

**TOWNSHIP OF RARITAN  
HUNTERDON COUNTY  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE FISCAL YEARS  
ENDED DECEMBER 31, 2011 and 2010**

***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**

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

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

**HODULIK & MORRISON, P.A.**  
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REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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, 2011 and 2010 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, 2011, 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, 2011 and 2010 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, 2011 and 2010, 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, 2011 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  
August 15, 2012

**HODULIK & MORRISON, P.A.**  
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REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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, 2011 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 August 15, 2012. 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.*

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

Highland Park, New Jersey  
August 15, 2012

**FINANCIAL STATEMENTS**

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>
Cash and Investments - Treasurer Change Funds	\$ 2,219,900.70	\$ 2,512,707.92	Liabilities:	\$ 192,744.75	\$ 252,239.51
Due from State of NJ-Sr. Cit. Deductions	775.00	775.00	Appropriation Reserves	177,351.12	176,321.97
	<u>28,860.99</u>	<u>28,454.36</u>	Reserve for Encumbrances	15,058.14	13,454.72
	<u>2,249,536.69</u>	<u>2,541,937.28</u>	Accounts Payable	533,250.59	370,521.05
			Prepaid Taxes		84,077.18
			Tax Overpayments		
			Reserve for Lien Redemption	25,469.51	
Receivables and Other Assets With Full Reserves:			Due County for Added Taxes	64,585.75	154,367.49
Taxes Receivable	1,156,294.08	788,017.99	Due to RTMUA	13,471.52	
Tax Title Liens Receivable	131,920.00	99,672.55	Due to State of NJ - Various Fees	10,230.00	11,186.00
Property Acquired for Taxes	302,200.00	302,200.00	Interfund Accounts Payable	633,721.02	6,614.90
Interfund Accounts Receivable	<u>30,662.00</u>	<u>73,662.00</u>	Other Reserves	62,826.62	62,826.62
	<u>1,621,076.08</u>	<u>1,263,552.54</u>	Unallocated Receipts	16,644.75	16,644.75
			Health Inspection Fees Payable	<u>33,000.00</u>	<u>31,375.00</u>
Total Current Fund	<u>3,870,612.77</u>	<u>3,805,489.82</u>	Reserve for Receivables Fund Balance	1,778,353.77	1,179,629.19
				1,621,076.08	1,263,552.54
Federal and State Grant Fund:			Total Current Fund	<u>3,870,612.77</u>	<u>3,805,489.82</u>
Cash	59,565.59	84,682.14	Federal and State Grant Fund:		
Federal and State Grants Receivable	<u>447,007.00</u>	<u>377,669.00</u>	Reserve for State and Federal Grants:		
			Appropriated	461,937.81	360,713.86
Total Grant Fund	<u>506,572.59</u>	<u>462,351.14</u>	Reserve for Encumbrances	13,972.78	27,975.28
			Interfund Accounts Payable	<u>30,662.00</u>	<u>73,662.00</u>
	<u>\$ 4,377,185.36</u>	<u>\$ 4,267,840.96</u>	Total Grant Fund	<u>506,572.59</u>	<u>462,351.14</u>
				<u>\$ 4,377,185.36</u>	<u>\$ 4,267,840.96</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, 2011 AND 2010

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
Fund Balance Appropriated	\$ 1,280,000.00	\$ 1,085,000.00
Miscellaneous Revenues Anticipated	4,277,116.01	4,215,405.47
Receipts from Delinquent Taxes	767,176.17	1,011,860.84
Receipts from Current Taxes	88,787,651.07	89,150,832.27
Non-Budget Revenue	80,293.37	64,984.12
Other Credits to Income:		
Prior Year Sr. Cit. and Vet. Ded.		
Inspection Fees Payable Canceled		
Interfund Loan Returns	43,000.00	
Prior Year Encumbrance Canceled		530.07
Accounts Payable Canceled	15,230.24	
Unexpended Balances of Approp. Reserves	<u>62,578.73</u>	<u>113,539.61</u>
Total Revenues	<u>95,313,045.59</u>	<u>95,642,152.38</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>		
Budget Appropriations:		
Operating:		
Salaries and Wages	7,407,718.00	7,354,878.00
Other Expenses	5,031,708.57	5,378,227.14
Capital Improvements	43,000.00	51,450.00
Municipal Debt Service	1,893,607.25	1,781,806.99
Def. Charges and Statutory Expend.	2,034,938.00	1,497,235.00
Refunds of Prior Year Revenues	51,682.41	
Interfund Loan Advanced		36,214.33
Prior Year Sr. Cit. and Vet. Ded.		
Regional School Tax	41,404,642.36	41,402,302.58
Regional High School Tax	21,874,730.16	21,302,196.29
County Tax	14,524,735.64	14,790,331.28
Due County for Added Taxes	64,585.75	154,367.49
Local Open Space tax	<u>592,822.62</u>	<u>596,499.90</u>
Total Expenditures	<u>94,924,170.76</u>	<u>94,345,509.00</u>
Excess in Revenue (Balance Forward)	388,874.83	1,296,643.38

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, 2011 AND 2010

	<u>REF.</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
Excess in Revenue (Balance Brought Forward)		\$ <u>388,874.83</u>	\$ <u>1,296,643.38</u>
Statutory Excess to Fund Balance		388,874.83	1,296,643.38
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>1,362,308.09</u>	<u>1,150,664.71</u>
		1,751,182.92	2,447,308.09
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,280,000.00</u>	<u>1,085,000.00</u>
Balance - December 31	A	<u>\$ 471,182.92</u>	<u>\$ 1,362,308.09</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, 2011

	ANTICIPATED 2011 BUDGET	APPROP. N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 1,280,000.00	\$ _____	1,280,000.00	\$ _____
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	23,600.00		24,640.00	1,040.00
Other	13,000.00		13,156.00	156.00
Fees and Permits	266,000.00		209,618.41	(56,381.59)
Fines and Costs:				
Municipal Court	344,000.00		273,294.62	(70,705.38)
Interest and Costs on Taxes	210,000.00		208,859.46	(1,140.54)
Interest on Investments and Deposits	25,000.00		6,715.77	(18,284.23)
Hotel/Motel Occupancy Tax	84,000.00		90,969.66	6,969.66
Energy Receipts Tax	2,063,389.00		2,063,389.00	
Consolidated Municipal Property Tax Relief Aid	2,252.00		2,252.00	
Uniform Construction Code	450,000.00		607,520.00	157,520.00
Uniform Fire Safety Act	50,000.00		55,675.05	5,675.05
General Capital Surplus	4,282.98		4,282.98	
General Capital Reserve for Debt Service				
CATV Franchise Fee	21,115.43		21,115.43	
Escrow-Administration Fees	37,000.00		43,391.62	6,391.62
Accumulated Interest TID Fund	208,280.59		208,281.02	0.43
PERC Fees-Excess	10,000.00		10,000.00	
RTMUA Transfer	150,000.00		150,000.00	
Shared Service Agreements:				
Borough of Hampton-Municipal Court	17,000.00		20,066.42	3,066.42
East Amwell Township-Police Services	15,000.00		15,000.00	
East Amwell Township-Construction Code	50,000.00		67,133.00	17,133.00
Borough of Flemington-Lease of Courtroom	9,960.00		9,960.00	
Mercedes Benz-Motorcycle Contribution	3,081.50		3,081.50	
Body Armor Replacement Fund		3,141.43	3,141.43	
Alcohol Education & Rehab		3,505.76	3,505.76	
Bulletproof Vest Partnership-BLA		2,544.00	2,544.00	
Clean Communities		47,309.07	47,309.07	
NJ Bikeways Grant	100,000.00		100,000.00	
Drunk Driving Enforcement		12,213.81	12,213.81	
Total Miscellaneous Revenues	4,156,961.50	68,714.07	4,277,116.01	51,440.44
Receipts from Delinquent Taxes	790,000.00		767,176.17	(22,823.83)
Subtotal General Revenues	6,226,961.50	68,714.07	6,324,292.18	28,616.61
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal purposes Including Reserve for Uncollected Taxes	11,124,624.00		11,302,134.54	177,510.54
Budget Totals	17,351,585.50	68,714.07	17,626,426.72	\$ 206,127.15
Non-Budget Revenues			80,293.37	
	<u>\$ 17,351,585.50</u>	<u>\$ 68,714.07</u>	<u>\$ 17,706,720.09</u>	

( ) 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, 2011

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

2011 Collections	88,261,130.02	
Prepaid Taxes Applied	370,521.05	
State Share of Sr. Citizen's and Veteran's Deductions Allowed	<u>156,000.00</u>	
		\$ 88,787,651.07
Allocated to:		
Regional School Tax	41,404,642.36	
Regional High School Tax	21,874,730.16	
County Taxes	14,589,321.39	
Local open Space Tax	<u>592,822.62</u>	
		<u>78,461,516.53</u>
		10,326,134.54
Add: Reserve for Uncollected Taxes		<u>976,000.00</u>
Amount for Support of Municipal Budget		<u>\$ 11,302,134.54</u>

Allocation of Delinquent Tax Collections:

<u>2011 Collections:</u>		
Delinquent Taxes	<u>767,176.17</u>	
		<u>\$ 767,176.17</u>

Miscellaneous Revenue Not Anticipated:

Miscellaneous	77,181.50	
SC & Vet Admin Fee	<u>3,111.87</u>	
		<u>\$ 80,293.37</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
Operations - within "CAPS":						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration:						
Township Administrator/CFO	194,690.00	194,711.00	194,709.14		1.86	
Salaries & Wages						
Other Expenses:						
Postage & Photo Copying	60,210.00	60,210.00	57,512.61	121.26	2,576.13	
Miscellaneous Other Expenses	11,463.00	11,963.00	10,595.42	1,367.23	0.35	
Mayor and Committee						
Salaries & Wages	33,000.00	33,000.00	32,999.72		0.28	
Other Expenses	2,005.00	2,405.00	2,214.66	78.98	111.36	
Township Clerk						
Salaries & Wages	98,065.00	98,065.00	97,997.35		67.65	
Other Expenses						
Elections	13,550.00	12,177.00	12,172.00		5.00	
Miscellaneous Other Expenses	12,000.00	12,600.00	9,120.56	50.00	3,429.44	
Financial Administration						
Salaries and Wages	127,223.00	121,723.00	121,641.45		81.55	
Other Expenses	3,265.00	3,265.00	2,242.73	735.00	287.27	
Audit Services						
Other Expenses	31,200.00	31,200.00	31,200.00			
Data Processing						
Other Expenses	56,335.00	56,335.00	43,834.13	6,252.01	6,248.86	
Tax Assessment Administration						
Salaries & Wages	139,136.00	134,256.00	134,136.08		119.92	
Other Expenses	27,985.00	17,985.00	5,060.25	11,412.60	1,512.15	
Revenue Administration						
Salaries & Wages	64,161.00	64,161.00	64,161.00			
Other Expenses	5,050.00	5,050.00	2,463.57		2,586.43	
Legal Services						
Other Expenses	133,000.00	133,000.00	115,383.57	7,974.93	9,641.50	

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>GENERAL GOVERNMENT FUNCTIONS (Cont'd.):</u>						
Engineering Services						
Salaries & Wages	255,388.00	260,388.00	260,262.41		125.59	
Other Expenses	7,545.00	7,545.00	3,536.02	1,930.96	2,078.02	
Historical Commission						
Other Expenses	1,750.00	1,750.00	490.00		1,260.00	
<u>LAND USE ADMINISTRATION</u>						
Planning Board						
Salaries & Wages	56,571.00	56,921.00	56,716.14		204.86	
Other Expenses	21,210.00	21,210.00	13,174.94	1,302.08	6,732.98	
Board of Adjustment						
Salaries & Wages	52,491.00	45,191.00	43,638.39		1,552.61	
Other Expenses	9,390.00	7,390.00	5,905.55	619.34	865.11	
Landfill Monitoring Wells						
Other Expenses	5,000.00	5,000.00			5,000.00	
<u>PUBLIC SAFETY FUNCTIONS:</u>						
Police						
Salaries and Wages	3,499,517.00	3,474,517.00	3,444,102.81		30,414.19	
Other Expenses	93,675.00	93,675.00	72,386.68	15,229.44	6,058.88	
First Aid Organization						
Other Expenses:						
OSHA/PEOSHA	6,000.00	6,000.00			6,000.00	
Aid & Maintenance Contract-Flem/Rar FAS	27,500.00	27,500.00	27,500.00			
Fire						
Other Expenses	113,295.00	113,295.00	103,663.37	7,955.00	1,676.63	
Fire Hydrants	272,000.00	272,415.00	249,879.06		22,535.94	
OSHA/PEOSHA (PL1983 Ch. 516)	5,750.00	5,750.00	4,483.93	1,109.72	156.35	
Fire Code Official (PL 1983 Ch. 383)						
Uniform Fire Safety Program						
Salaries & Wages	115,814.00	115,816.00	115,814.18		1.82	
Other Expenses	9,375.00	9,375.00	5,537.18		3,837.82	
Municipal Prosecutor						
Salaries & Wages	30,727.00	30,607.00	30,225.90		381.10	

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>PUBLIC SAFETY FUNCTIONS (Cont'd.):</u>						
Municipal Court						
Salaries & Wages	230,088.00	230,088.00	229,173.65		914.35	
Other Expenses	7,915.00	7,915.00	3,820.29	1,948.45	2,146.26	
Municipal Public Defender						
Salaries & Wages	5,000.00	5,000.00	5,000.00			
Emergency Management Services						
Salaries & Wages	3,640.00	3,640.00	3,640.00			
Other Expenses	3,700.00	4,200.00	2,771.71	1,413.46	14.83	
Animal Control Services						
Other Expenses	3,000.00	18,000.00	17,881.73		118.27	
<u>PUBLIC WORKS FUNCTIONS:</u>						
Streets and Road Maintenance						
Salaries and Wages	1,418,117.00	1,425,832.00	1,425,614.13		217.87	
Other Expenses:						
OSHA/PEOSHA	7,650.00	7,650.00	4,941.34	150.00	2,558.66	
Miscellaneous Other Expenses	76,985.00	76,985.00	63,528.36	8,282.93	5,173.71	
Snow Removal						
Salaries & Wages	30,000.00	30,000.00	30,000.00			
Other Expenses	157,150.00	157,150.00	153,838.30	939.96	2,371.74	
Recycling Program						
Salaries & Wages	50,067.00	50,067.00	50,067.00			
Solid Waste Collection						
Other Expenses	40,000.00	33,000.00	26,401.14	3,317.52	3,281.34	
Public Buildings and Grounds						
Other Expenses	75,715.00	77,715.00	70,241.68	6,935.39	537.93	
Vehicle Maintenance						
Salaries & Wages	298,139.00	298,549.00	298,545.10		3.90	
Other Expenses	195,325.00	195,325.00	192,265.51	1,613.68	1,445.81	
Condo Act Serv. Per NJSA40A:35-3d						
Other Expenses	6,800.00	6,800.00			6,800.00	

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>HEALTH &amp; HUMAN SERVICES FUNCTIONS</u>						
Public Health Services						
Salaries & Wages	69,372.00	69,392.00	67,442.94		1,949.06	
Other Expenses	3,690.00	3,690.00	2,682.10	125.00	882.90	
Environmental Commission						
Other Expenses	1,750.00	1,750.00	1,095.00		655.00	
<u>PARKS &amp; RECREATION FUNCTIONS</u>						
Joint Recreation Commission (Recreation and Education)						
Salaries & Wages	29,834.00	29,834.00	29,833.96		0.04	
Other Expenses	35,035.00	35,035.00		35,035.00		
Maintenance of Parks						
Salaries & Wages	296,862.00	286,312.00	281,811.72		4,500.28	
Other Expenses	25,950.00	23,950.00	14,519.59	3,243.00	6,187.41	
Insurance						
Liability	253,180.00	253,180.00	252,097.00		1,083.00	
Workers Compensation	286,330.00	286,330.00	286,324.00		6.00	
Employee Group Health	2,092,000.00	2,092,000.00	2,070,896.41	1,584.79	19,518.80	
Employee Health Benefit Waivers						
Salaries and Wages	27,985.00	27,985.00	27,984.50		0.50	
<u>Uniform Construction Code</u>						
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Construction Official						
Salaries and Wages	348,608.00	349,648.00	348,489.25		1,158.75	
Other Expenses	11,428.00	11,428.00	5,317.90	3,269.23	2,840.87	

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>UNCLASSIFIED:</u>						
Accumulated Sick Leave Fund	30,000.00	30,000.00	30,000.00			
Other Expenses						
<u>UTILITIES EXPENSES &amp; BULK PURCHASES</u>						
Utilities						
Other Expenses	520,680.00	552,380.00	524,155.10	22,745.11	5,479.79	
Total Operations {Item 8(A)} within "CAPS"	12,237,331.00	12,227,281.00	11,895,140.21	152,742.07	179,398.72	
Total Operations Including Contingent within "CAPS"	12,237,331.00	12,227,281.00	11,895,140.21	152,742.07	179,398.72	
Detail:						
Salaries & Wages	7,446,510.00	7,407,718.00	7,366,022.32		41,695.68	
Other Expenses (Including Contingent)	4,790,821.00	4,819,563.00	4,529,117.89	152,742.07	137,703.04	
<u>STATUTORY EXPENDITURES WITHIN "CAPS":</u>						
Contribution to:						
Public Employees' Retirement System	520,050.00	520,050.00	520,050.00			
Social Security System (O.A.S.I.)	568,682.00	578,682.00	568,615.41		10,066.59	
Police and Firemen's Retirement System of N.J.	916,322.00	916,322.00	916,322.00			
Defined Contribution Retirement Plan	610.00	610.00	560.00		50.00	
Unemployment Compensation (NJSA 43:21-3 et seq.)	19,224.00	19,274.00	19,066.04		207.96	
Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"	2,024,888.00	2,034,938.00	2,024,613.45		10,324.55	
Total General Appropriations for Municipal Purposes within "CAPS"	14,262,219.00	14,262,219.00	13,919,753.66	152,742.07	189,723.27	

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED			BALANCE CANCELED
				ENCUMBERED	RESERVED		
Operations - Excluded from "CAPS":							
L.O.S.A.P. (Fire Company) Contribution	51,000.00	50,700.00	34,100.00		300.00		16,300.00
NJPDES/Stormwater General Permit Tier A	4,050.00	4,050.00	4,050.00				
Streets & Roads O.E.	1,500.00	1,800.00	1,292.82	133.59	373.59		
Recycling Tax							
NJPDES/Stormwater							
Preparation of Pollution Prevention Plan							
Engineering							
Other Expenses	1,000.00	1,000.00	3.99		96.01		900.00
Public and Private Programs Offset							
by Revenues:							
Clean Communities Program		47,309.07	47,309.07				
Body Armor Replacement Fund		3,141.43	3,141.43				
Alcohol Education/Rehabilitation		3,505.76	3,505.76				
Drunk Driving Enforcement Fund		12,213.81	12,213.81				
NJDOT Bikeways/Pedestrian Grant	100,000.00	100,000.00	100,000.00				
Bulletproof Vest Partnership-BLA		2,544.00	2,544.00				
Mercedes Benz-Contribution for Motorcycle	3,081.50	3,081.50	3,081.50				
<b>Total Operations - Excluded from "CAPS"</b>	<b>160,631.50</b>	<b>229,345.57</b>	<b>211,242.38</b>	<b>133.59</b>	<b>769.60</b>		<b>17,200.00</b>
Detail:							
Other Expenses	160,631.50	229,345.57	211,242.38	133.59	769.60		17,200.00

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		BALANCE CANCELED
				ENCUMBERED	RESERVED	
<u>Capital Improvements - Excluded from "CAPS"</u>						
Road Drainage, Overlay & Treatment	11,000.00	11,000.00		10,750.00	250.00	
Purchase of Office Equipment	2,000.00	2,000.00			2,000.00	
Purchase of Fire Equipment	30,000.00	30,000.00	24,071.00	5,927.12	1.88	
Total Capital Improvements Excluded from "CAPS"	43,000.00	43,000.00	24,071.00	16,677.12	2,251.88	
<u>Municipal Debt Service - Excluded from "CAPS"</u>						
Payment of Bond Principal	1,353,260.00	1,353,260.00	1,353,258.50			1.50
Payment of Bond Anticipation Notes and Capital Notes	5,500.00	5,500.00	5,500.00			
Interest on Bonds	548,755.00	548,755.00	534,848.75			13,906.25
Interest on Notes	2,220.00	2,220.00				2,220.00
Total Municipal Debt Service Excluded from "CAPS"	1,909,735.00	1,909,735.00	1,893,607.25			16,127.75

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	BALANCE CANCELED
				ENCUMBERED	RESERVED
(H-2) Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,113,366.50	2,182,080.57	2,128,920.63	16,810.71	20,221.48
Total General Appropriations - Excluded from "CAPS"	<u>2,113,366.50</u>	<u>2,182,080.57</u>	<u>2,128,920.63</u>	<u>16,810.71</u>	<u>3,021.48</u>
Subtotal General Appropriations	16,375,585.50	16,444,299.57	16,048,674.29	169,552.78	192,744.75
Reserve for Uncollected Taxes	<u>976,000.00</u>	<u>976,000.00</u>	<u>976,000.00</u>		
Total General Appropriations	<u>17,351,585.50</u>	<u>17,420,299.57</u>	<u>17,024,674.29</u>	<u>169,552.78</u>	<u>192,744.75</u>
Adopted Budget Chapter 159 Amendments	17,351,585.50	68,714.07			
		<u>17,420,299.57</u>			
Cash Disbursed			15,879,960.22		
Reserve for Uncollected Taxes			976,000.00		
Due to State & Federal Grant Fund			<u>168,714.07</u>		
			<u>17,024,674.29</u>		

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2010</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2010</u>
Open Space Trust Fund:					
Cash - Treasurer	\$ 1,577,388.96	\$ 875,984.32	Open Space Trust Fund:	\$ 1,781,389.09	\$ 595,214.68
Interfund Accounts Receivable	485,126.02		Reserve for Open Space	281,125.89	280,769.64
Total Open Space Trust Fund	<u>2,062,514.98</u>	<u>875,984.32</u>	Reserve for Interest Earned		
			Total Open Space Trust Fund	<u>2,062,514.98</u>	<u>875,984.32</u>
Animal Control Fund:			Animal Control Fund:		
Cash-Treasurer	4,799.34	2,672.17	State Registration Fees Payable	40.20	16.80
Total Animal Control Fund	<u>4,799.34</u>	<u>2,672.17</u>	Res. For Animal Control Expend.	4,759.14	2,655.37
			Total Animal Control Fund	<u>4,799.34</u>	<u>2,672.17</u>
General Trust Fund:			General Trust Fund:		
Cash - Treasurer	6,422,428.76	7,323,459.06	Restricted Accounts:		
Interfund Accounts Receivable	7,595.00	385.00	L.O.S.A.P. Plan Balance (Unaudited)	473,981.15	455,330.47
Plan Assets Held by Trustee (Unaudited)	473,981.15	455,330.47	Other Reserves	2,235,720.25	2,315,595.79
Total General Trust Fund	<u>6,904,004.91</u>	<u>7,779,174.53</u>	Res. For Expenditures - Dedications by Rider	4,194,303.51	5,008,248.27
			Total General Trust Fund	<u>6,904,004.91</u>	<u>7,779,174.53</u>
	<u>\$ 8,971,319.23</u>	<u>\$ 8,657,831.02</u>		<u>\$ 8,971,319.23</u>	<u>\$ 8,657,831.02</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, 2011

Balance - December 31, 2010		\$ 875,984.32
Increased by Revenues:		
Public & Private Funding	1,681,283.20	
2011 Municipal Open Space Tax	592,822.02	
Interest on Deposits	<u>356.25</u>	
		<u>2,274,461.47</u>
		3,150,445.79
Decreased by Expenditures:		
Debt Service Payments - Green Trust Loans	185,059.96	
Bond Principal	406,740.00	
Interest on Bonds	165,210.04	
Acquisition Costs	<u>330,920.81</u>	
		<u>1,087,930.81</u>
Balance - December 31, 2011		<u>\$ 2,062,514.98</u>
 <u>Analysis of Balance - December 31, 2011:</u>		
Unexpended Tax Levies		\$ 1,781,389.09
Cumulative Interest Earnings		<u>281,125.89</u>
		<u>2,062,514.98</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>
Cash and Investments	\$ 381,880.57	\$ 749,121.33
Grant Receivable	84,500.00	225,500.00
Loan Receivable - CFP	38,000.00	38,000.00
Due from Current Fund	141,000.00	
Prospective Assessments Raised by Taxation		85,750.00
Deferred Charges to Future Taxation:		
Funded	19,916,974.80	21,830,922.22
Unfunded	<u>546,347.40</u>	<u>551,847.40</u>
	<u>\$ 21,108,702.77</u>	<u>\$ 23,481,140.95</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
General Serial Bonds	\$ 18,477,000.00	\$ 20,237,000.00
Bond Anticipation Notes	129,000.00	134,500.00
Green Acres Loans	1,439,974.80	1,593,922.22
Reserves for:		
Capital Improvement Fund	3,028.86	3,028.86
Payment of Note Interest	0.33	0.33
Loans Receivable	38,000.00	38,000.00
Prospective Assessments		85,750.00
Encumbrances	26,895.37	14,117.00
Purchase of Fire Equipment	18,347.92	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	2,500.00
Concord Ridge	18,000.00	18,000.00
County Open Space Funds	347.27	532.15
Improvement Authorizations:		
Funded	451,021.69	833,204.89
Unfunded	503,717.26	515,429.59
Fund Balance	<u>9.68</u>	<u>4,292.66</u>
	<u>\$ 21,108,702.77</u>	<u>\$ 23,481,140.95</u>
 Note:		
Bonds and Notes Authorized but not Issued	<u>\$ 4,217,347.40</u>	<u>\$ 417,347.40</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Increased by:		
Premium Received on Sale of Bonds	\$	\$ 9.09
Improvement Authorizations Canceled		<u>4,283.57</u>
Total Increases	<u>-</u>	<u>4,292.66</u>
Decreased by:		
Fund Balance Utilized as Current Revenue	<u>4,282.98</u>	<u>3,650.69</u>
Total Decreases	<u>4,282.98</u>	<u>3,650.69</u>
Net Increase (Decrease)	(4,282.98)	641.97
Balance - January 1	<u>4,292.66</u>	<u>3,650.69</u>
Balance - December 31	\$ <u>9.68</u>	\$ <u>4,292.66</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

PAYROLL FUND  
 COMPARATIVE BALANCE SHEET - STATUTORY BASIS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

<u>ASSETS</u>	BALANCE DEC. 31, 2011	BALANCE DEC. 31, 2010
Cash	\$ <u>67,503.56</u>	\$ <u>55,787.18</u>
	\$ <u><u>67,503.56</u></u>	\$ <u><u>55,787.18</u></u>
 <u>LIABILITIES</u>		
Payroll Deductions Payable	\$ 67,179.63	\$ 55,463.25
Unallocated	<u>323.93</u>	<u>323.93</u>
	\$ <u><u>67,503.56</u></u>	\$ <u><u>55,787.18</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS - STATUTORY BASIS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

	BALANCE <u>DEC. 31, 2011</u>	BALANCE <u>DEC. 31, 2010</u>
General Fixed Assets:		
Land	\$ 12,307,080.00	\$ 12,307,080.00
Buildings & Improvements	8,931,842.00	8,927,120.00
Machinery & Equipment	<u>11,024,463.00</u>	<u>11,003,629.00</u>
	<u>\$ 32,263,385.00</u>	<u>\$ 32,237,829.00</u>
Investment in General Fixed Assets	<u>\$ 32,263,385.00</u>	<u>\$ 32,237,829.00</u>

Note: See Notes to Financial Statements

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010

Note 1: FORM OF GOVERNMENT

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

## 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. 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.

GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus-an 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.

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 various pronouncements issued on or before November 30, 1989.

GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" in June 2011. The Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

GASB issued Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB No. 53" in June 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

GASB issued Statement No. 65, "Summary of Statement No. 65 Items Previously Reported as Assets and Liabilities" in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

## NOTES TO FINANCIAL STATEMENTS

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

#### C. Basis of Accounting (Cont'd.)

GASB issued Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62" in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

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 2011</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
<u>Issued:</u>			
General:			
Bonds, Loans and Notes	\$ 20,045,974.80	\$ 21,965,422.22	\$ 22,348,836.27
<u>Authorized but not Issued:</u>			
General:			
Bonds & Notes	<u>417,347.40</u>	<u>417,347.40</u>	<u>2,394,660.61</u>
Net Bonds & Notes Issued and Authorized but not Issued	<u>\$ 20,463,322.20</u>	<u>\$ 22,382,769.62</u>	<u>\$ 24,743,496.88</u>

Summarized below are the Township's individual bond & loan issues which were outstanding at December 31, 2011:

	<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	\$ 4,149,000.00	3.400-4.200%	2017
General Improvement Bonds of 2005	7,900,000.00	5,225,000.00	2.800-3.250%	2020
General Improv. Ref. Bonds of 2009	2,575,000.00	2,070,000.00	3.000-5.000%	2019
General Improvement Bonds of 2010	7,348,000.00	7,033,000.00	2.000-3.500%	2025
Green Trust Loan	2,250,000.00	1,439,974.80	2.000%	2020
Bond Anticipation Notes	134,500.00	<u>129,000.00</u>	2.500%	2012
Total General. Improv. Debt		<u>\$ 20,045,974.80</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.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of:

FYE 2011

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$37,646,492.10	\$37,646,492.10	\$
Regional H.S. District Debt	\$8,555,489.90	\$8,555,489.90	
General Debt	<u>24,263,322.20</u>	<u>3,464,000.00</u>	<u>20,799,322.20</u>
	<u>\$70,465,304.20</u>	<u>\$49,665,982.00</u>	<u>\$20,799,322.20</u>

Net Debt \$20,463,322.2 Divided by Equalized Valuation Basis per  
N.J.S.A. 40A:2-2 as amended \$4,182,297,299.00 = 0.50%

Equalized Valuation Basis

2009 Equalized Valuation Basis of Real Property	4,241,087,515.00
2010 Equalized Valuation Basis of Real Property	4,188,046,269.00
2011 Equalized Valuation Basis of Real Property	<u>4,117,758,113.00</u>
Average Equalized Valuation	<u>\$ 4,182,297,299.00</u>

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

3 1/2% of Equalized Valuation Basis Municipal	146,380,405.47
Net Debt	<u>20,799,322.20</u>
Remaining Borrowing Power	<u>\$ 125,581,083.27</u>



NOTES TO FINANCIAL STATEMENTS

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, 2011

Calendar Year	General Capital Bonds		Green Trust Loans		Total
	Principal	Interest	Principal	Interest	
2012	\$ 1,795,000.00	\$ 646,199.25	\$ 157,041.77	\$ 28,018.19	2,626,259.21
2013	1,825,000.00	587,558.00	160,198.31	24,861.65	2,597,617.96
2014	1,840,000.00	526,575.50	163,418.29	21,641.67	2,551,635.46
2015	1,860,000.00	463,263.00	166,703.00	18,356.96	2,508,322.96
2016	1,870,000.00	397,719.25	170,053.73	15,006.23	2,452,779.21
2017	1,889,000.00	325,125.50	173,471.81	11,588.15	2,399,185.46
2018	1,485,000.00	251,217.50	176,958.59	8,101.37	1,921,277.46
2019	1,510,000.00	197,367.50	180,515.46	4,544.50	1,892,427.46
2020	1,255,000.00	142,280.00	91,613.84	916.14	1,489,809.98
2021	630,000.00	99,942.50			729,942.50
2022	630,000.00	81,042.50			711,042.50
2023	630,000.00	62,142.50			692,142.50
2024	630,000.00	42,455.00			672,455.00
2025	628,000.00	21,980.00			649,980.00
	<u>18,477,000.00</u>	<u>3,844,868.00</u>	<u>1,439,974.80</u>	<u>133,034.86</u>	<u>23,894,877.66</u>

Note 4: FIXED ASSETS

Changes in Fixed Assets for the year ended December 31, 2010 and 2011 are as follows:

	Balance Dec. 31, 2009	Increases	Decreases	Balance Dec. 31, 2010
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, 2010	Increases	Decreases	Balance Dec. 31, 2011
Land	\$ 12,307,080			\$ 12,307,080
Buildings & Improvements	8,927,120	4,722		8,931,842
Machinery & Equipment	11,003,629	20,834		11,024,463
	<u>\$ 32,237,829</u>	<u>\$ 25,556</u>	<u>\$ 0</u>	<u>\$ 32,263,385</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, 2010 and 2011 that were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2011 and 2012 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 31,2011</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$471,182.92	\$400,000.00

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, 2011 and 2010, the following deferred charges are shown on the balance sheets of the various funds:

	<u>BALANCE DEC. 31, 2011</u>	<u>RAISED IN 2012 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, 2011, the Township's recorded cash, cash equivalents and investments amounted to \$10,734,242.48, and an amount of \$10,713,050.14 was on deposit with the respective institutions.

An Analysis of the Township's cash, cash equivalents and investments at December 31, 2010 and 2011, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2010 Amount</u>	<u>2011 Amount</u>
Current	\$2,513,482.92	\$2,220,675.70
Grant	84,682.14	59,565.59
General Capital	749,121.33	381,880.57
Animal Control Trust	2,672.17	4,799.34
Open Space Trust	875,984.32	1,577,388.96
Other Trust	7,323,459.06	6,422,428.76
Payroll	<u>55,787.18</u>	<u>67,503.56</u>
Total Cash, Cash Equivalents & Investments	<u>\$11,605,189.12</u>	<u>\$10,734,242.48</u>

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

Deposits (Cont'd.)

By Category (Type)	2010	2011
	<u>Amount</u>	<u>Amount</u>
<u>Cash &amp; Cash Equivalents:</u>		
Change Fund	\$ 775.00	\$ 775.00
Demand Accounts	11,600,621.20	11,730,462.95
State of NJ Cash Mgmt. Fund	3,792.92	3,004.53
Total Cash & Cash Equivalents	<u>\$11,605,189.12</u>	<u>\$10,734,242.48</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, 2011, the carrying amount of the Township's deposits was \$10,733,467.48 and the bank balance was \$10,713,050.14. Of the bank balance, Federal Depository Insurance covered \$250,000.00 and \$10,460,045.61 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.)

Deposits (Cont'd.)

As of December 31, 2010 and 2011, 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 2011, the Township had \$3,792.92 and \$3,004.53 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 1<sup>st</sup> 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 2011 were \$455,740.00 and \$520,050.00 respectively for PERS, and \$783,794.00 and \$916,322.00 respectively for PFRS.

The Township opted to defer the payment of 50% of its normal and accrued liability components of the total 2009 PFRS payment (\$354,955 deferred). Pursuant to the enabling 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%

## NOTES TO FINANCIAL STATEMENTS

### 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 should be updated biennially, however, the Township is participating in a cost-sharing program for OPEB projections and reporting that is sponsored by the SCJIF, and the SCJIF has contracted with a consultant to perform the actuarial valuation as of December 31, 2012.

### 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. Effective in 2011, non-union employees may no longer accumulate days for payment upon retirement.

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

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

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

The Township maintains up-to-date records of each employee's status relating to compensated absences earned and unused. It is estimated that the cost at December 31, 2010 and 2011 of such unpaid leave would approximate \$1,531,839 and \$1,452,50. 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.

## NOTES TO FINANCIAL STATEMENTS

### Note 13: RISK MANAGEMENT (CONT.D)

#### Summary of Risk Management Program (Cont'd.)

##### 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

##### 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  
SUPPLEMENTARY SCHEDULES**

**Current Fund**

SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS - TREASURER

	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2010	\$2,512,707.92	\$84,682.14
Increased by Receipts:		
Miscellaneous Revenue Anticipated	4,108,401.94	
Miscellaneous Revenue Not Anticipated	80,293.37	
Petty Cash Returned	450.00	
Taxes Receivable	89,028,306.19	
Reserve for Lien Redemption	25,469.51	
Tax Overpayments	22,679.59	
State of NJ Sr. Citizen's & Vet. Deductions	155,593.37	
Due to State of N.J. - Various Fees	55,076.00	
Health Inspection Fees	17,750.00	
Interfund Accounts	191,210.00	
Prepaid Taxes	533,250.59	
Due to RTMUA	13,471.52	
State and Federal Grants Receivable		99,376.07
Contra Items	<u>7,428,112.64</u>	
	<u>101,660,064.72</u>	<u>99,376.07</u>
Balance Carried Forward	104,172,772.64	184,058.21
Decreased by Disbursements:		
Prior Years Refunds	51,682.41	
Budget Appropriations	15,879,960.22	
Petty Cash	450.00	
Interfund Accounts	113,926.50	43,000.00
Accounts Payable	32,124.23	
Appropriation Reserves	309,226.52	
Reserve for Encumbrances		18,792.00
Tax Overpayments	106,756.77	
Due to State of N.J. - Various Fees	56,032.00	
Health Inspection Fees	16,125.00	
Regional School Tax	41,404,642.36	
Regional High School Tax	21,874,730.16	
County Taxes	14,679,103.13	
State and Federal Grants Appropriated		62,700.62
Contra Items	<u>7,428,112.64</u>	
	<u>101,952,871.94</u>	<u>124,492.62</u>
Balance (Deficit) - December 31, 2011	<u><u>\$2,219,900.70</u></u>	<u><u>\$59,565.59</u></u>

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

YEAR	BALANCE DEC. 31, 2010	2011 LEVY	ADDED BY APPEAL	COLLECTIONS BY CASH 2010	2011	STATE SHARE OF SR. CIT & VET. DEDUCTIONS	TRANSFER TO TAX TITLE LIENS	REMITTED OR CANCELLED	BALANCE DEC. 31, 2011
2010	\$ 788,017.99	\$ -	\$ -	\$ -	\$ 767,176.17	\$ -	\$ -	\$ 20,841.82	\$ -
2011	788,017.99	89,947,970.82	28,221.78	370,521.05	767,176.17	156,000.00	32,247.45	20,841.82	1,156,294.08
	<u>\$788,017.99</u>	<u>\$89,947,970.82</u>	<u>\$28,221.78</u>	<u>\$370,521.05</u>	<u>\$89,028,306.19</u>	<u>\$156,000.00</u>	<u>\$32,247.45</u>	<u>\$20,841.82</u>	<u>\$1,156,294.08</u>

Analysis of 2010 Property Tax Levy:

Tax Yield:	
General Purpose	89,555,737.70
Added Taxes (54:4-63.1 et seq.)	380,162.78
Added/Omitted Taxes	<u>12,070.34</u>
	<u>\$89,947,970.82</u>

Tax Levy:	
Regional School Tax (Abstract)	41,404,642.36
Regional H.S. Tax (Abstract)	21,874,730.16
County Tax (Abstract)	12,218,919.88
County Library Tax (Abstract)	1,030,485.12
County Open Space Tax (Abstract)	1,275,330.64
Added County Tax	64,585.75
Municipal Open Space Tax	<u>592,822.62</u>

Local Tax for Mun. Purposes (Abstract)	78,461,516.53
Add: Additional Tax Levied	<u>11,486,454.29</u>
	<u>\$89,947,970.82</u>

SCHEDULE OF TAX TITLE LIENS  
CURRENT FUND

Balance - December 31, 2010	\$99,672.55
Increased by:	
Transfers from Taxes Receivable	<u>32,247.45</u>
Balance - December 31, 2011	<u><u>\$131,920.00</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
CURRENT FUND

Balance - December 31, 2010	\$302,200.00
Balance - December 31, 2011	<u><u>\$302,200.00</u></u>

CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES

Exhibit A-8

	<u>BALANCE - DEC. 31, 2010</u>		<u>BALANCE AFTER</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>			
Operations - within "CAPS":					
Township Administrator/CFO					
Salaries & Wages		0.01	0.01		0.01
Other Expenses:					
Postage & Photo Copying	2,590.74	1,068.72	3,659.46	1,381.86	2,277.60
Miscellaneous Other Expenses	82.08	867.21	949.29	82.08	867.21
Mayor and Committee					
Salaries & Wages		0.28	0.28		0.28
Other Expenses	136.97	135.04	272.01	136.97	135.04
Township Clerk					
Salaries & Wages		9.86	9.86		9.86
Other Expenses					
Elections		13.34	13.34		13.34
Miscellaneous Other Expenses		1,043.21	1,043.21	89.10	954.11
Financial Administration					
Salaries and Wages		2.90	2.90		2.90
Other Expenses		622.99	622.99		622.99
Data Processing					
Other Expenses	280.00	2,719.84	2,999.84	2,335.00	664.84
Tax Assessment Administration					
Salaries & Wages		3.77	3.77		3.77
Other Expenses		13,696.78	10,596.78	721.95	9,874.83
Revenue Administration					
Salaries & Wages		182.06	182.06		182.06
Other Expenses		515.26	515.26		515.26
Legal Services					
Other Expenses	13,251.49	7,289.15	17,640.64	13,956.33	3,684.31
Engineering Services					
Salaries & Wages		573.58	573.58		573.58
Other Expenses	877.94	1,453.06	2,331.00	909.53	1,421.47
Historical Commission					
Other Expenses	716.07	601.69	1,317.76	716.07	601.69
Planning Board					
Salaries & Wages		77.41	77.41		77.41
Other Expenses	600.47	1,232.86	1,833.33	797.35	1,035.98
Board of Adjustment					
Salaries & Wages		1,407.59	407.59	263.64	143.95
Other Expenses		773.13	1,773.13	1,325.98	447.15
Landfill Monitoring Wells					
Other Expenses	1,880.00	155.00	2,035.00	1,900.00	135.00
<u>PUBLIC SAFETY FUNCTIONS:</u>					
Police					
Salaries and Wages		10,690.21	5,690.21	4,630.62	1,059.59
Other Expenses	7,987.90	48,540.47	37,528.37	37,344.56	183.81
First Aid Organization					
OSHA/PEOSHA	5,833.31	166.69	6,000.00	5,833.31	166.69
Aid & Maintenance-Flem/Rar FAS					
Fire					
Other Expenses	12,387.05	8.29	12,395.34	12,386.80	8.54
Fire Hydrants		22,654.30	22,654.30	22,534.46	119.84
OSHA/PEOSHA (PL1983 Ch. 516)	2,246.00		2,246.00	2,189.00	57.00
Fire Code Official (PL 1983 Ch. 383)					
Uniform Fire Safety Program					
Other Expenses		1,610.58	210.58		210.58
Municipal Prosecutor					
Salaries & Wages		1,705.63	205.63		205.63

CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES

Exhibit A-8

	<u>BALANCE - DEC. 31, 2010</u>		<u>BALANCE AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>			
<u>PUBLIC SAFETY FUNCTIONS (Cont'd.):</u>					
Municipal Court					
Salaries & Wages		886.57	786.57		786.57
Other Expenses	1,054.05	1,595.26	2,749.31	829.80	1,919.51
Emergency Management Services					
Salaries & Wages		135.60	135.60		135.60
Other Expenses	752.53	282.40	1,034.93	752.53	282.40
Animal Control Services					
Other Expenses		744.55	744.55		744.55
<u>PUBLIC WORKS FUNCTIONS:</u>					
Streets and Road Maintenance					
Salaries and Wages		961.90	961.90	94.25	867.65
Other Expenses:					
OSHA/PEOSHA	1,274.00	2,170.16	3,444.16	1,274.00	2,170.16
Miscellaneous Other Expenses	842.59	2,201.47	3,044.06	2,973.23	70.83
Snow Removal					
Other Expenses	15,420.00	3,440.19	18,860.19	18,682.82	177.37
Solid Waste Collection					
Other Expenses		9,711.44	9,711.44	8,081.57	1,629.87
Public Buildings and Grounds					
Other Expenses	1,846.71	6,474.92	8,321.63	5,545.10	2,776.53
Vehicle Maintenance					
Salaries & Wages		325.66	325.66	14.50	311.16
Other Expenses	12,964.97	6,102.23	19,067.20	16,221.54	2,845.66
Condo Act Serv. Per NJSA40A:35-3d					
Other Expenses		7,183.00	10,083.00	10,073.24	9.76
Public Health Services					
Salaries & Wages		134.60	134.60		134.60
Other Expenses		923.19	923.19		923.19
Environmental Commission					
Other Expenses		1,125.00	1,125.00		1,125.00
Maintenance of Parks					
Salaries & Wages		3,178.74	3,178.74	3,007.25	171.49
Other Expenses	2,950.00	6,054.44	9,004.44	5,950.00	3,054.44
Insurance					
Liability		317.00	317.00		317.00
Employee Group Health	4,865.46	43,052.61	47,918.07	45,644.02	2,274.05
Uniform Construction Code					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4.17)					
Construction Official					
Salaries and Wages		900.48	19,900.48	19,900.00	0.48
Other Expenses	1,566.50	2,603.86	4,170.36	1,345.12	2,825.24
<u>UNCLASSIFIED:</u>					
Purchase of Police Vehicles		65.73	65.73		65.73
<u>UTILITIES EXPENSES &amp; BULK PURCHASES</u>					
Utilities					
Other Expenses	10,360.39	21,004.66	42,365.05	42,245.77	119.28
Total Operations {Item 8(A)} within "CAPS"	102,767.22	241,396.57	344,163.79	292,169.35	51,994.44
Total Operations Including Contingent within "CAPS"	102,767.22	241,396.57	344,163.79	292,169.35	51,994.44
Detail:					
Salaries & Wages		21,176.85	32,576.85	27,910.26	4,666.59
Other Expenses (Including Contingent)	102,767.22	220,219.72	311,586.94	264,259.09	47,327.85

CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES

Exhibit A-8

	BALANCE - DEC. 31, 2010		BALANCE AFTER	PAID OR	BALANCE
	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>LAPSED</u>
<u>STATUTORY EXPENDITURES WITHIN "CAPS":</u>					
Contribution to:					
Social Security System (O.A.S.I.)		1,831.21	1,831.21		1,831.21
Defined Contribution Retirement Plan		4.00	4.00		4.00
Unemployment Compensation		259.02	259.02	163.50	95.52
Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"		2,094.23	2,094.23	163.50	1,930.73
Total General Appropriations for Municipal Total within "CAPS"	102,767.22	243,490.80	346,258.02	292,332.85	53,925.17
Operations - Excluded from "CAPS":					
NJPDES/Stormwater General Permit Tier A					
Streets & Roads O.E.					
Recycling Tax		500.99	500.99	105.15	395.84
Engineering					
Other Expenses	6,500.00		6,500.00	6,500.00	
Total Operations - Excluded from "CAPS"	6,500.00	500.99	7,000.99	6,605.15	395.84
Detail:					
Other Expenses	6,500.00	500.99	7,000.99	6,605.15	395.84
Capital Improvements - Excluded from "CAPS"					
Purchase of Police Equipment		4,000.00	4,000.00		4,000.00
Road Drainage, Overlay & Treatment		797.72	797.72		797.72
Purchase of Office Equipment		3,450.00	3,450.00		3,450.00
Purchase of Fire Equipment	18,096.86		18,096.86	18,086.86	10.00
Total Capital Improvements Excluded from "CAPS"	18,096.86	8,247.72	26,344.58	18,086.86	8,257.72
Total Excluded from "CAPS"	24,596.86	8,748.71	33,345.57	24,692.01	8,653.56
Subtotal General Appropriations	127,364.08	252,239.51	379,603.59	317,024.86	62,578.73
Reserve for Uncollected Taxes					
Total General Appropriations	127,364.08	252,239.51	379,603.59	317,024.86	62,578.73
Cash Disbursed				309,226.52	
Reserve for Encumbrances				7,798.34	
				317,024.86	

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE OR (PAYABLE)  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Open Space Trust Fund	(\$6,229.90)	\$592,822.62	\$113,926.50	(\$485,126.02)
Other Trust Fund	(385.00)	7,210.00		(7,595.00)
Federal and State Grant Fund	73,662.00	168,714.07	211,714.07	30,662.00
General Capital Fund			141,000.00	(141,000.00)
	<u>\$67,047.10</u>	<u>\$768,746.69</u>	<u>\$466,640.57</u>	<u>(\$603,059.02)</u>
Receivables	\$73,662.00			\$30,662.00
Payables	<u>(6,614.90)</u>			<u>(633,721.02)</u>
	<u>\$67,047.10</u>			<u>(\$603,059.02)</u>
Cash Receipts		\$7,210.00	\$184,000.00	
Cash Disbursements			113,926.50	
Budget Revenues		168,714.07		
Charges to Current Budget Appropriations			168,714.07	
Open Space Tax Levy		<u>592,822.62</u>		
		<u>\$768,746.69</u>	<u>\$466,640.57</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, 2010	\$11,186.00	\$420.00	-\$10.00	\$9,945.00	\$831.00
Increased by:					
Collections	55,076.00	2,215.00		47,336.00	5,525.00
	66,262.00	2,635.00	-10.00	57,281.00	6,356.00
Decreased by:					
Payments	56,032.00	2,125.00	10.00	48,774.00	5,123.00
Balance - December 31, 2011	\$10,230.00	\$510.00	-\$20.00	\$8,507.00	\$1,233.00

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES  
CURRENT FUND

	<u>REF.</u>	
Increased by:		
2011 Levy	A-1, A-2, A-7	\$41,404,642.36
Decreased by:		
Payments	A-4	\$41,404,642.36

SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES  
CURRENT FUND

	<u>REF.</u>	
Increased by:		
2011 Levy	A-1, A-2, A-7	\$21,874,730.16
Decreased by:		
Payments	A-4	\$21,874,730.16

SCHEDULE OF COUNTY TAXES PAYABLE  
CURRENT FUND

Balance - December 31, 2010		\$154,367.49
Increased by:		
2011 Levy:		
County Tax	12,218,919.88	
County Library Tax	1,030,485.12	
County Open Space Preservation	1,275,330.64	
Added Taxes (R.R. 54:4-63.1 et seq.)	<u>64,585.75</u>	
		<u>14,589,321.39</u>
		14,743,688.88
Decreased by:		
Payments		<u>14,679,103.13</u>
Balance - December 31, 2011		<u><u>\$64,585.75</u></u>

SCHEDULE OF ACCOUNTS PAYABLE  
CURRENT FUND

Balance - December 31, 2010		\$13,454.72
Increased by:		
Transfer from Reserve for Encumbrances		<u>48,957.89</u>
		62,412.61
Decreased by:		
Cancelled	15,230.24	
Payments	<u>32,124.23</u>	
		<u>47,354.47</u>
Balance - December 31, 2011		<u><u>\$15,058.14</u></u>

SCHEDULE OF OTHER RESERVES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>BALANCE</u> <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	53,382.31	53,382.31
Codification of Ordinances	100.05	100.05
Master Plan	2,421.85	2,421.85
Revaluation	0.37	0.37
	<u>\$ 62,826.62</u>	<u>\$ 62,826.62</u>

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

<u>GRANT/AID PROGRAM</u>	BALANCE DEC. 31, 2010	TRANSFERRED FROM 2011 BUDGET	PAID OR CHARGED	BALANCE DEC. 31, 2010
Body Armor Fund - 2011	\$	\$ 3,141.43	\$ 1,553.14	\$ 1,588.29
Body Armor Fund - 2010	1,761.86		1,761.86	-
Bulletproof Vest Partnership Emergency Mgmt.- 2010	2,507.23	2,544.00		2,544.00
Drunk Driving Enforcement Fund 2011		12,213.81		12,213.81
Drunk Driving Enforcement Fund 2010	14,165.02		1,277.01	12,888.01
Drunk Driving Enforcement Fund 2009	6,728.31		6,728.31	0.00
Clean Communities Act - 2011		47,309.07	36,489.66	10,819.41
Clean Communities Act - 2010	4,129.14		4,129.14	-
Over the Limit - Under Arrest 2010	2,000.00		2,000.00	-
NJDOT Safe Roads to School	200,000.00		975.00	199,025.00
Alcohol Education and Rehabilitation Fund 2011		3,505.76	1,514.31	1,991.45
Alcohol Education and Rehabilitation Fund 2010	4,141.69		4,141.69	-
NJ Forestry Business Stimulus	6,870.00		6,870.00	
FY 04 Trans. Enhancement	113,959.33			113,959.33
Domestic Violence Training	1,507.89		50.00	1,457.89
NJ Bikeways		100,000.00		100,000.00
County Prosecutor-Forfeiture Funds	616.46			616.46
Stormwater Regulation	2,326.93			2,326.93
	<u>\$ 360,713.86</u>	<u>\$ 168,714.07</u>	<u>\$ 67,490.12</u>	<u>\$ 461,937.81</u>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
GRANT FUND

<u>GRANT</u>	BALANCE DEC. 31, 2010	2011 BUDGET REVENUE REALIZED	COLLECTED 2011	BALANCE DEC. 31, 2011
Fiscal Year 2004 Transportation Enhancement	\$ 144,000.00			\$ 144,000.00
Walkway & Streetscape project	3,007.00			3,007.00
Mun. Stormwater Regulation Program	-	47,309.07	47,309.07	-
Clean Communities	5,000.00		5,000.00	-
Over the Limit - Under Arrest 2010	-	3,141.43	3,141.43	-
Body Armor Replacement Fund	-	2,544.00	2,544.00	-
Bulletproof Vest Partnership	200,000.00			200,000.00
NJDOT Safe Roads to School		12,213.81	12,213.81	-
Drunk Driving Enforcement Fund		3,505.76	3,505.76	-
Alcohol Education and Rehabilitation Fund		100,000.00		100,000.00
NJ Bikeways	18,792.00		18,792.00	-
BPU Clean Energy Grant	6,870.00		6,870.00	-
NJ Forestry Business Stimulus	\$ 377,669.00	\$ 168,714.07	\$ 99,376.07	\$ 447,007.00

**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	\$875,984.32	\$2,672.17	\$7,323,459.06
Increased by Receipts:			
Public & Private Funding	1,681,283.20		
Open Space Tax	107,696.00		
Interest Earned on Deposits	356.25		
Dog License Fees		57,904.80	
Other Fees		3,947.40	
Due to State of New Jersey			
Other Reserves			
Dedications by Rider			
Interfund Receipts	<u>1,725,000.00</u>	<u>48,008.96</u>	
	3,514,335.45	109,861.16	0.00
	4,390,319.77	112,533.33	7,323,459.06
Decreased by Disbursements:			
Dedicated Open Space trust			
Fund Expenditures	1,087,930.81		
Expend. Under R.S. 4:19-15.11		55,801.03	
Due to State of New Jersey		3,924.00	
Other Reserves			
Dedications by Rider			
Interfund Payments	<u>1,725,000.00</u>	<u>48,008.96</u>	
	2,812,930.81	107,733.99	0.00
Balance - December 31, 2010	<u>\$1,577,388.96</u>	<u>\$4,799.34</u>	<u>\$7,323,459.06</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL  
TRUST FUND

Balance - December 31, 2010	\$2,655.37
Increased by:	
Animal License Fees	57,904.80
	60,560.17
Decreased by:	
Expenditures Under R.S. 4:19-15.11:	
Cash Disbursements	55,801.03
Reserve Balance - December 31, 2010	\$4,759.14
 <u>Animal License Revenue</u>	
<u>Year</u>	
2009	11,325.25
2010	30,648.50
Maximum Balance Allowable	\$41,973.75

SCHEDULE OF OTHER RESERVES  
 ESCROWS AND REFUNDABLE DEPOSITS  
TRUST FUND

	<u>BALANCE</u> <u>DEC. 31,2010</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31,2010</u>
Cash in Lieu of Bonds	1,872,573.72		76,962.47	1,795,611.25
Reserve for Traffic Study	50,670.29			50,670.29
Tax Sale Premiums	118,075.00	152,100.00	102,925.00	167,250.00
Perc Fees	14,523.09	13,000.00	18,926.50	8,596.59
Well Testing	1,991.25			1,991.25
Performance Guarantees	138,614.36	489.46		139,103.82
School & Park Improvements	17,344.40	1.53		17,345.93
Parking Adjudication	72.19	32.00		104.19
Other Reserves	3,677.98	311.25	3,989.23	-
Traffic Light	9,800.00			9,800.00
Minneakoning Rd.	44,467.67	26.73		44,494.40
Towne Center	0.00			-
Outside Liens	<u>43,785.84</u>	<u>116,780.96</u>	<u>159,814.27</u>	<u>752.53</u>
	<u><u>2,315,595.79</u></u>	<u><u>282,741.93</u></u>	<u><u>362,617.47</u></u>	<u><u>2,235,720.25</u></u>

SCHEDULE OF RESERVE FOR EXPENDITURES  
DEDICATIONS BY RIDER  
TRUST FUND

	<u>BALANCE</u> <u>DEC. 31,2010</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31,2011</u>
Developers' Escrow Fund	297,534.34	250.00	31,330.71	266,453.63
Engineering Inspections	224,741.23		4,426.95	220,314.28
Recycling Program	30,617.74	76,651.82	70,145.23	37,124.33
Transportation Improvement District	899,785.02	5,260.02	208,581.04	696,464.00
Affordable Housing - COAH	3,499,483.54	160,080.09	754,652.13	2,904,911.50
Accumulated Absences	12,526.23	30,029.87	18,197.50	24,358.60
Snow Removal	36,835.48	51,200.96	56,988.90	31,047.54
Outside Detail Police Salaries	4,146.05	157,349.65	152,972.76	8,522.94
Uniform Fire Code Enforcement and Dedicated Penalties (P.L. 1991, Ch. 489)	<u>2,578.64</u>	<u>4,855.85</u>	<u>2,327.80</u>	<u>5,106.69</u>
	<u>5,008,248.27</u>	<u>485,678.26</u>	<u>1,299,623.02</u>	<u>4,194,303.51</u>
Cash Receipts		479,262.41		
Interfund Receivable		<u>6,410.00</u>		
		<u>\$ 485,672.41</u>		

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

Balance - December 31, 2010		\$455,330.47
Increased by:		
Contributions to Plan from Employees	34,100.00	
Interest Earned	5,381.16	
Gain (Loss) on Investments	<u>(4,300.53)</u>	
		<u>35,180.63</u>
		\$490,511.10
Decreased by:		
Cash Distributions		<u>16,529.95</u>
Balance - December 31, 2011		<u><u>\$473,981.15</u></u>

**General Capital Fund**

SCHEDULE OF GENERAL CAPITAL FUND  
CASH AND INVESTMENTS-TREASURER

Balance - December 31, 2010		\$ 749,121.93
Increased by Receipts:		
Reserve for Fire Equipment	18,344.26	
Bond Anticipation Notes	<u>129,000.00</u>	
		<u>147,344.26</u>
		896,466.19
Decreased by Disbursements:		
Reserve for County Open Space Funds	185.48	
Interfund Accounts Disbursements	4,282.98	
Reserve for Encumbrances	381,117.16	
Bond Anticipation Notes	<u>129,000.00</u>	
		<u>514,585.62</u>
Balance - December 31, 2011		<u><u>\$ 381,880.57</u></u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>RECEIPTS</u>		<u>DISBURSED</u>		<u>BALANCE</u> <u>DEC. 31, 2011</u>			
	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>BONDS</u> <u>AND NOTES</u>	<u>MISC.</u>	<u>FUNDING</u> <u>TRANSFERS</u>		<u>MISCELLA-</u> <u>NEOUS</u>	<u>TRANSFERS</u> <u>FROM</u>	<u>TO</u>
Fund Balance	\$4,292.66					4,282.98		\$9.68
Due from/to Current Fund						141,000.00	4,282.98	(\$141,000.00)
Bond Anticipation Notes	14,117.00	129,000.00			4,282.98			26,895.37
Reserve for Encumbrances	(225,500.00)				129,000.00			(84,500.00)
Grants Receivable	3,028.86				381,117.16	1,000.00	394,895.53	3,028.86
Capital Improvement Fund								
Reserves:								
Purchase of Fire Equip.	3.66		18,344.26					18,347.92
Purchase of Road Equip.	66.40							66.40
Reconstr. Of Roads	93.19							93.19
Concord Ridge	18,000.00							18,000.00
Purchase of Police Equip.	700.00							700.00
Payment of Note Interest	0.33							0.33
County Open Space Funds	532.15							347.27
Water Tank	2,500.00							2,500.00

ORD. NO. IMPROVEMENT AUTHORIZATION

93-9/97-25	Constr. Of Park Facilities	28,974.85						28,974.85
91-29	Improv. Austen Estates Subdivision	23,107.60						23,107.60
92-14	Pub Improv. Crest Views Subdivision	(276.57)						(276.57)
94-6	Reconstr. Old Croton Rd.	1,974.57						1,974.57
95-38/97-43	Millbrook Rd. Assessment	(1,354.58)						(1,354.58)
95-39/97-44	Washington St. Assessment	2,688.91						2,688.91
96-28	Improv. At Mystic Green	(1.90)						(1.90)
98-15/01	Green Acres-Open Space	9,707.14						9,707.14
99-12	Sunflower Estates Improv.	(3,251.20)						(3,251.20)
99-31/00-25	Acquis. Dev. Rights-Rogers	1,842.26						1,842.26
01-11/05-32	Reconstr. Barton Hollow Rd.	21.60						21.60
01-21/01-34	Reconstr. Greenwood Place	7,072.16						7,072.16
20-03	Public Improv.	8,509.85						8,509.85
02-24	Reconstr. Sunset Village Rd.	102,028.48						102,028.48
02-26	Plan/Design Raritan Gardens	3,891.23						3,891.23
02-48	Cable & Wire New Bldg.	8,712.76						8,712.76
03-13	Acquis. Breathing Apparatus	8,817.46						8,817.46
03-15	Reconstr. Case Blvd.	7,961.92						7,961.92
03-22/05-13	Reconstr. Var. Rds.	17,409.03						17,409.03
03-26	Constr. Road							

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>RECEIPTS</u>		2011		<u>DISBURSED</u>		<u>BALANCE DEC. 31, 2011</u>
	<u>BALANCE DEC. 31, 2010</u>	<u>BONDS AND NOTES</u>	<u>MISC.</u>	<u>FUNDING TRANSFERS</u>	<u>MISCELLA- NEOUS</u>	<u>TRANSFERS FROM TO</u>	
03-30/04-14	(5,227.19)						
04-10	17,760.46						(5,227.19)
04-29/05-14	32,828.65			(32,828.65)			(11,440.88)
04-34/05-11	12,627.89			(12,627.89)			
05-07	1,270.42						1,270.42
05-12/05-31	14,255.92			(14,255.92)			
05-19	22,344.26			(22,344.26)			
05-20	12,035.31			(12,035.31)			
05-30	19,730.26			(19,730.26)			
05-33	3,471.60			(3,471.60)			
05-34	2,175.26			(2,175.26)			
06-06	(840.54)						(840.54)
06-24	119,394.93						118,237.70
06-27	10,507.03			(10,507.03)			
06-22	2,133.49			(2,133.49)			
06-23	2,883.29			(2,883.29)			
06-41	2,666.78						2,666.78
06-42	2,950.35						2,950.35
07-03	10,663.19						10,446.61
07-16	31,972.15			(31,972.15)			
07-17	534.17						262.72
07-42	11,376.18						11,376.18
08-27	14,842.54			(14,842.54)			
08-28	18,222.94			(18,222.94)			
09-12	6,330.00						6,330.00
10-04	187,917.17						8,499.91
10-18	148,625.00						0.27
11-06				8,652.00			151,650.00
11-08				151,650.00			136,000.00
11-09				136,000.00			50.00
11-10				10,000.00			0.91
11-11				4,223.00			15,195.47
11-12				27,378.32			
	<u>749,121.33</u>	<u>129,000.00</u>	<u>18,344.26</u>	<u>-</u>	<u>514,585.02</u>	<u>541,179.01</u>	<u>381,880.57</u>
						<u>541,178.51</u>	

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-4

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE	2011	BALANCE	ANALYSIS OF BALANCE		UNEXPEND. IMPROV. AUTHOR.
		DEC. 31, 2010	FUNDING	DEC. 31, 2011	BOND ANTIC. NOTES	EXPENDED	
94-6	Reconstr. Old Croton Rd.	276.57		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		1,354.58	8,145.42
98-15/01-30	Green Acres Open Space	1.90		1.90		1.90	
99-31/00-25	Acquis. Dev. Rights-Rogers	3,251.20		3,251.20		3,251.20	
01-21/01-34	Reconstr. Greenwood Place	28,000.00		28,000.00			28,000.00
03-26/06-19	Constr. Road	243,000.00		243,000.00			243,000.00
03-30/04-14	Reconstr. Clover Hill Rd.	5,227.19		5,227.19		5,227.19	
04-10	Reconstr. Everitt Road, Sec. 1	15,500.00		15,500.00			15,500.00
06-06	Land Acqui. Cost Share-Turnquist	840.54		840.54		840.54	
06-24	Pedestrian Walkway-Minebrook Park	134,500.00	4,500.00	130,000.00	104,000.00		26,000.00
07-17	Prelim. Planning-Sunny Hills Rds.	102,000.00	1,000.00	101,000.00	25,000.00		76,000.00
		<u>551,847.40</u>	<u>5,500.00</u>	<u>546,347.40</u>	<u>129,000.00</u>	<u>10,951.98</u>	<u>406,395.42</u>

Bond Anticipation Notes Paid by Current Budget 5,500.00

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

11,724.57

Schedule C-5

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE-DEC. 31, 2010		2011 AUTHOR.	ENCUMB. CANCELLED	PAID OR CHARGED	BALANCE-DEC. 31, 2011	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
93-9/97-25	Constr. Of Park Facilities	4/26/93		28,974.85					28,974.85	
91-29	Improv. Austen Estates Subdivision	8/12/91		23,107.60					23,107.60	
92-14	Pub Improv. Crest Views Subdivision	7/13/92		1,974.57	9,750.00				1,974.57	9,750.00
95-38/97-43	Millbrook Rd. Assessment	12/19/95			8,145.42					8,145.42
95-39/97-44	Washington St. Assessment	12/19/95								
96-28	Improv. At Mystic Green	9/25/96	102,000.00	2,688.91					2,688.91	
99-12	Sunflower Estates Improv.	4/12/99	13,806.00	9,707.14					9,707.14	
01-11/05-32	Reconstr. Barton Hollow Rd.	4/9/01	360,000.00	1,842.26		(1,842.26)				28,000.00
01-21/01-34	Reconstr. Greenwood Place	5/25/01	247,000.00	21.60					21.60	
02-03	Public Improv.	3/11/02	12,914.00	7,072.16					7,072.16	
02-24	Reconstr. Sunset Village Rd.	5/29/02	765,000.00	8,509.85		(8,509.85)				
02-26	Plan/Design Raritan Gardens	5/29/02	199,000.00	102,028.48		(102,028.48)				
02-48	Cable & Wire New Bldg.	10/16/02	40,600.00	3,891.23					3,891.23	
03-13	Acquis. Breathing Apparatus	7/21/03	345,000.00	8,712.76		(8,712.76)				
03-15	Reconstr. Case Blvd.	7/21/03	1,113,000.00	8,817.46		(8,817.46)				
03-22/05-13	Reconstr. Var. Rds.	9/04/03	239,000.00	7,961.92		(7,961.92)				
03-26	Constr. Road	10/6/03	256,000.00	17,409.03	243,000.00				17,409.03	243,000.00
04-10	Reconstr. Everitt Road, Sec. 1	4/6/04	283,000.00	17,760.46	15,500.00		1,000.00	30,201.34		4,059.12
04-29/05-14	Resurfacing Rds. Cherry Hill Estates	7/8/04	227,000.00	32,828.65		(32,828.65)				
04-34/05-11	Constr. Of Park Facilities	9/9/04	155,000.00	12,627.89		(12,627.89)				
05-07	Acquis. Land (Mueller)	3/21/05	135,000.00	1,270.42					1,270.42	
05-12/05-31	Resurface Dayton Rd.	5/2/05	154,000.00	14,255.92		(14,255.92)				
05-19	Reconstr. Rds.-Raritan Gardens Sec. 1	5/16/05	1,020,000.00	22,344.26		(22,344.26)				
05-20	Acquis. PW Equip.	5/16/05	241,000.00	12,035.31		(12,035.31)				
05-30	Drainage Improv.-Fairview Drive	7/7/05	35,000.00	19,730.26		(19,730.26)				
05-33	Acquis. 4 Wheel Dr. Vehicle-VFC	7/7/05	53,000.00	3,471.60		(3,471.60)				
05-34	Acquis. 4 Wheel Dr. Vehicle-FAS	7/7/05	53,000.00	2,175.26		(2,175.26)				
06-24	Pedestrian Walkway-Minebrook Park	7/7/05	148,500.00	10,894.93	134,500.00			1,157.23		134,500.00
06-27	Acquis. Of Pumper Fire truck	7/7/05	555,000.00	10,507.03		(10,507.03)			9,737.70	
06-22	Various Rd. Improv.	7/7/05	318,500.00	2,133.49		(2,133.49)				
06-23	Acquis. Of Equip. for Dept. of PW	7/7/05	25,815.00	2,883.29		(2,883.29)				
06-41	Acquis. Of Dev. Rights-Kovi Farm	7/7/05	401,000.00	2,666.78					2,666.78	
06-42	Acquis. Of Dev. Rights-Moreira Farm	7/7/05	427,000.00	2,950.35					2,950.35	
07-03	Groundwater Remediation Police HQ	7/23/07	105,000.00	10,663.19				216.58		
07-16	Raritan Gardens Roads-Phase II	7/23/07	1,140,000.00	31,972.15		(31,972.15)				
07-17	Prelim. Planning-Sunny Hills Rds.	7/23/07	108,000.00		76,534.17					76,534.17
07-42	Traffic Control & Road Improv.	12/27/07	54,886.19	11,376.18					11,376.18	
08-27	Acquis. Of Fire Pumper	9/29/08	556,000.00	14,842.54		(14,842.54)				
08-28	Acquis. Of First Aid Squad Rescue Trucks	9/29/08	772,000.00	18,222.94		(18,222.94)				
09-12	Traffic Guard Rail Replacement	7/21/09	13,400.00	6,330.00					6,330.00	
10-04	Reconstr. Everitts Rd., Section 2, Phase II	9/15/09	188,000.00	187,917.17				187,917.17		
10-18	Reconstr. Of Dory Dilts Rd., Section 1	9/15/09	150,000.00	148,625.00				140,125.09		
11-06	Purchase of Police Computer Server		8,652.00			8,652.00		8,651.73		
11-08	Extension of Autumn Rd.		151,650.00			151,650.00				151,650.00
11-09	Purchase of DPW Dump Truck		136,000.00			136,000.00				136,000.00
11-10	Traffic Line Stripping		10,000.00			10,000.00		9,950.00		50.00
11-11	Acquis. And Install. Of Energy Efficiencies		4,223.00			4,223.00		4,222.09		0.91
11-12	Acquis. Of Computers and Peripherals		27,378.82			27,378.32		12,182.85		15,195.47
				\$ 833,204.89	\$ 515,429.59	\$ -	\$ 1,000.00	\$ 394,895.53	\$ 451,021.69	\$ 503,717.26

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, 2010	INCREASES	DECREASES	BALANCE DEC. 31, 2011
06-24	Pedestrian Walkway-Minebrook Park	45,000.00	8/24/06	08/05/11	05/04/12	2.50%	38,500.00	36,000.00	38,500.00	36,000.00
06-24	Pedestrian Walkway-Minebrook Park	70,000.00	8/9/07	08/05/11	05/04/12	2.50%	70,000.00	68,000.00	70,000.00	68,000.00
07-17	Design-Sunny Hills Phase I	26,000.00	8/8/08	08/05/11	05/04/12	2.50%	26,000.00	25,000.00	26,000.00	25,000.00
							<u>\$ 134,500.00</u>	<u>\$ 129,000.00</u>	<u>\$ 134,500.00</u>	<u>\$ 129,000.00</u>
	Budget Appropriation						\$	5,500.00		
	Disbursed							<u>129,000.00</u>		
							\$	<u>134,500.00</u>		

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, 2010</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2011</u>
			<u>OUTSTANDING - DEC. 31, 2011</u>	<u>DATE</u>	<u>AMOUNT</u>					
General Improvement Bonds & Special Assessment	8/15/02	9,595,000.00	685,000.00	8/15/12	3.600%					
			685,000.00	8/15/13	3.700%					
			690,000.00	8/15/14	3.875%					
			690,000.00	8/15/15	4.000%					
			700,000.00	8/15/16	4.100%					
			699,000.00	8/15/17	4.200%	\$4,824,000.00		\$675,000.00	\$4,149,000.00	
General Improvement Bonds	6/3/05	7,900,000.00	525,000.00	7/15/12	3.625%					
			550,000.00	7/15/2013-14	3.625%					
			575,000.00	7/15/2015-16	3.625%					
			600,000.00	7/15/17	3.625%					
			600,000.00	7/15/18	3.700%					
			625,000.00	7/15/2019-20	3.750%	5,750,000.00		\$525,000.00	5,225,000.00	
General Improvement Refunding Bonds	5/19/09	2,575,000.00	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%					
			260,000.00	8/15/16	5.000%					
			255,000.00	8/15/17-19	5.000%	2,315,000.00		\$245,000.00	2,070,000.00	
General Improvement Bonds	8/1/10	7,348,000.00	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%					
			630,000.00	8/1/2018-22	3.000%					
			630,000.00	8/1/23	3.125%					
			630,000.00	8/1/24	3.250%					
			628,000.00	8/1/25	3.500%	7,348,000.00		\$315,000.00	7,033,000.00	
						\$20,237,000.00	\$0.00	\$1,760,000.00	\$18,477,000.00	

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance - December 31, 2010	\$	3,028.86
Balance - December 31, 2011	\$	<u>3,028.86</u>



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

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**PART III**

**SUPPLEMENTARY DATA**

**Length of Service Award Program (LOSAP) (Unaudited)**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
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ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

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

JO ANN BOOS, CPA, PSA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying balance sheet of the Township of Raritan Length of Service Award Program (LOSAP) Fund as of December 31, 2011, 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.  
August 15, 2012

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

L.O.S.A.P. PLAN BALANCE SHEET  
REGULATORY BASIS(UNAUDITED)  
DECEMBER 31, 2011

ASSETS

Plan Assets Held by Trustee \$473,981.15

LIABILITIES AND PLAN BALANCE

LOSAP Plan Balance \$473,981.15

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, 2011

INCREASES TO PLAN BALANCE:

Contributions to Plan from Employees	34,100.00
Interest Earned	5,381.16
Gain (Loss) on Investments	<u>(4,300.53)</u>
TOTAL PLAN INCREASES	<u>35,180.63</u>

DECREASES TO PLAN BALANCE:

Cash Distributions	<u>16,529.95</u>
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TOTAL PLAN DECREASES	<u>16,529.95</u>
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TOTAL INCREASE (DECREASE)	18,650.68
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Balance - December 31, 2009	<u>\$455,330.47</u>
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Balance - December 31, 2010	<u><u>\$473,981.15</u></u>
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See Accountant's Review report

TOWNSHIP OF RARITAN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2011

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.

**Other Supplementary Data**

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS  
FOR THE YEAR ENDING DECEMBER 31, 2011

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	PAYROLL FUND	GENERAL FIXED ASSETS	MEMORANDUM ONLY TOTALS BALANCE DEC. 31, 2011	MEMORANDUM ONLY TOTALS BALANCE DEC. 31, 2010
<b>ASSETS</b>							
Cash and Investments	\$ 2,280,241.29	8,004,617.06	381,880.57	67,503.56	\$	10,734,242.48	\$ 11,605,189.12
Plan Assets Held by Trustee		473,981.15				473,981.15	455,330.47
Accounts Receivable:							
State & Federal Grants Receivable	447,007.00		84,500.00			531,507.00	603,169.00
Due from State of New Jersey	28,860.99					28,860.99	28,454.36
Taxes, Assessments, Liens & Utility Charges	1,288,214.08					1,288,214.08	887,690.54
Interfund Loans	30,662.00	492,721.02	141,000.00			664,383.02	74,047.00
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	302,200.00
Prospective Assessments Funded General Fixed Assets					32,263,385.00	32,263,385.00	85,750.00
Deferred Charges to Revenue of Succeeding Years							32,237,829.00
Deferred Charges to Future Taxation: General Capital Fund			20,463,322.20			20,463,322.20	22,382,769.62
	<u>\$ 4,377,185.36</u>	<u>\$ 8,971,319.23</u>	<u>\$ 21,108,702.77</u>	<u>\$ 67,503.56</u>	<u>\$ 32,263,385.00</u>	<u>\$ 66,788,095.92</u>	<u>\$ 68,700,429.11</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>							
Bonds, Notes and Loans Payable			20,045,974.80			20,045,974.80	21,965,422.22
Prepaid Taxes, Assessments, Utility Charges and Licenses	533,250.59					533,250.59	370,521.05
Appropriation Reserves	654,682.56					654,682.56	252,239.51
Reserve for Encumbrances/ Accounts Payable	206,382.04	40.20	26,895.37	67,179.63		300,497.24	273,232.02
Other Liabilities	98,815.78			323.93		99,139.71	143,606.86
Due County for Added Taxes	64,585.75					64,585.75	154,367.49
Amis, Pledged to Specific Purposes	62,826.62	6,735,558.78	43,083.97			6,841,469.37	6,928,550.50
Escrow Funds		2,235,720.25				2,235,720.25	2,315,595.79
Improvement Authorizations			954,738.95			954,738.95	1,348,634.48
Interfund Loans	664,383.02					664,383.02	80,276.90
Investment in General Fixed Assets					32,263,385.00	32,263,385.00	32,237,829.00
Reserve for Certain Assets Acquired or Receivables & Inventories	1,621,076.08		38,000.00			1,659,076.08	1,263,552.54
Fund Balance	471,182.92		9.68			471,192.60	1,366,600.75
	<u>\$ 4,377,185.36</u>	<u>\$ 8,971,319.23</u>	<u>\$ 21,108,702.77</u>	<u>\$ 67,503.56</u>	<u>\$ 32,263,385.00</u>	<u>\$ 66,788,095.92</u>	<u>\$ 68,700,429.11</u>

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

Revenue and Other Income Realized	Year 2011		Year 2010	
	Amount	%	Amount	%
Fund Balance Utilized	\$1,280,000.00	1.34	\$1,085,000.00	1.13
Miscellaneous - From Other Than Local Property Tax Levies	4,478,218.35	4.70	4,394,459.27	4.59
Collection of Delinquent Taxes and Tax Title Liens	767,176.17	0.80	1,011,860.84	1.06
Collection of Current Tax Levy	88,787,651.07	93.15	89,150,832.27	93.21
Total Income	95,313,045.59	100.00	95,642,152.38	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	16,410,971.82	17.39	16,063,597.13	17.28
County Taxes	14,589,321.39	15.46	14,944,698.77	16.08
Regional School Taxes	41,404,642.36	43.89	41,402,302.58	44.54
Regional High School Taxes	21,874,730.16	23.19	21,302,196.29	22.92
Open Space Taxes	592,822.62	0.63	596,499.90	0.64
Other Expenditures	51,682.41	0.05	36,214.33	0.04
Total Expenditures	94,924,170.76	100.61	94,345,509.00	101.50
Excess in Revenue	388,874.83		1,296,643.38	
Fund Balance January 1	1,362,308.09		1,150,664.71	
	1,751,182.92		2,447,308.09	
Less:				
Utilization as Anticipated Revenue	1,280,000.00		1,085,000.00	
Fund Balance December 31	\$471,182.92		\$1,362,308.09	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate:</u>	<u>\$2.27</u>	<u>\$2.26</u>	<u>\$2.21</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	0.281	0.279	0.255
Municipal Open Space	0.015	0.015	0.015
County (Inc. Library & Open Space Taxes)	0.370	0.375	0.375
Regional School	1.047	1.052	1.043
Regional High School	0.553	0.541	0.521

Assessed Valuation:

2011	<u>\$3,952,150,808</u>		
2010		<u>\$3,935,133,485</u>	
2009			<u>\$4,011,810,697</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 \$154,000 for the year 2011.

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>
2011	\$ 89,947,970.82	\$ 88,787,651.07	98.71%
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%

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>
2011	\$131,920.00	\$1,156,294.08	\$1,288,214.08	1.43%
2010	99,672.55	788,017.99	887,690.54	0.99%
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%

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>
2011	\$302,200.00
2010	302,200.00
2009	308,200.00
2008	0.00
2007	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	2011	\$471,182.92	\$400,000.00
	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

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2011:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
John King	Mayor	
Oliver Elbert	Deputy Mayor	
Thomas Antosiewicz	Committeeperson	
Gary Hazard	Committeeperson	
Michael Mangin	Committeeperson	
Albert Cruz, Esq.	Township Attorney	
Rose Sollena	Clerk, Assessment Search Officer	
Allan D. Pietrefesa	Twp. Administrator/CFO	\$ 100,000.00
Joan Garrett	Supervisor of Accounts	100,000.00
Diane Giaquinto	Tax Collector	475,000.00
Marianne Busher	Assessor	
Frederick Coppola	Engineer	
Philip Izzo	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**



**PART IV  
FINDINGS AND RECOMMENDATIONS**

TOWNSHIP OF RARITAN  
HUNTERDON COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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