Gardens Roads-Phase II	1,085,000.00		85,000.00				
07-17	Prelim. Planning-Sunny Hills Rds	102,000.00			1,000,000.00	102,000.00		76,000.00
07-27	Improv. To Var. Roads	64,000.00						
08-27	Acquis of Fire Pumper	529,000.00			64,000.00			
08-28	Acquis. Of First Ais Squad Rescue Trucks	735,000.00			529,000.00			
09-03	2010 Refunding Bonds				735,000.00			
		<u>8,689,660.61</u>	<u>219,000.00</u>	<u>570,813.21</u>	<u>7,348,000.00</u>	<u>551,847.40</u>	<u>10,951.98</u>	<u>406,395.42</u>

Bond Anticipation Notes Paid by Current Budget

219,000.00

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE-DEC. 31, 2009		2010 AUTHOR.	ENCUMB. CANCELLED	PAID OR CHARGED	CANCELLED	BALANCE-DEC. 31, 2010	
				FUNDED	UNFUNDED					FUNDED	UNFUNDED
09-09	Reconstr. Of Everetts Rd., Phase II	6/16/09	150,000.00								
09-10	Traffic line Striping - Various Roads	7/21/09	25,000.00	369.94				369.94			
09-12	Traffic Guard Rail Replacement	7/21/09	13,400.00	6,330.00						6,330.00	
09-17	Purchase of DPW Equipment	9/15/09	2,793.00	2,793.00			2,793.00				
09-18	Preliminary Costs-Barley Sheaf/Dory Dilis	9/15/09	13,415.00	916.00				916.00			
10-04	Reconstr. Everetts Rd., Section 2, Phase II		188,000.00			188,000.00		82.83			187,917.17
10-18	Reconstr. Of Dory Dilis Rd., Section 1	9/15/09	150,000.00			150,000.00		1,375.00			148,625.00
				\$ 225,994.92	\$ 2,685,700.09	\$ 338,000.00	\$ 6,111.55	\$ 1,332,075.89	\$ 575,096.19	\$ 833,204.89	\$ 515,429.59

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, 2009	INCREASES	DECREASES	BALANCE DEC. 31, 2010
01-11/03-14	Reconstr. Barton Hollow Rd.	260,000.00	9/10/03	8/6/09	08/06/10	2.50%	\$ 231,700.00	\$	\$ 231,700.00	\$
01-11/03-14	Reconstr. Barton Hollow Rd.	50,000.00	9/8/05	8/6/09	08/06/10	2.50%	48,700.00		48,700.00	
01-11/03-14	Reconstr. Barton Hollow Rd.	30,000.00	8/24/06	8/6/09	08/06/10	2.50%	29,100.00		29,100.00	
02-24	Reconstr. Sunset Village Rd.	700,000.00	9/11/02	8/6/09	08/06/10	2.50%	610,000.00		610,000.00	
02-24	Reconstr. Sunset Village Rd.	20,000.00	8/8/08	8/6/09	08/06/10	2.50%	20,000.00		20,000.00	
02-26	Plan/Design Raritan Gardens	186,000.00	9/10/03	8/6/09	08/06/10	2.50%	159,500.00		159,500.00	
03-15	Reconstr. Case Blvd.	400,000.00	9/9/04	8/6/09	08/06/10	2.50%	290,000.00		290,000.00	
03-15	Reconstr. Case Blvd.	385,000.00	9/8/08	8/6/09	08/06/10	2.50%	385,000.00		385,000.00	
03-15	Reconstr. Case Blvd.	75,000.00	9/9/04	8/6/09	08/06/10	2.50%	64,000.00		64,000.00	
05-13/03-22	Reconstr. Var. Rds.	200,000.00	9/8/05	8/6/09	08/06/10	2.50%	194,500.00		194,500.00	
05-13/03-22	Reconstr. Var. Rds.	41,000.00	8/24/06	8/6/09	08/06/10	2.50%	39,500.00		39,500.00	
05-13/03-22	Reconstr. Var. Rds.	500.00	8/8/08	8/6/09	08/06/10	2.50%	500.00		500.00	
05-13/03-22	Reconstr. Var. Rds.	500.00	8/6/09	8/6/09	08/06/10	2.50%	500.00		500.00	
04-10	Reconstr. Everitt Road, Sec. I	500,000.00	9/9/04	8/6/09	08/06/10	2.50%	461,000.00		461,000.00	
04-10	Reconstr. Everitt Road, Sec. I	100,000.00	8/24/06	8/6/09	08/06/10	2.50%	97,000.00		97,000.00	
04-10	Reconstr. Everitt Road, Sec. I	70,000.00	8/9/07	8/6/09	08/06/10	2.50%	70,000.00		70,000.00	
04-10	Reconstr. Everitt Road, Sec. I	70,000.00	8/8/08	8/6/09	08/06/10	2.50%	41,000.00		41,000.00	
04-10	Reconstr. Everitt Road, Sec. I	9,000.00	8/6/09	8/6/09	08/06/10	2.50%	9,000.00		9,000.00	
05-14/04-29	Resurfacing Rds, Cherry Hill Estates	400,000.00	9/8/05	8/6/09	08/06/10	2.50%	311,000.00		311,000.00	
05-11/04-34	Constr. Of Park Facilities	265,000.00	9/8/05	8/6/09	08/06/10	2.50%	246,500.00		246,500.00	
05-31/05-12	Resurface Dayton Rd.	130,000.00	9/8/05	8/6/09	08/06/10	2.50%	100,500.00		100,500.00	
05-19	Reconstr. Rds.-Raritan Gardens Sec. I	605,000.00	9/8/05	8/6/09	08/06/10	2.50%	573,400.00		573,400.00	
05-19	Reconstr. Rds.-Raritan Gardens Sec. I	46,000.00	8/24/06	8/6/09	08/06/10	2.50%	44,600.00		44,600.00	
05-19	Reconstr. Rds.-Raritan Gardens Sec. I	175,000.00	8/9/07	8/6/09	08/06/10	2.50%	175,000.00		175,000.00	
05-20	Acquis. PW Equip.	200,000.00	9/8/05	8/6/09	08/06/10	2.50%	155,500.00		155,500.00	
05-33	Acquis. 4 Wheel Dr. Vehicle-Vol. Fire Co.	50,000.00	9/8/05	8/6/09	08/06/10	2.50%	38,000.00		38,000.00	
07-16	Acquis. 4 Wheel Dr. Vehicle-First Aid Squad	50,000.00	8/8/05	8/6/09	08/06/10	2.50%	38,000.00		38,000.00	
06-24	Pedestrian Walkway-Minebrook Park	45,000.00	8/24/06	8/6/09	08/06/10	1.65%	43,000.00		43,000.00	
06-24	Pedestrian Walkway-Minebrook Park	70,000.00	8/9/07	8/5/10	08/05/11	1.65%	70,000.00	38,500.00		38,500.00
06-27	Acquis. Of Pumper Fire truck	175,000.00	8/24/06	8/6/09	08/06/10	2.50%	165,000.00	70,000.00		70,000.00
06-27	Acquis. Of Pumper Fire truck	343,000.00	8/9/07	8/6/09	08/06/10	2.50%	343,000.00		165,000.00	
06-38	Loader	122,000.00	8/9/07	8/6/09	08/06/10	2.50%	122,000.00		343,000.00	
07-16	Raritan Gardens Phase II	500,000.00	8/8/08	8/6/09	08/06/10	2.50%	500,000.00		343,000.00	
07-16	Raritan Gardens Phase II	500,000.00	8/6/09	8/6/09	08/06/10	2.50%	500,000.00		122,000.00	
07-17	Design-Sunny Hills Phase I	26,000.00	8/8/08	8/5/10	08/05/11	1.65%	26,000.00	26,000.00		26,000.00
07-27	Various Rd. Improve	220,000.00	8/8/08	8/6/09	08/06/10	2.50%	40,000.00		26,000.00	
07-27	Various Rd. Improve	22,500.00	8/8/08	8/6/09	08/06/10	2.50%	22,500.00		40,000.00	
							\$ 6,295,000.00	\$ 134,500.00	\$ 6,295,000.00	\$ 134,500.00
	Budget Appropriation						\$	\$	\$	\$
	Disbursed							219,000.00	6,076,000.00	
								\$	\$	\$
								6,295,000.00		6,295,000.00

SCHEDULE OF GENERAL SERIAL BONDS

<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, 2009</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2010</u>
			<u>OUTSTANDING - DEC. 31, 2010</u>	<u>DATE</u>	<u>AMOUNT</u>					
General Improvement Bonds & Special Assessment	8/15/02	9,595,000.00	675,000.00	8/15/11	3.500%	\$5,499,000.00			\$4,824,000.00	
			685,000.00	8/15/12	3.600%					
			685,000.00	8/15/13	3.700%					
			690,000.00	8/15/14	3.875%					
			700,000.00	8/15/15	4.000%					
			8/15/16	4.100%						
			8/15/17	4.200%						
General Improvement Bonds	6/3/05	7,900,000.00	525,000.00	7/15/2011-12	2.875%					
			550,000.00	7/15/2013-14	2.950%					
			575,000.00	7/15/2015-16	3.050%					
			600,000.00	7/15/2017-18	3.150%					
			625,000.00	7/15/2019-20	3.250%					
General improvement Refunding Bonds	5/19/09	2,575,000.00	245,000.00	8/15/11	3.000%					
			260,000.00	8/15/12	3.250%					
			260,000.00	8/15/13	3.500%					
			265,000.00	8/15/14	3.750%					
			260,000.00	8/15/15	4.000%					
			8/15/16	5.000%						
			8/15/17-19	5.000%						
			255,000.00		5.000%	\$2,560,000.00		\$245,000.00	2,315,000.00	
General Improvement Bonds	8/1/10	7,348,000.00	315,000.00	8/1/11	2.000%					
			325,000.00	8/1/12	2.000%					
			330,000.00	8/1/13	2.000%					
			335,000.00	8/1/2014-15	2.000%					
			335,000.00	8/1/2016-17	3.000%					
			8/1/2018-22	3.000%						
			8/1/23	3.125%						
			8/1/24	3.250%						
			8/1/25	3.500%						
			628,000.00			7,348,000.00			7,348,000.00	
						<u>\$14,309,000.00</u>	<u>\$7,348,000.00</u>	<u>\$1,420,000.00</u>	<u>\$20,237,000.00</u>	

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance - December 31, 2009	\$	3,028.86
Balance - December 31, 2010	\$	<u>3,028.86</u>

SCHEDULE OF RESERVE FOR PAYMENT OF NOTE INTEREST

Balance - December 31, 2009	\$	77,680.33
Decreased by:		
Utilized as revenue on 2009 Budget		<u>77,680.00</u>
Balance - December 31, 2010	\$	<u>0.33</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31,2009	2010 CANCELLED	BONDS ISSUED	BALANCE DEC. 31,2010
94-6	Reconstr. Old Croton Rd.	\$ 39,000.00	\$ 38,723.43	\$	\$ 276.57
95-38/97-43	Millbrook Rd. Assessment	9,750.00			9,750.00
95-39/97-44	Washington St. Assessment	9,500.00			9,500.00
98-15/01-30	Green Acres Open Space	44,150.00	1,148.10	43,000.00	1.90
99-31/00-25	Acquis. Dev. Rights-Rogers	35,000.00	31,748.80		3,251.20
01-11/05-32	Reconstr. Barton Hollow Rd.	2,000.00		2,000.00	
01-21/01-34	Reconstr. Greenwood Place	28,000.00			28,000.00
02-24	Reconstr. Sunset Village Rd.	8,000.00	5,000.00	3,000.00	
02-26	Plan/Design Raritan Gardens	3,000.00	3,000.00		
03-15	Reconstr. Case Blvd.	145,000.00	136,500.00	8,500.00	
03-22/05-13	Reconstr. Var. Rds.	36,000.00	27,000.00	9,000.00	
03-26	Constr. Road	243,000.00			243,000.00
03-30/04-14	Reconstr. Clover Hill Rd.	5,910.61	683.42		5,227.19
04-10	Reconstr. Everitt Road, Sec. 1	60,000.00		44,500.00	15,500.00
04-29/05-14	Resurfacing Rds. Cherry Hill Estates	32,000.00	32,000.00		
04-34/05-11	Constr. Of Park Facilities	4,000.00	4,000.00		
05-12/05-31	Resurface Dayton Rd.	16,000.00	16,000.00		
05-19	Reconstr. Rds.-Raritan Gardens Sec. 1	144,000.00	123,000.00	21,000.00	
05-20	Acquis. PW Equip.	28,000.00	28,000.00		
06-06	Land Acqui. Cost Share-Turnquist	3,850.00	3,009.46		840.54
06-24	Pedestrian Walkway-Minebrook Park	26,000.00			26,000.00
06-27	Acquis. Of Pumper Fire truck	10,000.00		10,000.00	
06-38	Acquis. Of Loader for DPW	12,000.00	12,000.00		
06-41	Acquis. Of Dev. Rights-Kovi Farm	16,000.00	16,000.00		
06-42	Acquis. Of Dev. Rights-Moreira Farm	8,000.00	8,000.00		
07-16	Raritan Gardens Roads-Phase II	85,000.00	85,000.00		
07-17	Prelim. Planning-Sunny Hills Rds.	76,000.00			76,000.00
07-27	Var. Road Improv.	1,500.00		1,500.00	
08-27	Acquis.of Fire Pumper	529,000.00		529,000.00	
08-28	Acquis. Of First Ais Squad Rescue Trucks	735,000.00		735,000.00	
		<u>\$ 2,394,660.61</u>	<u>\$ 570,813.21</u>	<u>\$ 1,406,500.00</u>	<u>\$ 417,347.40</u>

Footnote C

LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
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JO ANN BOOS, CPA, PSA

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

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 balance sheet of the Township of Raritan Length of Service Award Program (LOSAP) Fund as of December 31, 2010, and the related schedule of changes in LOSAP plan balance for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the administration of the Township.

A review consists primarily of inquiries of the administration of the Township and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken 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 program prepares its financial statements in conformity with the accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

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 basis of accounting described in the note.

Hodulik & Morrison, P.A.

Hodulik & Morrison, P.A.
Highland Park, N.J.
June 3, 2011

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

L.O.S.A.P. PLAN BALANCE SHEET
REGULATORY BASIS(UNAUDITED)
DECEMBER 31, 2010

ASSETS

Plan Assets Held by Trustee \$455,330.47

LIABILITIES AND PLAN BALANCE

LOSAP Plan Balance \$455,330.47

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 YEAR ENDED DECEMBER 31, 2010

INCREASES TO PLAN BALANCE:

Contributions to Plan from Employees	48,246.00
Interest Earned	5,180.23
Gain on Investments	<u>42,738.08</u>
 TOTAL PLAN INCREASES	 <u>96,164.31</u>

DECREASES TO PLAN BALANCE:

Cash Distributions	<u>1,115.92</u>
 TOTAL PLAN DECREASES	 <u>1,115.92</u>

TOTAL INCREASE (DECREASE) 95,048.39

Balance - December 31, 2009 \$360,282.08

Balance - December 31, 2010 \$455,330.47

See Accountant's Review report

TOWNSHIP OF RARITAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2010

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 of \$55,000. The maximum contribution provided by the Township 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.

SUPPLEMENTARY DATA

TOWNSHIP OF RARITAN
HUNTERDON COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2010

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	PAYROLL FUND	GENERAL FIXED ASSETS	MEMORANDUM ONLY TOTALS BALANCE DEC. 31, 2009	MEMORANDUM ONLY TOTALS BALANCE DEC. 31, 2009
Cash and Investments	\$ 2,598,165.06	8,202,115.55	749,121.33	55,787.18		\$ 11,605,189.12	\$ 11,830,032.89
Plan Assets Held by Trustee		455,330.47				455,330.47	360,282.08
Accounts Receivable:							
State & Federal Grants Receivable	377,669.00		225,500.00			603,169.00	442,571.13
Due from State of New Jersey	28,454.36					28,454.36	26,661.72
Taxes, Assessments, Liens & Utility Charges	887,690.54					887,690.54	853,540.63
Interfund Loans	73,662.00	385.00				74,047.00	44,143.23
Other Accounts Receivable			38,000.00			38,000.00	38,000.00
Property Acquired for Taxes at Assessed Valuation	302,200.00					302,200.00	308,200.00
Prospective Assessments Funded			85,750.00			85,750.00	85,750.00
General Fixed Assets					32,237,829.00	32,237,829.00	30,950,155.00
Deferred Charges to Revenue of Succeeding Years							
Deferred Charges to Future Taxation:							
General Capital Fund			22,382,769.62			22,382,769.62	24,743,496.88
	<u>\$ 4,267,840.96</u>	<u>\$ 8,657,831.02</u>	<u>\$ 23,481,140.95</u>	<u>\$ 55,787.18</u>	<u>\$ 32,237,829.00</u>	<u>\$ 68,700,429.11</u>	<u>\$ 69,682,833.56</u>
LIABILITIES, RESERVES AND FUND BALANCE							
Bonds, Notes and Loans Payable			21,965,422.22			\$ 21,965,422.22	\$ 22,348,836.27
Prepaid Taxes, Assessments, Utility Charges and Licenses	370,521.05					370,521.05	255,467.72
Appropriation Reserves	252,239.51					252,239.51	324,687.37
Reserve for Encumbrances/ Accounts Payable	217,751.97	16.80		55,463.25		273,232.02	269,163.23
Other Liabilities	143,282.93			323.93		143,606.86	96,606.71
Due County for Added Taxes	154,367.49					154,367.49	148,530.66
Amis, Pledged to Specific Purposes	423,540.48	6,342,218.43	162,791.59			6,928,550.50	7,646,187.98
Escrow Funds		2,315,595.79				2,315,595.79	2,210,107.18
Improvement Authorizations			1,348,634.48			1,348,634.48	2,911,694.51
Interfund Loans	80,276.90					80,276.90	44,143.23
Investment in General Fixed Assets					32,237,829.00	32,237,829.00	30,950,155.00
Reserve for Certain Assets Acquired or Receivables & Inventories	1,263,552.54					1,263,552.54	1,322,938.30
Fund Balance	1,362,308.09		4,292.66			1,366,600.75	1,154,315.40
	<u>\$ 4,267,840.96</u>	<u>\$ 8,657,831.02</u>	<u>\$ 23,481,140.95</u>	<u>\$ 55,787.18</u>	<u>\$ 32,237,829.00</u>	<u>\$ 68,700,429.11</u>	<u>\$ 69,682,833.56</u>

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

Revenue and Other <u>Income Realized</u>	Year 2010		Year 2009	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$1,085,000.00	1.13	\$695,000.00	0.74
Miscellaneous - From Other Than Local Property Tax Levies	4,394,459.27	4.59	5,271,907.55	5.61
Collection of Delinquent Taxes and Tax Title Liens	1,011,860.84	1.06	937,845.69	1.00
Collection of Current Tax Levy	<u>89,150,832.27</u>	<u>93.21</u>	<u>86,999,862.50</u>	<u>92.65</u>
Total Income	<u>95,642,152.38</u>	<u>100.00</u>	<u>93,904,615.74</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	16,063,597.13	17.28	15,864,862.63	17.25
County Taxes	14,944,698.77	16.08	14,909,358.48	16.21
Regional School Taxes	41,402,302.58	44.54	41,046,904.13	44.62
Regional High School Taxes	21,302,196.29	22.92	20,518,217.98	22.31
Open Space Taxes	596,499.90	0.64	608,111.00	0.66
Other Expenditures	<u>36,214.33</u>	<u>0.04</u>	<u>4,575.76</u>	<u>0.00</u>
Total Expenditures	<u>94,345,509.00</u>	<u>101.50</u>	<u>92,952,029.98</u>	<u>101.05</u>
Excess in Revenue	1,296,643.38		952,585.76	
Fund Balance January 1	<u>1,150,664.71</u>		<u>893,078.95</u>	
	2,447,308.09		1,845,664.71	
Less:				
Utilization as Anticipated Revenue	<u>1,085,000.00</u>		<u>695,000.00</u>	
Fund Balance December 31	<u>\$1,362,308.09</u>		<u>\$1,150,664.71</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2010	2009	2008
<u>Tax Rate:</u>	<u>\$2.26</u>	<u>\$2.21</u>	<u>\$1.99</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	0.279	0.250	0.228
Municipal Open Space	0.015	0.015	0.015
County (Inc. Library & Open Space Taxes)	0.375	0.368	0.348
Regional School	1.052	1.023	0.922
Regional High School	0.541	0.511	0.474

Assessed Valuation:

2010	<u>\$3,935,133,485</u>		
2009		<u>\$4,011,810,697</u>	
2008			<u>\$4,308,108,823</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 \$154,250 for the year 2010.

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>
2010	\$ 90,012,564.75	\$ 89,150,832.27	99.04%
2009	87,838,813.95	86,999,862.50	99.04%
2008	86,218,137.64	85,203,206.94	98.82%
2007	84,531,459.80	83,567,050.57	98.86%
2006	78,698,986.27	77,885,731.98	98.97%

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>
2010	\$99,672.55	\$788,017.99	\$887,690.54	0.99%
2009	68,618.81	784,921.82	853,540.63	0.97%
2008	112,447.32	982,649.57	1,095,096.89	1.27%
2007	105,327.90	761,131.66	\$866,459.56	1.00%
2006	98,305.22	786,708.81	885,014.03	1.12%

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>
2010	\$302,200.00
2009	308,200.00
2008	0.00
2007	0.00
2006	0.00

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2010	\$1,362,308.09	\$1,280,000.00
	2009	1,150,664.71	1,085,000.00
	2008	893,078.95	695,000.00
	2007	1,844,551.82	1,577,000.00
	2006	2,215,849.95	1,700,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2010:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Thomas Antosiewicz	Mayor	
Oliver Elbert	Deputy Mayor	
John King	Committeeperson	
Richard O'Malley	Committeeperson	
Richard Kuhrt	Committeeperson	
Albert Cruz, Esq.	Township Attorney	
Rose Sollena	Clerk, Assessment Search Officer	
Allan D. Pietrefesa	Twp. Administrator/CFO	\$ 100,000.00
Janet DeSalvo	Treasurer	100,000.00
Diane Giaquinto	Tax Collector	475,000.00
Marianne Busher	Assessor	
Frederick Coppola	Engineer	
Peter Ball	Construction Code Official	
Joseph Novak	Magistrate	61,000.00
Donna Foran	Court Administrator	61,000.00
Glenn Tabasko	Police Chief	
Robert Ballard, Esq.	Municipal Prosecutor	
Anthony Danzo	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

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

None

ACKNOWLEDGMENT

During the course of our engagement we received the complete cooperation of the various officials of the Township, and the courtesies extended to us were greatly appreciated.

Respectfully submitted,

HODULIK & MORRISON, P.A.



Robert S. Morrison
Registered Municipal Accountant
No. 412