

Report of Audit

on the

Financial Statements

of the

Township of Raritan

in the

County of Hunterdon
New Jersey

for the

Year Ended
December 31, 2018

TOWNSHIP OF RARITAN

I N D E X

	<u>PAGES</u>
<u>PART I</u>	
Independent Auditor's Report	1-3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	4-5
	<u>EXHIBITS</u>
<u>Financial Statements - Regulatory Basis</u>	
<u>Current Fund:</u>	
Balance Sheets - Regulatory Basis	"A"
Statements of Operations and Change in Fund Balance - Regulatory Basis	"A-1"
Statement of Revenues - Regulatory Basis for the Year Ended December 31, 2015	"A-2"
Statement of Expenditures - Regulatory Basis - Year Ended December 31, 2015	"A-3"
<u>Trust Fund:</u>	
Balance Sheets - Regulatory Basis	"B"
Statement of Fund Balance - Regulatory Basis	"B-1"
<u>General Capital Fund:</u>	
Balance Sheets - Regulatory Basis	"C"
Statement of Fund Balance - Regulatory Basis	"C-1"
<u>General Fixed Assets Account Group:</u>	
Balance Sheets - Regulatory Basis	"D"
	<u>PAGES</u>
Notes to Financial Statements - December 31, 2018	6-36

TOWNSHIP OF RARITAN

I N D E X (CONTINUED)

Supplementary Schedules

EXHIBITS

Current Fund:

Schedule of Cash-Treasurer	"A-4"
Schedule of Cash-Collector	"A-5"
Schedule of Change Funds	"A-6"
Schedule of Taxes Receivable and Analysis of Property Tax Levy	"A-7"
Schedule of Due State of New Jersey per Chapter 20, P.L. 1971	"A-8"
Schedule of Revenue Accounts Receivable	"A-9"
Schedule of Interfunds	"A-10"
Schedule of Petty Cash	"A-11"
Schedule of Tax Title Liens	"A-12"
Schedule of 2017 Appropriation Reserves	"A-13"
Schedule of County Taxes Payable	"A-14"
Schedule of Regional High School Tax	"A-15"
Schedule of Regional School Tax	"A-16"
Schedule of Prepaid Taxes	"A-17"
Schedule of Tax Overpayments	"A-18"
Schedule of Municipal Open Space Taxes Payable	"A-19"
Schedule of Reserve for Encumbrances Payable	"A-20"
Schedule of Reserve for Miscellaneous Deposits	"A-21"
Schedule of Property Acquired for Taxes (Not Applicable)	"A-22"
Schedule of Reserve for Encumbrances Payable - Grant Fund	"A-23"
Schedule of Interfunds - Grant Fund	"A-24"
Schedule of Grants Fund Appropriated Reserves - Grant Fund	"A-25"
Schedule of Grants Receivable - Grant Fund	"A-26"

Trust Fund:

Schedule of Cash-Treasurer	"B-2"
Schedule of Due Current Fund - Other Trust Fund	"B-3"
Schedule of Due Current Fund - Animal Control Trust Fund	"B-4"
Schedule of Amount Due State of New Jersey-Department of Health - Dog Licenses	"B-5"
Schedule of Reserve for Animal Control Fund Expenditures	"B-6"
Schedule of Reserve for Miscellaneous Trust Deposits	"B-7"
Schedule of Reserve for Open Space Trust Deposits	"B-8"
Schedule of Due Current Fund - Open Space Trust Fund	"B-9"
Schedule of Due Grant Fund - Other Trust Fund	"B-10"
Schedule of Due General Capital Fund - Other Trust Fund	"B-11"
Schedule of Due Animal Control Trust Fund - Other Trust Fund	"B-12"
Schedule of Due Other Trust Fund - Animal Control Trust Fund	"B-13"

TOWNSHIP OF RARITAN

I N D E X (CONTINUED)

EXHIBITS

General Capital Fund:

Schedule of Cash-Treasurer	"C-2"
Analysis of Cash	"C-3"
Schedule of Deferred Charges to Future Taxation-Funded	"C-4"
Schedule of Deferred Charges to Future Taxation-Unfunded	"C-5"
Schedule of Contracts Payable	"C-6"
Schedule of Improvement Authorizations	"C-7"
Schedule of Capital Improvement Fund	"C-8"
Schedule of Interfunds	"C-9"
Schedule of Grants Receivable (Not Applicable)	"C-10"
Schedule of Green Acres Trust Loans Payable	"C-11"
Schedule of General Serial Bonds	"C-12"
Schedule of Bond Anticipation Notes Payable	"C-13"
Schedule of Various Reserves and Deposits	"C-14"
Schedule of Bonds and Notes Authorized But Not Issued	"C-15"

PAGES

PART II

Statistical Data	37-39
Officials in Office and Surety Bonds	40
General Comments and Recommendations	41-45

TOWNSHIP OF RARITAN

PART I

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

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

FINANCIAL STATEMENTS – REGULATORY BASIS – ALL FUNDS

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2018 AND 2017



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Raritan
County of Hunterdon
Raritan, New Jersey 08822

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Raritan, as of December 31, 2018, the related statement of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Raritan as of December 31, 2018, or the results of its operations and changes in fund balance for the year then ended of the revenues and expenditures for the year ended December 31, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2018, the regulatory basis statement of operations and changes in fund balance for the year then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Raritan's regulatory financial statements, supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

Prior Period Financial Statements

The financial statements - regulatory basis of the Township of Raritan as of December 31, 2017, and for the year then ended, were audited by other auditors whose report dated May 22, 2018, expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an except for qualified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2019 on our consideration of the Township of Raritan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Raritan's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 23, 2019



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

The Honorable Mayor and Members
of the Township Committee
Township of Raritan
County of Hunterdon
Raritan, New Jersey 08822

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Raritan, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated June 23, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Raritan prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We noted other matters in the internal control which are discussed in Part III, General Comments and Recommendations section of the audit report.

Compliance and Other Matters

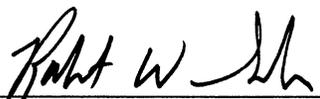
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*. We also noted other instances of noncompliance which are discussed in Part III, Comments and Recommendations Section of this report.

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 23, 2019

CURRENT FUND

TOWNSHIP OF RARITAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
Cash-Treasurer	A-4	\$ 6,691,344.17	\$ 11,736,795.51
Change Fund	A-6	775.00	775.00
		<u>\$ 6,692,119.17</u>	<u>\$ 11,737,570.51</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 524,547.25	\$ 510,490.69
Tax Title Liens	A-12	11,210.71	9,170.55
Revenue Accounts Receivable	A-9		9,256.66
Interfunds Receivable	A-10	141,077.61	6,412.96
	A	<u>\$ 676,835.57</u>	<u>\$ 535,330.86</u>
		<u>\$ 7,368,954.74</u>	<u>\$ 12,272,901.37</u>
Grant Fund:			
Cash	A-4	\$ 39,621.82	\$ 55,440.21
Grants Receivable	A-27	65,258.95	65,258.95
Interfunds Receivable	A-24	34,484.29	200,750.81
Due from Payroll		9,095.20	9,095.20
		<u>\$ 148,460.26</u>	<u>\$ 330,545.17</u>
		<u>\$ 7,517,415.00</u>	<u>\$ 12,603,446.54</u>

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

TOWNSHIP OF RARITAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 757,050.10	\$ 918,866.47
Prepaid Taxes	A-17	710,286.69	6,618,482.25
Tax Overpayments	A-18	599.17	500.00
Due State of New Jersey-Chapter 20, PL 1971	A-8	599.83	1,147.09
Interfunds Payable	A-10	438,618.98	316,898.91
County Taxes-Payable	A-14	179,832.12	90,110.64
Reserve for Encumbrances	A-20	350,728.35	371,309.73
Reserve for Miscellaneous Deposits	A-21	93,536.08	159,651.73
		<u>\$ 2,531,251.32</u>	<u>\$ 8,476,966.82</u>
Reserve for Receivables and Other Assets	A	676,835.57	535,330.86
Fund Balance	A-1	4,160,867.85	3,260,603.69
		<u>\$ 7,368,954.74</u>	<u>\$ 12,272,901.37</u>
Grant Fund:			
Encumbrances Payable	A-23	\$	\$ 629.00
Interfunds Payable	A-24		53,000.00
Appropriated Reserves	A-25	148,460.26	276,916.17
		<u>\$ 148,460.26</u>	<u>\$ 330,545.17</u>
		<u>\$ 7,517,415.00</u>	<u>\$ 12,603,446.54</u>

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,424,050.00	\$ 1,424,050.00
Miscellaneous Revenue Anticipated	A-2	4,997,546.62	4,633,634.16
Receipts from Delinquent Taxes	A-2	506,599.07	591,523.90
Receipts from Current Taxes	A-2	101,113,178.20	98,580,519.51
Non-Budget Revenue	A-2	287,245.88	189,874.22
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	756,821.91	444,696.52
Encumbrances Canceled	A-20	45,000.00	3,242.43
Reserves Canceled		450.00	119,390.11
Interfunds Returned			26,672.96
<u>Total Income</u>		<u>\$ 109,130,891.68</u>	<u>\$ 106,013,603.81</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations within "CAPS":			
Operating	A-3	\$ 13,581,621.81	\$ 12,942,080.84
Deferred Charges and Statutory Expenditures	A-3	2,174,763.90	1,956,172.12
Operations Excluded from "CAPS":			
Operating	A-3	264,499.39	424,888.11
Capital Improvements	A-3	145,251.50	128,368.06
Municipal Debt Service	A-3	2,015,982.88	2,182,187.19
Municipal Open Space Taxes	A-19	409,357.59	607,046.32
County Taxes	A-14	15,635,326.44	15,434,833.39
County Share of Added Taxes	A-14	179,832.12	90,110.64
Regional High School Tax	A-15	24,255,002.00	23,767,693.00
Regional School Tax	A-16	48,010,048.00	46,626,015.00
Receivables Canceled			144,000.00
Interfunds Advanced		134,664.65	6,412.96
Refund of Prior Year Revenue	A-4	227.24	1,750.00
<u>Total Expenditures</u>		<u>\$ 106,806,577.52</u>	<u>\$ 104,311,557.63</u>
Excess in Revenue		\$ 2,324,314.16	\$ 1,702,046.18
<u>Fund Balance</u>			
Balance, January 1	A	3,260,603.69	2,982,607.51
		<u>\$ 5,584,917.85</u>	<u>\$ 4,684,653.69</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	1,424,050.00	1,424,050.00
Fund Balance, December 31	A	<u>\$ 4,160,867.85</u>	<u>\$ 3,260,603.69</u>

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,424,050.00		\$ 1,424,050.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	\$ 26,000.00		\$ 25,752.00	\$ (248.00)
Other	A-2	17,500.00		10,171.00	(7,329.00)
Fees and Permits:					
Construction Code Official	A-2	888,000.00		1,030,596.00	142,596.00
Other	A-2	283,000.00		262,178.21	(20,821.79)
Interest on Investments	A-9	30,000.00		101,146.30	71,146.30
Fines:					
Municipal Court	A-9	264,000.00		242,159.14	(21,840.86)
Interest and Costs on Taxes	A-9	194,000.00		132,481.48	(61,518.52)
Energy Receipts Tax	A-9	2,065,641.00		2,065,641.00	
Hotel/Motel Occupance Tax	A-9	109,000.00		113,901.63	4,901.63
Interlocal - Hunterdon Central High School - Resource Officer	A-9	85,750.00		43,300.00	(42,450.00)
Interlocal - Hampton Borough Municipal Court	A-9	14,000.00		14,774.00	774.00
Uniform Fire Safety Act	A-9	12,180.00		32,628.00	20,448.00
Cable Franchise Fees	A-9	29,250.12		29,250.12	
Escrow - Administrative Fees	A-9	191,000.00		121,968.83	(69,031.17)
Borough of Flemington - Lease of Courtroom	A-9	11,308.00		11,308.00	
Reserve for Stormwater Damage	A-21	54,000.00		54,000.00	
PERC Fees	A-9	28,400.00		17,200.00	(11,200.00)
Capital Fund Balance	A-9	420,465.00		420,465.00	
PILOT - Costco	A-9	180,000.00		192,019.86	12,019.86
PILOT - Raritan Junction	A-9	40,000.00			(40,000.00)
Borough of Flemington - Lease of Courtroom -2017	A-9	9,256.66		9,256.66	
Clean Communities Program	A-27		59,374.34	59,374.34	
Drunk Driving Enforcement Fund	A-27		5,975.05	5,975.05	
Community Day Sponsorship	A-27		1,000.00	1,000.00	
Radon Awareness Program - Test Kits	A-27		1,000.00	1,000.00	
	A-1	\$ 4,952,750.78	\$ 67,349.39	\$ 4,997,546.62	\$ (22,553.55)
Receipts from Delinquent Taxes	A-1:A-7	\$ 500,000.00		\$ 506,599.07	\$ 6,599.07
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-7	\$ 12,254,991.54		\$ 13,638,612.05	\$ 1,383,620.51
<u>Budget Totals</u>		\$ 19,131,792.32	\$ 67,349.39	\$ 20,566,807.74	\$ 1,367,666.03
Non-Budget Revenue	A-1:A-2			287,245.88	287,245.88
		\$ 19,131,792.32	\$ 67,349.39	\$ 20,854,053.62	\$ 1,654,911.91
	REF.	A-3	A-3		

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collections Realized on a Cash Basis	A-7	\$ 101,113,178.20
Allocated to:		
School and County Taxes		88,080,208.56
Municipal Open Space Taxes		409,357.59
		<u>\$ 88,489,566.15</u>
Balance for Support of Municipal Budget Appropriations		\$ 12,623,612.05
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3	<u>1,015,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 13,638,612.05</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2:A-7	<u>\$ 506,599.07</u>
Licenses - Other:		
Clerk	A-9	\$ 37,971.00
Less: Refunds	A-4	<u>27,800.00</u>
	A-2	<u>\$ 10,171.00</u>
Construction Code Fees:	A-9	\$ 1,036,226.00
Less: Refunds	A-4	<u>5,630.00</u>
	A-2	<u>\$ 1,030,596.00</u>
Fees and Permits:	A-9	\$ 262,285.21
Less: Refunds	A-4	<u>107.00</u>
	A-2	<u>\$ 262,178.21</u>
<u>Analysis of Non-Budget Revenues</u>		
Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Police Fees		\$ 863.17
Senior Citizen and Veterans Administrative Fee		2,507.85
Police Outside Services Administrative Fees		21,170.66
Uniform LEA Rebates		84,463.35
Canceled Tax Premiums		40,421.37
Miscellaneous		<u>120,428.72</u>
	A-4	\$ 269,855.12
Tax Collector	A-5	9,502.60
Excess Animal Control Reserve	A-10	<u>7,888.16</u>
	A-1:A-2	<u>\$ 287,245.88</u>

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
General Administration:					
Salaries and Wages	\$ 181,071.36	\$ 184,771.36	\$ 184,567.25	\$ 204.11	\$
Other Expenses - Postage and Photocopying	65,000.00	65,000.00	61,299.48	3,700.52	
Other Expenses - Miscellaneous	43,425.00	43,425.00	43,078.81	346.19	
Mayor and Committee:					
Salaries and Wages	20,200.00	20,200.00	20,199.92	0.08	
Other Expenses	2,745.00	2,745.00	1,548.00	1,197.00	
Municipal Clerk:					
Salaries and Wages	104,263.73	110,763.73	109,012.65	1,751.08	
Other Expenses - Elections	19,780.00	19,780.00	16,651.58	3,128.42	
Other Expenses	37,400.00	37,400.00	32,518.77	4,881.23	
Financial Administration:					
Salaries and Wages	199,722.70	199,722.70	199,468.59	254.11	
Other Expenses	17,190.00	17,190.00	16,484.42	705.58	
Other Expenses - Annual Audit	38,100.00	38,100.00	27,000.00	11,100.00	
Data Processing:					
Other Expenses	102,278.50	102,278.50	102,267.76	10.74	
Revenue Administration:					
Salaries and Wages	95,658.99	98,658.99	96,918.39	1,740.60	
Other Expenses	6,300.00	6,300.00	6,283.04	16.96	
Assessment of Taxes:					
Salaries and Wages	137,944.55	137,944.55	137,944.54	0.01	
Other Expenses	24,500.00	24,500.00	23,803.14	696.86	
Legal Services:					
Other Expenses	175,000.00	175,000.00	128,317.14	46,682.86	
Engineering Services:					
Salaries and Wages	132,297.29	132,297.29	115,748.38	16,548.91	
Other Expenses	24,385.00	24,385.00	13,488.93	10,896.07	
Historical Commission:					
Other Expenses	2,750.00	2,750.00	1,688.00	1,062.00	
<u>LAND USE ADMINISTRATION</u>					
Planning Board:					
Salaries and Wages	32,127.11	32,327.11	32,242.69	84.42	
Other Expenses	22,085.00	22,085.00	12,414.74	9,670.26	
Board of Adjustment:					
Salaries and Wages	57,384.86	57,384.86	57,384.86		
Other Expenses	10,700.00	10,700.00	5,100.92	5,599.08	
Landfill Monitoring Wells:					
Other Expenses	5,200.00	5,200.00	5,145.00	55.00	
<u>PUBLIC SAFETY FUNCTIONS:</u>					
Police Department:					
Salaries and Wages	3,729,453.65	3,694,153.65	3,642,935.10	51,218.55	
Other Expenses	221,350.00	221,350.00	220,725.58	624.42	
Other Expenses - HCRHS Resource Officer	965.88	965.88		965.88	
First Aid Organization:					
OSHA/PEOSHA	6,000.00	6,000.00	6,000.00		
Aid to Maintenance Contract - Flem/Rar FAS	30,000.00	30,000.00	30,000.00		
Emergency Management Service:					
Salaries and Wages	7,783.68	7,783.68	7,691.89	91.79	
Other Expenses	8,950.00	8,950.00	8,948.34	1.66	

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>PUBLIC SAFETY FUNCTIONS (CONTINUED):</u>					
Fire Department:					
Other Expenses	\$ 124,500.00	\$ 124,500.00	\$ 124,424.76	\$ 75.24	\$
Fire Hydrants	298,924.72	308,924.72	290,615.60	18,309.12	
OSHA/PEOSHA (P.L. 1983 Ch. 516)	8,250.00	8,250.00	8,014.41	235.59	
Uniform Fire Safety Program:					
Salaries and Wages	212,514.00	212,514.00	210,082.14	2,431.86	
Other Expenses	25,117.00	25,117.00	24,839.85	277.15	
Municipal Prosecutor:					
Salaries and Wages	28,720.08	28,720.08	27,770.08	950.00	
Municipal Court:					
Salaries and Wages	191,351.30	191,351.30	184,923.12	6,428.18	
Other Expenses	12,270.00	12,270.00	10,246.03	2,023.97	
Municipal Public Defender:					
Salaries and Wages	120.00	120.00		120.00	
Streets and Roads Maintenance:					
Salaries and Wages	1,286,903.10	1,233,003.10	1,140,633.05	92,370.05	
OSHA/PEOSHA	7,100.00	7,100.00	7,062.30	37.70	
Other Expenses	136,150.00	136,150.00	134,475.39	1,674.61	
Snow Removal:					
Salaries and Wages	100,000.00	100,000.00	91,863.49	8,136.51	
Other Expenses	274,000.00	274,000.00	273,482.04	517.96	
Recycling:					
Salaries and Wages	40,011.10	40,011.10	40,011.10		
Solid Waste Collection:					
Other Expenses	50,000.00	50,000.00	44,896.95	5,103.05	
Public Buildings and Grounds:					
Salaries and Wages	22,000.00	32,500.00	27,023.76	5,476.24	
Other Expenses	109,640.00	109,640.00	109,402.33	237.67	
Vehicle Maintenance:					
Salaries and Wages	271,464.24	271,464.24	258,917.05	12,547.19	
Other Expenses	223,375.00	243,375.00	243,373.98	1.02	
Condo Act Service Per N.J.S.A. 40A:35-3d:					
Other Expenses	19,500.00	19,500.00		19,500.00	
<u>HEALTH AND WELFARE:</u>					
Public Health Services:					
Salaries and Wages	52,095.00	52,095.00	51,893.08	201.92	
Other Expenses	3,305.00	3,305.00	3,221.81	83.19	
Environmental Commission:					
Other Expenses	715.00	715.00	350.00	365.00	
<u>RECREATION AND EDUCATION:</u>					
Joint Recreation Commission:					
Other Expenses	65,000.00	65,000.00	65,000.00		
Maintenance of Parks:					
Salaries and Wages	254,289.31	254,289.31	241,394.71	12,894.60	
Other Expenses	35,600.00	35,600.00	35,570.06	29.94	
Community Garden:					
Other Expenses	500.00	500.00	19.97	480.03	
<u>INSURANCE:</u>					
Liability Insurance	289,594.33	289,594.33	288,454.43	1,139.90	
Workers Compensation Insurance	320,474.57	320,474.57	312,646.57	7,828.00	
Employee Group Insurance	2,377,708.82	2,377,708.82	2,133,010.05	244,698.77	
Health Benefit Waiver	33,529.14	33,529.14	29,664.38	3,864.76	
<u>UNIFORM CONSTRUCTION CODE:</u>					
Code Enforcement:					
Salaries and Wages	593,162.80	593,162.80	559,435.03	33,727.77	
Other Expenses	49,375.00	49,375.00	47,998.53	1,376.47	

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>UNCLASSIFIED:</u>					
Accumulated Sick Leave Fund:					
Other Expenses	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$	\$
<u>UTILITIES EXPENSES AND BULK PURCHASES:</u>					
Utilities:					
Other Expenses	427,350.00	462,650.00	438,813.57	23,836.43	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 13,581,621.81	\$ 13,581,621.81	\$ 12,901,407.53	\$ 680,214.28	\$
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	\$ 13,581,621.81	\$ 13,581,621.81	\$ 12,901,407.53	\$ 680,214.28	\$
Detail:					
Salaries and Wages	\$ 7,756,538.85	\$ 7,691,238.85	\$ 7,438,060.87	\$ 247,177.98	\$
Other Expenses	5,825,082.96	5,890,382.96	5,463,346.66	433,036.30	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 604,596.00	\$ 603,871.00	\$ 548,569.61	\$ 55,301.39	\$
Public Employees Retirement System of NJ	510,467.90	510,467.90	510,467.90		
Police and Firemen's Retirement System of NJ	1,019,521.00	1,019,521.00	1,019,521.00		
DCRP - Employers Share	11,720.00	12,445.00	12,445.00		
State Unemployment Insurance	28,459.00	28,459.00	23,292.67	5,166.33	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>	\$ 2,174,763.90	\$ 2,174,763.90	\$ 2,114,296.18	\$ 60,467.72	\$
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	\$ 15,756,385.71	\$ 15,756,385.71	\$ 15,015,703.71	\$ 740,682.00	\$
Length of Service Awards Program (Fire)	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$	\$
Recycling Tax (P.L. 2007, C.311)	1,400.00	1,400.00	1,192.80	207.20	
NJPDES/Stormwater General Permit Tier A: Streets and Roads	48,000.00	48,000.00	47,969.26	30.74	
NJDEP Stormwater:					
Preparation of Pollution Prevention Plan					
Engineering - Other Expenses	6,000.00	6,000.00	2,439.11	3,560.89	
Shared Service Agreements:					
Hunterdon Central RHS Resource Officer	85,750.00	85,750.00	85,750.00		
Hampton Borough Municipal Court	14,000.00	14,000.00	4,872.31	9,127.69	
<u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>					
Clean Communities Program (N.J.S.A. 40A:4-87 +\$59,374.34)		59,374.34	59,374.34		
Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 +\$5,975.05)		5,975.05	5,975.05		
Community Day Sponsorship Grant (N.J.S.A. 40A:4-87 +\$1,000.00)		1,000.00	1,000.00		
Radon Awareness Program - Test Kits (N.J.S.A. 40A:4-87 +\$1,000.00)		1,000.00	1,000.00		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 197,150.00	\$ 264,499.39	\$ 251,572.87	\$ 12,926.52	\$

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

TOWNSHIP OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 80,751.50	\$ 80,751.50	\$ 80,751.50	\$	\$
Purchase of Fire Equipment/Vehicles	40,000.00	40,000.00	39,978.80	21.20	
Emergency Management Equipment	2,500.00	2,500.00	2,467.12	32.88	
Purchase of Police Equipment	7,000.00	7,000.00	3,612.50	3,387.50	
Road Repair and Maintenance	15,000.00	15,000.00	15,000.00		
<u>TOTAL CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"</u>	<u>\$ 145,251.50</u>	<u>\$ 145,251.50</u>	<u>\$ 141,809.92</u>	<u>\$ 3,441.58</u>	<u>\$</u>
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 1,740,758.00	\$ 1,740,758.00	\$ 1,740,758.00	\$	\$
Interest on Bonds	267,136.06	267,136.06	267,136.06		
Interest on Notes	10,111.05	10,111.05	8,088.82		2,022.23
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	<u>\$ 2,018,005.11</u>	<u>\$ 2,018,005.11</u>	<u>\$ 2,015,982.88</u>	<u>\$</u>	<u>\$ 2,022.23</u>
<u>PURPOSES EXCLUDED FROM "CAPS"</u>	<u>\$ 2,360,406.61</u>	<u>\$ 2,427,756.00</u>	<u>\$ 2,409,365.67</u>	<u>\$ 16,368.10</u>	<u>\$ 2,022.23</u>
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 18,116,792.32	\$ 18,184,141.71	\$ 17,425,069.38	\$ 757,050.10	\$ 2,022.23
RESERVE FOR UNCOLLECTED TAXES	1,015,000.00	1,015,000.00	1,015,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 19,131,792.32</u>	<u>\$ 19,199,141.71</u>	<u>\$ 18,440,069.38</u>	<u>\$ 757,050.10</u>	<u>\$ 2,022.23</u>
	A-2		A-1	A:A-1	
Amendment by (N.J.S.A. 40A:4-87)		\$ 67,349.39			
Budget		19,131,792.32			
		<u>\$ 19,199,141.71</u>			
Reserve for Uncollected Taxes			\$ 1,015,000.00		
Reserve for Grants Appropriated			67,349.39		
Disbursements			17,060,086.44		
Accounts Payable			297,633.55		
			<u>\$ 18,440,069.38</u>		

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

TRUST FUND

TOWNSHIP OF RARITAN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
Animal Control Fund:			
Cash	B-2	\$ 98,665.94	\$ 80,975.96
Due Current Fund	B-4		12.00
		<u>\$ 98,665.94</u>	<u>\$ 80,987.96</u>
Other Funds:			
Cash	B-2	\$ 7,514,462.87	\$ 7,657,686.66
Due Animal Control Trust Fund	B-12		952.00
Due Current Fund - Municipal Open Space	B-9	416,240.35	12,061.76
		<u>\$ 7,930,703.22</u>	<u>\$ 7,670,700.42</u>
	B	<u>\$ 8,029,369.16</u>	<u>\$ 7,751,688.38</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due Current Fund	B-4	\$ 8,828.24	\$
Due Other Trust Fund	B-13		952.00
Due State of New Jersey	B-5	31.80	147.60
Reserve for Animal Control Fund Expenditures	B-6	89,805.90	79,888.36
		<u>\$ 98,665.94</u>	<u>\$ 80,987.96</u>
Other Funds:			
Reserve For:			
Miscellaneous Trust Deposits	B-7	\$ 7,273,104.67	\$ 7,071,013.01
Open Space Trust Deposits	B-8	553,996.71	511,074.66
Due Current Fund	B-3	40,186.06	6,412.96
Due Grant Fund	B-10	12,105.66	69,704.79
Due General Capital Fund	B-11		12,495.00
Fund Balance	B-1	51,310.12	
		<u>\$ 7,930,703.22</u>	<u>\$ 7,670,700.42</u>
	B	<u>\$ 8,029,369.16</u>	<u>\$ 7,751,688.38</u>

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

TOWNSHIP OF RARITAN

TRUST FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Increased by:		
Reserves Canceled	B-7	\$ <u>51,310.12</u>
Balance, December 31, 2018	B	\$ <u><u>51,310.12</u></u>

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

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GENERAL CAPITAL FUND

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TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 2,056,842.43	\$ 2,112,606.25
Deferred Charges to Future Taxation - Funded	C-4	12,128,129.30	14,215,087.89
Deferred Charges to Future Taxation - Unfunded	C-5	2,488,521.32	957,664.64
Interfunds Receivable	C-9	65,495.00	239,274.13
		<u>\$ 16,738,988.05</u>	<u>\$ 17,524,632.91</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-12	\$ 11,856,000.00	\$ 13,766,000.00
Bond Anticipation Notes	C-13	2,284,000.00	753,193.00
Green Acres Loans Payable	C-11	272,129.30	449,087.89
Improvement Authorizations:			
Funded	C-7	322,172.35	611,303.41
Unfunded	C-7	1,227,863.59	599,177.07
Various Reserves and Deposits	C-14	25,994.19	63,479.11
Contracts Payable	C-6	479,949.38	749,888.60
Interfunds Payable	C-9	157,558.31	
Capital Improvement Fund	C-8	19,412.12	19,232.02
Fund Balance	C-1	93,908.81	513,271.81
		<u>\$ 16,738,988.05</u>	<u>\$ 17,524,632.91</u>

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

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 513,271.81
Increased by:			
Premium on Sale of Bonds and Notes	C-2		<u>14,962.00</u>
			\$ 528,233.81
Decreased by:			
Appropriated to Fund Improvement Authorizations	C-7	\$ 13,860.00	
Utilized by Current Fund Budget	C-2	<u>420,465.00</u>	
			<u>434,325.00</u>
Balance, December 31, 2018	C		\$ <u><u>93,908.81</u></u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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TOWNSHIP OF RARITAN

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>FIXED ASSETS</u>		
Land	\$ 17,742,415.00	\$ 17,742,415.00
Buildings	9,273,411.00	9,245,988.00
Machinery and Equipment	<u>13,344,903.00</u>	<u>13,031,003.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 40,360,729.00</u>	<u>\$ 40,019,406.00</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 40,360,729.00</u>	<u>\$ 40,019,406.00</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF RARITAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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 and local boards of education, inasmuch as their activities are administered by separate boards or the Raritan Township Municipal Utilities Authority.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$2,500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage system are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by the Township. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation.

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

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

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

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Township of Raritan had the following cash and cash equivalents at December 31, 2018:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Current Fund	\$775.00	\$11,736,795.51	\$103,935,075.89	\$108,980,527.23	\$6,691,344.17
Grant Fund		55,440.21	\$73,594.92	89,413.31	39,621.82
Animal Control Fund		80,975.96	\$54,518.88	36,828.90	98,665.94
Trust Other Fund		7,657,686.66	1,787,816.77	1,931,040.56	7,514,462.87
General Capital Fund		2,112,606.25	2,800,178.50	2,855,942.32	2,056,842.43
	<u>\$775.00</u>	<u>\$21,643,504.59</u>	<u>\$108,651,184.96</u>	<u>\$113,893,752.32</u>	<u>\$16,400,937.23</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$355,894.48 was covered by Federal Depository Insurance and \$21,287,610.11 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4): or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 (C.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Raritan's investment activities during the year were in accordance with the above New Jersey Statute.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

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

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2018	\$	<u>4,150,452,028.67</u>
3-1/2% of Equalized Valuation Basis	\$	145,265,821.00
Net Debt		<u>14,616,650.62</u>
Remaining Borrowing Power	\$	<u>130,649,170.38</u>

Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II railroad property of the Township of Raritan for the last three (3) preceding years.

LONG-TERM DEBT

	Amount Outstanding <u>December 31, 2018</u>
General Serial Bonds:	
\$2,575,000.00 General Improvement Refunding Bonds of 2009 due in annual installments of \$255,000.00 through August 15, 2019 at an interest rate 5.00%	\$255,000.00
\$7,348,000.00 Series 2010 Bonds of 2010 due in annual installments of \$630,000.00 through August 1, 2020 at an interest rate of 3.00%	1,260,000.00
\$5,540,000.00 General Improvement Refunding Bonds of 2016 due in annual installments of \$605,000.00 to \$690,000.00 through August 15, 2025 at an interest rate of 1.27%	4,570,000.00
\$6,441,000.00 General Improvement Bonds of 2016 due in annual installments of \$365,000.00 to \$515,000.00 through February 15, 2031 at an interest rate 2.00% to 3.00%	<u>5,771,000.00</u>
	<u>\$11,856,000.00</u>
Green Acres Loans Payable:	
\$2,250,000.00 Green Acres Loans of 1998 due in semi-annual installments of \$92,529.98 for principal and interest through March 13, 2020	<u>\$272,129.30</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2018 the Township has authorized but not issued bonds and notes as follows:

General Capital Fund \$ 204,521.32

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2018

CALENDAR YEAR	GENERAL		TOTAL
	PRINCIPAL	INTEREST	
2019	\$ 2,120,515.46	\$ 240,903.50	\$ 2,361,418.96
2020	1,741,613.84	186,987.14	1,928,600.98
2021	1,070,000.00	149,312.50	1,219,312.50
2022	1,060,000.00	130,865.00	1,190,865.00
2023	1,055,000.00	110,569.50	1,165,569.50
2024	1,040,000.00	90,337.50	1,130,337.50
2025	1,025,000.00	72,271.00	1,097,271.00
2026	495,000.00	55,370.00	550,370.00
2027	495,000.00	45,470.00	540,470.00
2028	500,000.00	35,520.00	535,520.00
2029	500,000.00	25,520.00	525,520.00
2030	515,000.00	15,370.00	530,370.00
2031	511,000.00	5,110.00	516,110.00
	<u>\$ 12,128,129.30</u>	<u>\$ 1,163,606.14</u>	<u>\$ 13,291,735.44</u>

NOTE 4: SHORT-TERM DEBT

The Township had the following short-term debt:

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

	Interest Rate	Issue Date	Maturity Date	Amount
Bond Anticipation Notes	2.75%	07/19/18	07/19/19	\$ <u>2,284,000.00</u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2018, which was appropriated and included as anticipated revenue in the introduced budget in its own respective fund for the year ending December 31, 2019, is \$1,424,050.00.

NOTE 6: PROPERTY TAXES

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

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

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
Prepaid Taxes	<u>\$710,286.69</u>	<u>\$6,618,482.25</u>

NOTE 7: PENSION PLANS

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

NOTE 7: PENSIONS (CONTINUED)

Plan Descriptions

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

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

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

Vesting and Benefit Provisions

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

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest alter four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 yrs of service or they may elect deferred retirement after achieving 10 yrs of service.

NOTE 7: PENSIONS (CONTINUED)

Vesting and Benefit Provisions (Continued)

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

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2018, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2018, the State contributed an amount less than the actuarially determined amount. During 2018, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Township's share of pension, which is based upon the annual billings received from the state, amounted to \$1,335,270.00 for 2018 and \$1,200,803.00 for 2017.

Certain portions of the costs are contributed by the employees.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2018.

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$9,596,297.00 for the Township of Raritan's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township's proportion was 0.0487381400 percent, which was an increase of 0.0001920151 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$427,568.00 for the Township of Raritan's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2018 billing was \$449,728.00.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 49,482.00	\$ 183,003.00
Changes of assumptions	3,068,385.00	1,581,311.00
Net difference between projected and actual earnings on pension plan investments	90,014.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>393,149.00</u>	<u>377,360.00</u>
	<u>\$ 3,601,030.00</u>	<u>\$ 2,141,674.00</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 63,445.20
2020	(95,370.80)
2021	(664,400.80)
2022	(576,333.80)
2023	<u>(186,695.80)</u>
	<u>(\$1,459,356.00)</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 Percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Township's proportionate share of the pension liability	\$12,066,238.00	\$9,596,297.00	\$7,524,174.00

Pension Plan Fiduciary Net Position

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2018, the State reported a net pension liability of \$13,093,188.00 for the Township of Raritan's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township's proportion was 0.0967597382 percent, which was a decrease of 0.0032994179 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$923,749.00. The pension expense recognized in the Township's financial statement based on the April 1, 2018 billing was \$885,542.00.

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 54,183.00	\$ 133,206.00
Changes of assumptions	3,355,558.00	1,123,874.00
Net difference between projected and actual earnings on pension plan investments	71,632.00	
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>689,019.00</u>	<u>582,858.00</u>
	<u>\$ 4,170,392.00</u>	<u>\$ 1,839,938.00</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

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

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

Year Ended <u>June 30</u>	<u>Amount</u>
2019	\$ 91,370.80
2020	(400,811.20)
2021	(1,083,154.20)
2022	(702,913.20)
2023	<u>(234,946.20)</u>
	<u>\$ (2,330,454.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.10-8.98 Percent
Thereafter	3.10-9.98 Percent	3.10-9.98 Percent
Investment Rate of Return	7.00 Percent	7.00 Percent

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Township's proportionate share of the PFRS pension liability	\$17,523,607.00	\$13,093,188.00	\$9,438,899.00

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At June 30, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,778,493.00 and \$1,730,216.00 respectively.

At June 30, 2018, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$13,093,188.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>1,778,493.00</u>
	<u>\$14,871,681.00</u>

Pension Plan Fiduciary Net Position

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

NOTE 8: COMPENSATED ABSENCES

Under the existing policy of the Township, PBA employees hired prior to 2014 are allowed to accumulate unused vacation and sick pay over the life of their working careers, which may be taken as time off, or paid at a later date, at an agreed upon rate which is not to exceed 15,000.00 in total under Chapter 78. A reasonable estimate of such unpaid compensation is not readily available from the Borough but is probably immaterial. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2018.

NOTE 9: DEFERRED COMPENSATION PLAN

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

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

All assets of the Plan are held by an independent administrator, the Equitable Life Assurance Society of the United States (the "AXA Equitable").

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 10: LITIGATION

The Township Attorney's letters did not indicate any litigation, claims or contingent liabilities which would materially affect the financial statements of the Township.

NOTE 11: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2018 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from current tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51.

NOTE 12: CONTINGENT LIABILITIES

The Township participated in several financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to financial assistance programs will be discussed in detail in Part II, Report Section of the 2018 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2018, the Township does not believe that any material liabilities will result from such audits.

NOTE 13: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through Oxford United Healthcare. The Township of Raritan is a member of the Somerset County Joint Insurance Fund. This is an insured group of municipalities established for the purpose of providing low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum. The fund is an insurance purchasing pool in which the participants seek to lower insurance costs through their combined joint purchasing power. Each participant receives their own insurance policies. Risk transfers through the pool to the insurance company from which the policies are purchased. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township's claims are paid by the State.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at December 31, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 141,077.61	\$ 438,618.98
Grant Fund	34,484.29	
Animal Control Fund		8,828.24
Trust Other Fund	416,240.35	52,291.72
General Capital Fund	<u>65,495.00</u>	<u>157,558.31</u>
	<u>\$ 657,297.25</u>	<u>\$ 657,297.25</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Township's defined benefit OPEB plan, Township of Raritan Postretirement Healthcare Plan (the Plan), provides OPEB for all eligible employees of the Township in accordance with the terms of their labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Township. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Summary of Benefits

The Plan provides retirees and their eligible dependents medical, prescription drug and dental benefits provided that they have meet the eligibility requirement contained in the Township' various labor agreements.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	89
Inactive employees entitled to but not currently receiving benefits payments	-0-
Active employees	<u>79</u>
	<u>168</u>

Contributions

The contribution requirements of the Township and Plan members are established and may be amended by the Township's governing body.

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Township's plan document, ranging from 3.5% to 35%.

Net OPEB Liability

The Township's total OPEB liability of \$36,961,200 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 3.0%

Salary Increases:

Public Employees Retirement Fund

FYE 2016 - FYE 2026 1.65% - 3.90%
FYE 2026 and later 2.65% - 4.90%

Police and Firemen's Retirement Fund

FYE 2016 - FYE 2026 2.90% - 8.98%
FYE 2026 and later 3.90% - 9.98%

Healthcare cost trend rates 5.9 percent decreasing to an ultimate rate of 5 percent in 2026.

Mortality rates were based on the following:

Pre-Retirement Mortality - PUBGH2010EE Pub-2010 Public Plans, Fully Generational MP2018, "General" Classification, Headcount-Weighted, Employees Mort.

Post-Retirement Mortality - PUBGH2010HA Pub-2010 Public Plans, Fully Generational MP2018, "General" Classification, Headcount-Weighted, Healthy Annuitant Mort.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 to December 31, 2018.

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the Total OPEB liabilities at December 31, 2018 and December 31, 2017, based on the Bond Buyer General Obligation-20 Municipal Bond Index, are 3.44% and 3.78 respectively.

Changes in the Total OPEB Liability:

	Total OPEB <u>Liability</u>
Balance at 12/31/17	\$32,200,400
Changes for the year:	
Service cost	1,084,200
Interest Cost	1,241,600
Changes in assumptions or other inputs	3,320,800
Benefit payments	<u>(885,800)</u>
Net change in OPEB Liability	<u>4,760,800</u>
Balance at 12/31/18	<u><u>\$36,961,200</u></u>

Sensitivity of the Total OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	December 31, 2018		
	1.00% <u>Decrease (2.44%)</u>	At Discount <u>Rate (3.44)</u>	1.00% <u>Increase (4.44%)</u>
Net OPEB Liability	\$44,120,300	\$36,961,200	\$31,318,100

NOTE 15: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
(CONTINUED)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>December 31, 2018</u>		
	<u>1.00%</u> <u>Decrease</u> <u>(4.9% decreasing</u> <u>to 4.0%)</u>	<u>Healthcare Cost</u> <u>Trend Rate</u> <u>(5.9% decreasing</u> <u>to 5.0%)</u>	<u>1.00%</u> <u>Increase</u> <u>(6.9% decreasing</u> <u>to 6.0%)</u>
Net OPEB Liability	\$30,435,400	\$36,961,200	\$45,541,500

NOTE 16: SUBSEQUENT EVENTS

The Township of Raritan has evaluated subsequent events occurring after the financial statement date through July 23, 2019 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

TOWNSHIP OF RARITAN
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF CASH-TREASURER

<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
A	\$ 11,736,795.51	\$ 55,440.21
A-5	\$ 96,111,848.66	\$
A-8	125,392.47	
A-9	4,777,252.75	
A-2	269,855.12	
A-11	750.00	
A-10:A-24	907,360.84	216,788.38
A-21	77,873.00	
A-27		67,349.39
	<u>102,270,332.84</u>	<u>284,137.77</u>
	\$ 114,007,128.35	\$ 339,577.98
A-3	\$ 17,060,086.44	\$
A-13	425,394.26	
A-20	9,865.23	
A-14	15,725,437.08	
A-15	24,255,002.00	
A-16	48,010,048.00	
A-19	409,357.59	
A-17	6,649.60	
A-18	377,473.83	
A-10:A-24	911,967.26	103,971.86
A-11	750.00	
A-25		195,984.30
A-21	89,988.65	
A-2	33,537.00	
A-1	227.24	
	<u>107,315,784.18</u>	<u>299,956.16</u>
A	\$ 6,691,344.17	\$ 39,621.82

Balance, December 31, 2017

Increased by Receipts:

- Collector
- State of New Jersey-Chapter 20, P.L. 1971
- Revenue Accounts Receivable
- Miscellaneous Revenue Not Anticipated
- Petty Cash Funds
- Interfunds Received
- Reserve for Miscellaneous Deposits
- Grants Receivable

Decreased by Disbursements:

- 2018 Appropriations
- 2017 Appropriation Reserves
- Encumbrances Payable
- County Taxes
- Local District School Tax
- Regional High School Tax
- Municipal Open Space Tax
- Refund of Prepaid Taxes
- Tax Overpayments
- Interfunds Payable
- Petty Cash Fund
- Reserve for Grants Appropriated
- Reserve for Miscellaneous Deposits
- Refund of Current Year Revenue
- Refund of Prior Year Revenues

Balance, December 31, 2018

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

OFFICE

Collector

BALANCE
DECEMBER
31, 2017
AND 2018

\$ 775.00

\$ 775.00

REF.

A

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2017	2018 LEVY	ADDED	COLLECTIONS 2017	2018	TRANSFERRED TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2018
Prior	\$ 510,490.69	\$	\$ 1,500.00	\$	\$ 506,599.07	\$	\$ 5,391.62	\$
	\$ 510,490.69	\$	\$ 1,500.00	\$	\$ 506,599.07	\$	\$ 5,391.62	\$
2018		101,741,566.33		6,611,832.65	94,501,345.55	2,040.16	101,800.72	524,547.25
	\$ 510,490.69	\$ 101,741,566.33	\$ 1,500.00	\$ 6,611,832.65	\$ 95,007,944.62	\$ 2,040.16	\$ 107,192.34	\$ 524,547.25

REF. A A-2-A-17 A-2 A-12 A

REF.

Collector
Due From State of N.J. per Chapter 20, P.L. 1971

A-5 \$ 94,882,004.89
A-8 125,939.73
\$ 95,007,944.62

ANALYSIS OF 2018 PROPERTY TAX LEVY

TAX YIELD		
General Purpose Tax	\$	100,586,210.56
Added Taxes (54-4-63.1 et. seq.)		1,155,355.77
	\$	101,741,566.33

TAX LEVY

Regional High School Tax (Abstract)	A-15	\$	24,255,002.00
Regional School Tax (Abstract)	A-16		48,010,048.00
Municipal Open Space Tax (Including Added)	A-1-A-2-A-19		409,357.59
County Taxes:			
County Tax	A-14	\$	13,098,205.36
County Library Tax	A-14		1,286,191.75
County Open Space Preservation Tax	A-14		1,250,929.33
County Added	A-14		179,832.12
Local Tax for Municipal Purposes (Abstract)	A-2	\$	15,815,158.56
Add: Additional Tax Levied			997,008.64
Local Tax for Municipal Purposes Levied			13,252,000.18
		\$	101,741,566.33

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
PER CHAPTER 20,P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2017 (Due To)	A		\$ (1,147.09)
Increased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		\$ 15,750.00	
Veterans		107,000.00	
Allowed by Tax Collector:			
Senior Citizens and Veterans		<u>5,004.11</u>	
			\$ <u>127,754.11</u>
			\$ 126,607.02
Decreased by:			
Received From State of New Jersey	A-4	\$ 125,392.47	
Senior Citizens Deductions Disallowed		<u>1,814.38</u>	
			<u>127,206.85</u>
Balance, December 31, 2018 (Due To)	A		\$ <u><u>(599.83)</u></u>

SUMMARY OF 2018 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		\$ 122,750.00	
Senior Citizens and Veterans Exemptions Allowed by Tax Collector		<u>5,004.11</u>	
		\$ <u>127,754.11</u>	
Disallowed by Collector: 2018 Taxes		<u>1,814.38</u>	
	A-7		\$ <u><u>125,939.73</u></u>

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>ACCRUED IN 2018</u>	<u>COLLECTED BY COLLECTOR</u>	<u>COLLECTED BY TREASURER</u>	<u>BALANCE DECEMBER 31, 2018</u>
Clerk:					
Alcoholic Beverage Licenses	\$	25,752.00	\$	25,752.00	\$
Licenses-Other		37,971.00		37,971.00	
Fees and Permits		262,285.21		262,285.21	
Planning Board:					
Licenses-Other					
Uniform Construction Code:					
Fees and Permits		1,036,226.00		1,036,226.00	
Zoning:					
Licenses-Other					
Municipal Court:					
Fines and Costs	9,256.66	232,902.48		242,159.14	
Interest on Investments		101,146.30		101,146.30	
Consolidated Municipal Property Tax Relief Aid					
Energy Receipts Tax		2,065,641.00		2,065,641.00	
Hotel/Motel Occupancy Tax		113,901.63		113,901.63	
Interlocal - Hunterdon Central High School - Resource Officer		43,300.00		43,300.00	
Interlocal - Hampton Borough Municipal Court		14,774.00		14,774.00	
Uniform Fire Safety Act		32,628.00		32,628.00	
Cable Franchise Fees		29,250.12		29,250.12	
Escrow - Administrative Fees		121,968.83		121,968.83	
Borough of Flemington - Lease of Courtroom		11,308.00		11,308.00	
Reserve for Stormwater Damage					
PERC Fees		17,200.00		17,200.00	
Capital Fund Balance		420,465.00		420,465.00	
PILOT - Costco		192,019.86		192,019.86	
PILOT - Raritan Junction					
Borough of Flemington - Lease of Courtroom -2017		9,256.66		9,256.66	
Interest and Costs on Taxes		132,481.48	132,481.48		
	\$	4,900,477.57	\$	4,777,252.75	\$ -0.00-
<u>REF.</u>	A		A-5	A-4	A

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>	<u>TRUST - OPEN SPACE FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2017:							
Due From	A	\$ 6,412.96	\$	\$	\$ 6,412.96	\$	\$
Due To	A	316,898.91	131,046.02	12.00		12,061.76	173,779.13
Receipts - Treasurer	A-4	907,360.84	67,349.39		102,302.77	583,086.12	154,622.56
Disbursements	A-4	911,967.26	175,566.78	952.08	136,075.87	178,907.53	420,465.00
Excess Animal Control	A-2	7,888.16		7,888.16			
Grants Canceled	A-24	450.00	450.00				
Balance, December 31, 2018:							
Due From	A	\$ 141,077.61	\$	\$ 8,828.24	\$ 40,186.06	\$	\$ 92,063.31
Due To	A	438,618.98	22,378.63			416,240.35	

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF PETTY CASH

<u>DEPARTMENT</u>	<u>RECEIVED</u>	<u>RETURNED</u>
Finance	\$ 100.00	\$ 100.00
Police	100.00	100.00
Building	100.00	100.00
Public Works	150.00	150.00
Fire Prevention	100.00	100.00
Engineering	100.00	100.00
Clerks Office	100.00	100.00
	<u>750.00</u>	<u>750.00</u>
	\$ <u>750.00</u>	\$ <u>750.00</u>
<u>REF.</u>	A-4	A-4

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 9,170.55
Increased by:		
Transfer from Taxes Receivable	A-7	<u>2,040.16</u>
Balance, December 31, 2018	A	<u><u>\$ 11,210.71</u></u>

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	MODIFIED BUDGET	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
Township Administrator	\$ 4.70	\$ 4.70	\$	\$ 4.70
Mayor and Committee	0.18	0.18		0.18
Township Clerk	996.21	996.21		996.21
Financial Administration	20,101.00	20,101.00		20,101.00
Revenue Administration	1,022.73	1,022.73		1,022.73
Tax Assessment Administration	2,577.79	2,577.79		2,577.79
Engineering Services and Costs	121,979.73	121,979.73	215.65	121,764.08
Planning Board	6,029.52	6,029.52		6,029.52
Board of Adjustment	9,465.95	9,465.95		9,465.95
Police	201,202.21	177,152.21	3,324.76	173,827.45
Uniform Fire Safety Program	41,152.93	41,152.93		41,152.93
Municipal Prosecutor	1,641.17	1,641.17		1,641.17
Municipal Court	584.38	584.38	244.80	339.58
Municipal Public Defender	120.00	120.00		120.00
Streets and Roads Maintenance	223,530.08	223,530.08	35,191.81	188,338.27
Snow Removal	30,457.58	30,457.58	30,457.58	
Public Buildings and Grounds	4,297.34	4,297.34		4,297.34
Vehicle Maintenance	13,426.58	13,426.58		13,426.58
Public Health Services	504.60	504.60		504.60
Maintenance of Parks	52.60	52.60		52.60
Construction Official	720.11	720.11	223.68	496.43
<u>OTHER EXPENSES</u>				
Postage and Photocopying	4,797.25	6,016.75	3,271.96	2,744.79
Township Administrator - Miscellaneous	5,377.01	21,491.59	17,254.52	4,237.07
Mayor and Committee	483.00	483.00		483.00
Elections	389.71	389.71		389.71
Township Clerk - Miscellaneous	886.58	15,085.16	15,078.79	6.37
Financial Administration	3,054.23	7,766.20	4,851.79	2,914.41
Annual Audit	7,000.00	7,000.00	6,725.00	275.00
Data Processing	1,294.12	3,394.12	2,895.48	498.64
Revenue Administration	229.65	1,347.25	1,117.60	229.65
Tax Assessment Administration	3,759.42	18,788.42	10,759.94	8,028.48
Legal Services and Costs	26,430.33	29,630.33	29,229.33	401.00
Engineering Services and Costs	1,509.47	7,085.02	5,575.55	1,509.47
Historical Commission		500.00	500.00	
Liability Insurance	43.72	213.72	170.00	43.72
Employee Group Health	28,150.27	21,843.28	11,961.36	9,881.92
Employee Health Benefit Waivers	7,256.33	7,256.33		7,256.33
Planning Board	6,438.77	12,451.67	12,032.88	418.79
Board of Adjustment	2,593.11	2,638.69	2,634.83	3.86
Landfill Monitoring Wells	55.00	5,200.00	5,145.00	55.00
Police	42.37	60,106.26	60,021.67	84.59
Fire Official	5.52	9,675.94	8,980.92	695.02
Fire Hydrants	1,167.09	1,167.09		1,167.09
Fire Official- OSHA/PEOSHA	0.13	4,041.79	4,041.66	0.13

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	MODIFIED BUDGET	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED)</u>				
Fire Company - PEOSHA	\$	\$ 2,556.31	\$ 2,556.31	\$
Fire Company		5,546.17	5,546.17	
Uniform Fire Safety Program	172.44	172.44		172.44
First Aid - OSHA/PEOSHA	0.07	0.07		0.07
Stormwater Management Plan - Engineering		4,399.00	4,399.00	
Municipal Court	2,249.41	2,249.41	411.02	1,838.39
Emergency Management Services	8.60	6,148.99	6,140.39	8.60
Streets and Roads - Miscellaneous	814.69	22,493.08	22,448.67	44.41
Snow Removal	79.78	48,518.92	47,818.80	700.12
Streets and Roads- PEOSHA		296.23	296.23	
Municipal Services Act	17,799.72	17,799.72	11,379.93	6,419.79
Solid Waste Collection	2,808.34	7,717.78	7,588.27	129.51
Public Buildings and Grounds	54.08	19,956.06	19,956.06	
Vehicle Maintenance	125.42	17,175.48	16,844.81	330.67
Board of Health		1,102.90	1,102.40	0.50
Public Health Services	830.70	830.70		830.70
Environmental Commission	715.00	715.00		715.00
Maintenance of Parks	9.03	559.03	550.00	9.03
Community Garden	417.07	417.07		417.07
Construction Official	1,133.75	4,899.67	4,218.50	681.17
Utilities	20,807.13	28,718.17	20,852.88	7,865.29
Social Security	7,877.60	7,877.60		7,877.60
Unemployment Insurance	3,385.51	3,385.51		3,385.51
Defined Contribution Retirement Program	8.80	8.80	0.40	8.40
LOSAP	6,250.00	6,250.00	500.00	5,750.00
Recycling Tax	285.17	285.17	104.37	180.80
NJDES/Stormwater General Permit	3,478.22	27,528.22		27,528.22
NJDEP Stormwater - Pollution Prevention Plan	42,371.67	42,371.67		42,371.67
Hunterdon Central Regional High School - Resource Off.	6,542.84	6,542.84		6,542.84
Hampton Borough - Shared Service Municipal Court	11,500.00	11,500.00		11,500.00
Purchase of Fire Equipment/Vehicles	4,000.31	22,026.35	18,026.04	4,000.31
Emergency Management Equipment	23.00	2,500.00	2,477.00	23.00
Purchase of Police Equipment	4,287.65	6,207.65	6,200.00	7.65
	<u>\$ 918,866.47</u>	<u>\$ 1,228,145.72</u>	<u>\$ 471,323.81</u>	<u>\$ 756,821.91</u>
	<u>REF.</u>	A		A-1
Balance, December 31, 2018	A-13	\$ 918,866.47		
Encumbrances Payable	A-20	<u>309,279.25</u>		
		<u>\$ 1,228,145.72</u>		
Encumbrances Payable	A-20		\$ 45,929.55	
Disbursements	A-4		<u>425,394.26</u>	
			<u>\$ 471,323.81</u>	

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	A		\$ 90,110.64
2018 Tax Levy:			
County Taxes	A-1:A-7	\$ 15,635,326.44	
County Share of Added Taxes	A-1:A-7	<u>179,832.12</u>	
			15,815,158.56
			<u>\$ 15,905,269.20</u>
Decreased by:			
Disbursements	A-4		<u>15,725,437.08</u>
Balance, December 31, 2018	A		<u><u>\$ 179,832.12</u></u>

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

	<u>REF.</u>	
Increased by:		
Levy	A-7	\$ 24,255,002.00
Decreased by:		
Disbursements	A-4	\$ <u>24,255,002.00</u>

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF REGIONAL SCHOOL TAX

REF.

Increased by:			
Levy	A-7	\$	48,010,048.00
Decreased by:			
Disbursements	A-4	\$	<u>48,010,048.00</u>

"A-17"

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2017 (2018 Taxes)	A		\$ 6,618,482.25
Increased by:			
Collection of 2019 Taxes	A-5	\$ 586,308.13	
Applied from Tax Overpayments	A-18	<u>123,978.56</u>	
			<u>710,286.69</u>
			\$ <u>7,328,768.94</u>
Decreased by:			
Application to 2018 Taxes Receivable	A-7	\$ 6,611,832.65	
Refunded	A-4	<u>6,649.60</u>	
			<u>6,618,482.25</u>
Balance, December 31, 2018 (2019 Taxes)	A		\$ <u><u>710,286.69</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2017	A		\$ 500.00
Increased by:			
Receipts	A-5		<u>501,551.56</u>
			\$ <u>502,051.56</u>
Decreased by:			
Disbursements	A-4	\$ 377,473.83	
Applied to Prepaid Taxes	A-17	<u>123,978.56</u>	
			<u>501,452.39</u>
Balance, December 31, 2018	A		\$ <u><u>599.17</u></u>

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAXES PAYABLE

	<u>REF.</u>			
Increased by:				
Levy	A-7	\$	404,285.41	
Added Taxes	A-7		<u>5,072.18</u>	
	A-1			\$ 409,357.59
Decreased by:				
Disbursements	A-4			\$ <u><u>409,357.59</u></u>

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	A		\$ 371,309.73
Increased by:			
Charged to 2018 Appropriations	A-3	\$ 297,633.55	
Transfer to Appropriation Reserves	A-13	<u>45,929.55</u>	
			\$ <u>343,563.10</u>
Decreased by:			
Canceled	A-1	\$ 45,000.00	
Transfer to Appropriation Reserves	A-13	309,279.25	
Disbursements	A-4	<u>9,865.23</u>	
			\$ <u>364,144.48</u>
Balance, December 31, 2018	A		\$ <u><u>350,728.35</u></u>

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>	
Marriage Licenses Due State	\$ 275.00	\$ 2,225.00	\$ 2,025.00	\$ 475.00	
DCA Training Fees	13,638.00	75,573.00	67,154.00	22,057.00	
Burial Permits	10.00		10.00		
Solicitor Bonds	500.00			500.00	
Sunflower Estates	3,232.72			3,232.72	
Community Day	3,189.32	75.00		3,264.32	
Codification of Ordinances	100.05			100.05	
Master Plan	2,421.85			2,421.85	
Revaluation	0.37			0.37	
Stormwater Management	102,230.06		54,000.00	48,230.06	
FEMA Reimbursements	34,054.36		20,799.65	13,254.71	
	<u>\$ 159,651.73</u>	<u>\$ 77,873.00</u>	<u>\$ 143,988.65</u>	<u>\$ 93,536.08</u>	
	REF. A	A-4			A
Disbursements			\$ 89,988.65		
Applied to Revenue			<u>54,000.00</u>		
			<u>\$ 143,988.65</u>		

"A-22"

TOWNSHIP OF RARITAN

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

NOT APPLICABLE

"A-23"

SCHEDULE OF GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

Balance, December 31, 2017	A		\$	629.00
Decreased by:				
Transfer to Grants Appropriated	A-25	\$	179.00	
Canceled				450.00
				<u>450.00</u>
			\$	<u><u>629.00</u></u>

TOWNSHIP OF RARITAN

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2017:					
Due From	A	\$ 200,750.81	\$ 131,046.02	\$ 69,704.79	\$ 53,000.00
Due To	A	<u>53,000.00</u>			
Receipts - Treasurer	A-4	216,788.38	110,217.39	106,570.99	
Grants Canceled	A-24	450.00	450.00		
Disbursements	A-4	<u>103,971.86</u>	<u>2,000.00</u>	<u>48,971.86</u>	<u>53,000.00</u>
Balance, December 31, 2018:					
Due From	A	<u>\$ 34,484.29</u>	<u>\$ 22,378.63</u>	<u>\$ 12,105.66</u>	<u>\$</u>

TOWNSHIP OF RARITAN

GRANT FUND

SCHEDULE OF GRANTS FUND
APPROPRIATED RESERVES

<u>GRANT</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>TRANSFERRED FROM</u> <u>2018 BUDGET</u> <u>APPROPRIATION</u>	<u>DISBURSEMENTS</u>	<u>PRIOR YEAR</u> <u>ENCUMBRANCES</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
Body Armor Grant - 2017	\$ 3,053.74	\$	\$	\$	3,053.74
Drunk Driving Enforcement Fund - 2012	2,755.14				2,755.14
Drunk Driving Enforcement Fund - 2013	11,560.30				11,560.30
Drunk Driving Enforcement Fund - 2014	7,976.62				7,976.62
Drunk Driving Enforcement Fund - 2015	3,177.79		179.00	179.00	3,177.79
Drunk Driving Enforcement Fund - 2016	1,661.42				1,661.42
Drunk Driving Enforcement Fund - 2017	5,066.59	5,975.05	956.76		4,109.83
Drunk Driving Enforcement Fund - 2018	36,827.15		383.96		5,591.09
Clean Communities Program - 2017			36,827.15		
Clean Communities Program - 2018		59,374.34	51,066.44		
Recycling Tonnage Grant	138,928.01		106,570.99		8,307.90
NJ DOT - Safe Roads to School	55,635.26				32,357.02
Emergency Management Assistance - 2010	136.73				55,635.26
Alcohol Ed. And Rehab - 2012	22.91				136.73
NJ League of Municipalities Grant	1,517.35				22.91
NJ Risk Manger Safety Grant	1,000.00				1,517.35
Domestic Violence Training	1,457.89				1,000.00
NJ Forestry "No Net Loss"	2,812.34				1,457.89
Garden Club of NJ	1,000.00				2,812.34
Stormwater Regulation	2,326.93				1,000.00
Community Day Sponsorship		1,000.00			2,326.93
Radon Awareness Program - Test Kits		1,000.00			1,000.00
	<u>\$ 276,916.17</u>	<u>\$ 67,349.39</u>	<u>\$ 195,984.30</u>	<u>\$ 179.00</u>	<u>\$ 148,460.26</u>

REF.

A

A-3

A-4

A-23

A

TOWNSHIP OF RARITAN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>GRANT</u>	BALANCE DECEMBER 31, 2017	2018 REVENUE ANTICIPATED	RECEIPTS	BALANCE DECEMBER 31, 2018
Municipal Stormwater Regulation Program	\$ 3,007.00	\$	\$	3,007.00
NJ DOT Safe Roads to School	57,251.95			57,251.95
NJ League of Municipalities Grant	5,000.00	5,975.05	5,975.05	5,000.00
Drunk Driving Enforcement Fund - 2018		59,374.34	59,374.34	
Clean Communities Program - 2018		1,000.00	1,000.00	
Community Day Sponsorship		1,000.00	1,000.00	
Radon Awareness Program - Test Kits				
	<u>\$ 65,258.95</u>	<u>\$ 67,349.39</u>	<u>\$ 67,349.39</u>	<u>\$ 65,258.95</u>

REF.

A

A-2

A-4

A

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF CASH-TREASURER

	REF.	ANIMAL CONTROL	OTHER
Balance, December 31, 2017	B	\$ 80,975.96	\$ 7,657,686.66
Increased by Receipts:			
Due Current Fund	B-4:B-3	\$ 952.08	\$ 12,702.60
Due Current Fund - Open Space Trust Fund	B-9		178,907.53
Due Grant Fund	B-10		48,971.86
Due Animal Control Trust Fund	B-12		952.00
Dog and Cat Licenses and Other Fees	B-6	50,331.40	
Reserve for Open Space Deposits	B-8		608,113.32
Reserve for Miscellaneous Trust Deposits	B-7		1,712,123.31
State of New Jersey-Dog License Fees	B-5	4,187.40	
		55,470.88	2,561,770.62
		\$ 136,446.84	\$ 10,219,457.28
Decreased by Disbursements:			
Due Current Fund	B-4:B-3	\$	\$ 19,350.87
Due Current Fund - Open Space Trust Fund	B-9		583,086.12
Due Grant Fund	B-10		106,570.99
Due Other Trust Fund	B-13	952.00	
Due General Capital Fund	B-11		12,495.00
Reserve for Miscellaneous Trust Deposits	B-7		1,418,300.16
Reserve for Open Space Deposits	B-8		565,191.27
Expenditures Under R.S. 4:19-15.11	B-6	32,525.70	
State of New Jersey-Dog License Fees	B-5	4,303.20	
		37,780.90	2,704,994.41
Balance, December 31, 2018	B	\$ 98,665.94	\$ 7,514,462.87

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF DUE CURRENT FUND -
OTHER TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2017 (Due To)	B		\$ 6,412.96
Receipts	B-2	\$ 12,702.60	
Canceled Tax Sale Premiums	B-7	<u>40,421.37</u>	
			<u>53,123.97</u>
			\$ <u>53,123.97</u>
Disbursements	B-2		<u>19,350.87</u>
Balance, December 31, 2018 (Due To)	B		\$ <u><u>40,186.06</u></u>

"B-4"

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF DUE CURRENT FUND -
ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2017 (Due From)	B		\$ 12.00
Receipts	B-2	\$ 952.08	
Excess Reserve for Animal Control Expenditures	B-6	<u>7,888.16</u>	
			<u>8,840.24</u>
			\$ <u>8,852.24</u>
Balance, December 31, 2018 (Due To)	B		\$ <u><u>8,828.24</u></u>

"B-5"

SCHEDULE OF AMOUNT DUE STATE OF NEW JERSEY-
DEPARTMENT OF HEALTH - DOG LICENSES

Balance, December 31, 2017	B		\$ 147.60
Increased by:			
State License Fees	B-2		<u>4,187.40</u>
			\$ <u>4,335.00</u>
Decreased by:			
Disbursements	B-2		<u>4,303.20</u>
Balance, December 31, 2018	B		\$ <u><u>31.80</u></u>

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	79,888.36
Increased by:			
Dog License Fees Collected	B-2		<u>50,331.40</u>
		\$	130,219.76
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-2	\$	32,525.70
Excess Reserve for Expenditures Due Current Fund	B-4		<u>7,888.16</u>
			<u>40,413.86</u>
Balance, December 31, 2018	B	\$	<u><u>89,805.90</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2017	\$ 50,331.40
2016	<u>39,474.50</u>
	\$ <u><u>89,805.90</u></u>

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	BALANCE DECEMBER <u>31, 2017</u>	<u>INCREASED</u>	<u>DECREASED</u>	BALANCE DECEMBER <u>31, 2018</u>
Cash in Lieu of Bonds	\$ 4,128,350.90	\$ 392,791.87	\$ 51,310.12	\$ 4,521,142.77
Traffic Study	50,942.63	367.49		
Tax Sale Premiums	375,121.37	36,500.00	244,521.37	167,100.00
Well Testing	2,000.59	14.44		2,015.03
Performance Guarantees	140,669.95			140,669.95
School & Park Improvements	7,548.84	208.23	7,757.07	
POAA - Raritan	293.06	26.00		319.06
POAA - Hampton Borough	90.00	8.00		98.00
Traffic Light	9,800.00		8,150.00	1,650.00
Minneakoning Road Deposit	44,885.03	326.76		45,211.79
Outside Liens	706.80	452,145.12	449,136.16	3,715.76
Developers Escrow Fund	438,192.28	11,523.26	18,568.17	431,147.37
Engineering Inspections	481,031.68		140,961.85	340,069.83
Recycling Program	6,819.89	155,613.54	138,996.32	23,437.11
Transportation Improvement District	780,314.36	5,610.83	5,610.83	780,314.36
Public Defender - Raritan	6,210.22	6,425.26	6,646.86	5,988.62
Public Defender - Hampton	200.00			200.00
Self-Insurance		50,196.59	7,633.40	42,563.19
Council on Affordable Housing	492,780.85	185,474.80	174,684.01	503,571.64
Accumulated Absences	31,400.30	75,114.79	21,597.93	84,917.16
Storm Recovery	14,734.54	116,295.50		131,030.04
Outside Detail Police Salaries	54,772.79	215,213.94	232,705.52	37,281.21
Uniform Fire Code Penalties	4,146.93	8,266.89	1,752.04	10,661.78
	<u>\$ 7,071,013.01</u>	<u>\$ 1,712,123.31</u>	<u>\$ 1,510,031.65</u>	<u>\$ 7,273,104.67</u>

REF.

B

B-2

B

Disbursements	B-2	\$ 1,418,300.16
Canceled Tax Sale Premium	B-3	40,421.37
Reserves Canceled	B-1	<u>51,310.12</u>
		<u>\$ 1,510,031.65</u>

"B-8"

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2017	B		\$ 511,074.66
Increased by:			
Open Space Taxes		\$ 583,086.12	
Miscellaneous		<u>25,027.20</u>	
	B-2		\$ <u>608,113.32</u>
			\$ <u>1,119,187.98</u>
Decreased by:			
Disbursements	B-2		<u>565,191.27</u>
Balance, December 31, 2018	B		\$ <u><u>553,996.71</u></u>

"B-9"

SCHEDULE OF DUE CURRENT FUND - OPEN SPACE FUND

Balance, December 31, 2017 (Due From)	B		\$ 12,061.76
Receipts	B-2		<u>178,907.53</u>
			\$ <u>190,969.29</u>
Disbursements	B-2		<u>583,086.12</u>
Balance, December 31, 2018 (Due From)	B		\$ <u><u>416,240.35</u></u>

"B-10"

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF DUE GRANT FUND -
OTHER TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2017 (Due To)	B	\$ 69,704.79
Receipts	B-2	<u>48,971.86</u>
		\$ <u>118,676.65</u>
Disbursements	B-2	<u>106,570.99</u>
Balance, December 31, 2018 (Due To)	B	\$ <u><u>12,105.66</u></u>

"B-11"

SCHEDULE OF DUE GENERAL CAPITAL FUND -
OTHER TRUST FUND

Balance, December 31, 2017 (Due To)	B	\$ 12,495.00
Disbursements	B-2	\$ <u><u>12,495.00</u></u>

"B-12"

TOWNSHIP OF RARITAN

TRUST FUND

SCHEDULE OF DUE ANIMAL CONTROL FUND -
OTHER TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2017 (Due From)	B	\$	952.00
Receipts	B-2	\$	<u>952.00</u>

"B-13"

SCHEDULE OF DUE OTHER TRUST FUND -
ANIMAL CONTROL TRUST FUND

Balance, December 31, 2017 (Due To)	B	\$	952.00
Disbursements	B-2	\$	<u>952.00</u>

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 2,112,606.25
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$ 80,751.50	
Premium on Sale of Bonds and Notes	C-1	14,962.00	
Interfunds	C-9	420,465.00	
Bond Anticipation Notes	C-13	<u>2,284,000.00</u>	
			<u>2,800,178.50</u>
			\$ 4,912,784.75
Decreased by Disbursements:			
Contracts Payable	C-6	\$ 1,563,661.76	
Bond Anticipation Notes	C-13	753,193.00	
Utilized by Current Fund Budget	C-1	420,465.00	
Various Reserves and Deposits	C-14	29,495.00	
Interfunds	C-9	<u>89,127.56</u>	
			<u>2,855,942.32</u>
Balance, December 31, 2018	C:C-3		\$ <u><u>2,056,842.43</u></u>

"C-3"

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2018

Capital Improvement Fund	\$	19,412.12
Fund Balance		93,908.81
Contracts Payable		479,949.38
Unexpended Proceeds of Bond Anticipation Notes on "C-5"		1,227,813.81
Improvement Authorizations:		
Funded Improvements Listed on "C-7"		322,172.35
Improvements Expended Set Forth on "C-5"		(204,471.54)
Various Reserves and Deposits		25,994.19
Interfunds		<u>92,063.31</u>
	\$	<u><u>2,056,842.43</u></u>

REF.

C:C-2

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 14,215,087.89
Decreased by:			
2018 Budget Appropriation to Pay:			
Bond Principal	C-12	\$ 1,910,000.00	
Green Trust Loan Principal	C-11	<u>176,958.59</u>	
			<u>2,086,958.59</u>
Balance, December 31, 2018	C		\$ <u><u>12,128,129.30</u></u>

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	BALANCE DECEMBER 31, 2018	ANALYSIS OF BALANCE DECEMBER 31, 2018		
				BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED BALANCE
	\$	\$	\$	\$	\$	\$
General Improvements:						
04-10 Reconstruction of Everetts Road Phase I	0.02		0.02		0.02	
07-17 Prelim Planning - Sunny Hills Roads	1,340.20		1,340.20		1,340.20	
13-14 Reconstruction of River Road	201.03		201.03		201.03	
13-15 Overlay of Old Croton Road	2,500.00		2,500.00		2,500.00	
13-16 Acquisition of DPW Vehicles and Equip.	430.29		430.29		430.29	
14-12 Road Overlays Crestwood	200,000.00		200,000.00		200,000.00	
17-32 Various Capital Improvements	753,193.10		753,193.10	753,193.00		0.10
18-20 Various Capital Improvements		1,530,856.68	1,530,856.68	1,530,807.00		49.68
	\$ 957,664.64	\$ 1,530,856.68	\$ 2,488,521.32	\$ 2,284,000.00	\$ 204,471.54	\$ 49.78
	C	C-7	C	C-13	C-3	
	REF.					
Improvement Authorizations - Unfunded						\$ 1,227,863.59
Less: Unexpended Proceeds of Bond Anticipation Notes						1,227,813.81
						\$ 49.78

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 749,888.60
Increased by:			
Contracts Issued	C-7	\$ 1,475,776.32	
Miscellaneous Reserves Contracts	C-14	<u>7,989.92</u>	
			<u>1,483,766.24</u>
			\$ <u>2,233,654.84</u>
Decreased by:			
Disbursements	C-2	\$ 1,563,661.76	
Canceled	C-7	<u>190,043.70</u>	
			<u>1,753,705.46</u>
Balance, December 31, 2018	C		\$ <u><u>479,949.38</u></u>

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 19,232.02
Increased by:		
2018 Budget Appropriation	C-2	<u>80,751.50</u>
		\$ 99,983.52
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	<u>80,571.40</u>
Balance, December 31, 2018	C	<u><u>\$ 19,412.12</u></u>

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2017:					
Due From	D	\$ 239,274.13	\$ 173,779.13	\$ 53,000.00	\$ 12,495.00
Receipts	D-5	420,465.00	420,465.00		
Disbursements	D-5	<u>89,127.56</u>	<u>89,127.56</u>		
Balance, December 31, 2018:					
Due From	D	\$ 65,495.00	\$	\$ 53,000.00	\$ 12,495.00
Due To	D	<u>157,558.31</u>	<u>157,558.31</u>		

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

NOT APPLICABLE

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES TRUST LOANS PAYABLE

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING DECEMBER 31, 2018</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Raritan Land Acquisition	3/16/1998	\$ 2,250,000.00	2019	\$ 180,515.46	2.000%	\$ 449,087.89	\$ 176,958.59	\$ 272,129.30
			2020	91,613.84		\$ 449,087.89	\$ 176,958.59	\$ 272,129.30
						<u>REF.</u>	<u>C</u>	<u>C</u>
							<u>C-4</u>	<u>C</u>

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
17-32	Various Capital Improvements	12/14/17	12/14/17	09/14/18	1.790%	\$ 753,193.00	\$	\$ 753,193.00	\$
17-32	Various Capital Improvements	12/14/17	07/19/18	09/13/19	2.750%		753,193.00		753,193.00
18-20	Various Capital Improvements	07/19/18	07/19/18	09/13/19	2.750%		1,530,807.00		1,530,807.00
						<u>\$ 753,193.00</u>	<u>\$ 2,284,000.00</u>	<u>\$ 753,193.00</u>	<u>\$ 2,284,000.00</u>
					<u>REF.</u>	C	C-2		C:C-5
	Funded by Budget				C-5			\$ 753,193.00	
	Paid by Cash on Hand				C-2			<u>\$ 753,193.00</u>	

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER <u>31, 2017</u>	<u>DECREASED</u>	BALANCE DECEMBER <u>31, 2018</u>
Purchase of Fire Equipment	\$ 41,771.92	\$ 37,484.92	\$ 4,287.00
Purchase of Road Equipment	66.40		66.40
Reconstruction of Roads	93.19		93.19
Concord Ridge	18,000.00		18,000.00
Purchase of Police Equipment	700.00		700.00
Payment of Note Interest	0.33		0.33
County Open Space Funds	347.27		347.27
Water Tank	<u>2,500.00</u>	<u> </u>	<u>2,500.00</u>
	<u>\$ 63,479.11</u>	<u>\$ 37,484.92</u>	<u>\$ 25,994.19</u>
<u>REF.</u>	C		C

TOWNSHIP OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2018</u>
04-10	Reconstruction of Everitts Road Phase I	\$ 0.02
07-17	Prelim Planning - Sunny Hills Roads	1,340.20
13-14	Reconstruction of River Road	201.03
13-15	Overlay of Old Croton Road	2,500.00
13-16	Acquisition of DPW Vehicles and Equip.	430.29
14-12	Road Overlays Crestwood	200,000.00
17-32	Various Capital Improvements	0.10
18-20	Various Capital Improvements	49.68
		<hr/>
		\$ <u>204,521.32</u>

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PART II

TOWNSHIP OF RARITAN

STATISTICAL DATA

LIST OF OFFICIALS

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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

	<u>YEAR 2018</u>		<u>YEAR 2017</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,424,050.00	1.30%	\$ 1,424,050.00	1.34%
Miscellaneous from Other Than Local				
Property Tax Levies	6,087,064.41	5.58%	5,417,510.40	5.11%
Collection of Delinquent Taxes and Tax Title Liens	506,599.07	0.46%	591,523.90	0.56%
Collection of Current Tax Levy	<u>101,113,178.20</u>	<u>92.66%</u>	<u>98,580,519.51</u>	<u>92.99%</u>
<u>TOTAL INCOME</u>	<u>\$ 109,130,891.68</u>	<u>100.00%</u>	<u>\$ 106,013,603.81</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 18,182,119.48	17.02%	\$ 17,633,696.32	16.90%
County Taxes	15,815,158.56	14.81%	15,524,944.03	14.88%
School Taxes	72,265,050.00	67.66%	70,393,708.00	67.48%
Municipal Open Space Taxes	409,357.59	0.38%	607,046.32	0.58%
Other	<u>134,891.89</u>	<u>0.13%</u>	<u>152,162.96</u>	<u>0.16%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 106,806,577.52</u>	<u>100.00%</u>	<u>\$ 104,311,557.63</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,324,314.16		\$ 1,702,046.18	
Fund Balance, January 1	<u>3,260,603.69</u>		<u>2,982,607.51</u>	
	\$ 5,584,917.85		\$ 4,684,653.69	
Less: Utilization as Anticipated Revenue	<u>1,424,050.00</u>		<u>1,424,050.00</u>	
Fund Balance, December 31	<u>\$ 4,160,867.85</u>		<u>\$ 3,260,603.69</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ <u>2.488</u>	\$ <u>2.450</u>	\$ <u>2.406</u>
Municipal	\$ 0.303	\$ 0.302	\$ 0.301
Municipal Open Space	0.010	0.015	0.015
County	0.387	0.383	0.375
Regional School	1.188	1.159	1.141
Regional High School	<u>0.600</u>	<u>0.591</u>	<u>0.574</u>

Assessed Valuations:

2018	<u>\$4,042,854,122.00</u>		
2017		<u>\$4,023,245,440.00</u>	
2016			<u>\$4,002,044,996.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of the tabulation will 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>
2018	\$101,741,566.33	\$101,113,178.20	99.38%
2017	\$99,170,991.38	\$98,580,519.51	99.40%
2016	\$97,017,955.29	\$96,366,631.57	99.32%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$11,210.71	\$524,547.25	\$535,757.96	0.53%
2017	\$9,170.55	\$510,490.69	\$519,661.24	0.52%
2016	\$7,161.55	\$601,803.90	\$608,965.45	0.63%

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR ENDED DECEMBER 31st</u>	<u>CURRENT FUND</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2018	\$4,161,867.85	\$1,424,050.00
2017	3,260,603.69	1,424,050.00
2016	2,982,607.51	1,424,050.00
2015	1,972,065.06	875,000.00
2014	1,465,006.84	870,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Michael Mangin	Mayor	*	
Karen Gilbert	Deputy Mayor	*	
Gary Hazard	Committee Person	*	
Craig O'Brien	Committee Person	*	
Lou Reiner	Committee Person	*	
Don Hutchins	Administrator	*	
Jeffery Lehrer	Township Attorney	*	
Lisa Fania	Township Clerk, Assessment Search Officer	*	
Stephanie Haver	Deputy Township Clerk	*	
William Pandos	Chief Financial Officer	\$100,000.00	
Sharon Brown	Tax Collector, Tax Search Officer (to September 1)	\$475,000.00	
Ann Marie Silvia	Tax Collector, Tax Search Officer (from September 1)	\$475,000.00	
Marianne Busher	Tax Assessor	*	
William Mennen	Magistrate	*	
Lynne Timlin	Court Administrator	*	
Kristin Glinko	Deputy Court Administrator	*	
Antoine Hajjar	Engineer	*	
Jeffrey Klein	Construction Code Official	*	
Al Payne	Acting Police Chief	*	
Danielle Langreder	Assistant Supervisor of Accounts	*	

*All officials and employees handling and collecting Township funds are covered by a blanket position bond for faithful performance for \$20,000.00 through the Selective Insurance Company of America.

All of the bonds were examined and were properly executed.

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 was increased to \$40,000.00 by resolution of the governing body.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Committee's opinion should be sought before a commitment is made.

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

Pavement of Barton Estates – Wildwood and Round Hill Courts

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

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

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 4, 2018 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

WHEREAS, R.S. 54:4-67 as amended by Chapter 435, P.L. 1979 (approved February 14, 1980) allows the governing body to modify the rate of interest on delinquent taxes.

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Raritan, County of Hunterdon, that the interest rate for delinquent taxes shall be 0% if payment is made within ten (10) days after due date, 8% per annum on first \$1,500.00 of delinquency and 18% per annum on any amount in excess on \$1,500.00, said interest to be calculated from the date the tax was payable until the date of actual payment.

WHEREAS, Chapter 75 of P.L. 1991, effective March 29, 1991, also known as N.J.S.A. 54:5-67 provides that the governing body may provide a penalty to a taxpayer with a delinquency in excess of \$10,000.00, who fails to pay that delinquency prior to the end of the calendar year, said penalty not to exceed 6% of the amount of the delinquency; and

WHEREAS, said penalty shall be applied to all taxes owned by an individual taxpayer regardless of the number of parcels involved; and

WHEREAS, the Township Committee has reviewed this statute.

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Raritan, in the County of Hunterdon, New Jersey that the Tax Collector is hereby authorized and directed to charge a penalty of 6% of the amount of the delinquency in excess of \$10,000.00 due at the end of the calendar year.

BE IT FURTHER RESOLVED that this resolution shall be renewed by the Township Committee on an annual basis at the reorganization meeting.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on September 11, 2018 and was complete.

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

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

	<u>NUMBER OF LIENS</u>
2018	7
2017	7
2016	7

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	
Payment of 2019 Taxes	50
Payment of 2018 Taxes	50
Delinquent Taxes	25

OTHER COMMENTS

Interfund Balances

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

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

Finance

Our observation of the general ledgers for various funds revealed multiple instances of missing or inaccurate entries and incorrect balances.

OTHER COMMENTS (CONTINUED)

Purchasing

Our test of professional service contracts revealed that the Township does not always award contracts with a “not to exceed” amount listed.

PRIOR YEAR AUDIT FINDINGS

Finding 2017-01 - The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

This finding has been corrected.

RECOMMENDATIONS

That the finance office consistently perform all appropriate entries to maintain the Township's general ledger.

That all professional service contracts be awarded by the governing body with a specific 'not to exceed' amount.

