

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
REPORT OF AUDIT

2017

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
REPORT OF AUDIT
2017

TOWNSHIP OF RARITAN
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TOWNSHIP OF RARITAN

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Raritan, in the County of Hunterdon (the "Township") as of and for the years ended December 31, 2017 and 2016, and the related notes to the 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Mayor and Members
of the Township Committee
Township of Raritan
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 each fund and account group of the Township as of December 31, 2017 and 2016, or the changes in financial position where applicable thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Township of Raritan as of December 31, 2017 and 2016, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Honorable Mayor and Members
of the Township Committee
Township of Raritan
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018 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.

Mount Arlington, New Jersey
May 30, 2018

NISIVOCCIA LLP



Heidi A. Wohlleb
Certified Public Accountant
Registered Municipal Accountant No. 481

TOWNSHIP OF RARITAN

FINANCIAL STATEMENTS

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
CURRENT FUND

TOWNSHIP OF RARITAN
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|------------------------|------------------------|
| | | 2017 | 2016 |
| <u>ASSETS</u> | | | |
| Regular Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | A-4 | \$ 11,736,795.51 | \$ 5,159,594.39 |
| Change Fund | | 775.00 | 775.00 |
| | | <u>11,737,570.51</u> | <u>5,160,369.39</u> |
| Due from State of New Jersey: | | | |
| Senior Citizens and Veterans Deductions | | | 57.91 |
| | | <u>11,737,570.51</u> | <u>5,160,427.30</u> |
| Receivables and Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 510,490.69 | 601,803.90 |
| Tax Title Liens Receivable | A-8 | 9,170.55 | 7,161.55 |
| Revenue Accounts Receivable | A-9 | 9,256.66 | |
| Due from: | | | |
| Other Trust Funds | B | 6,412.96 | 26,672.96 |
| Total Receivables and Other Assets with Full Reserves | | <u>535,330.86</u> | <u>635,638.41</u> |
| Deferred Charges: | | | |
| Overexpenditure of Appropriation Reserves | | | 2,823.38 |
| Total Deferred Charges | | | <u>2,823.38</u> |
| Total Regular Fund | | <u>12,272,901.37</u> | <u>5,798,889.09</u> |
| Federal and State Grant Fund: | | | |
| Cash and Cash Equivalents | A-6 | 55,440.21 | 49,463.43 |
| Grants Receivable | A-10 | 65,258.95 | 209,258.95 |
| Due from Current Fund | A | 131,046.02 | 49,246.29 |
| Due from Other Trust Funds | B | 69,704.79 | 12,105.66 |
| Due from Payroll Accounts | | 9,095.20 | 9,095.20 |
| Total Federal and State Grant Fund | | <u>330,545.17</u> | <u>329,169.53</u> |
| TOTAL ASSETS | | <u>\$12,603,446.54</u> | <u>\$ 6,128,058.62</u> |

TOWNSHIP OF RARITAN
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31, | |
|---|----------|----------------------|---------------------|
| | | 2017 | 2016 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Regular Fund: | | | |
| Appropriation Reserves: | | | |
| Encumbered | A-3;A-11 | \$ 309,279.25 | \$ 187,076.85 |
| Unencumbered | A-3;A-11 | 918,866.47 | 602,486.85 |
| | | <u>1,228,145.72</u> | <u>789,563.70</u> |
| Due to: | | | |
| Federal and State Grant Fund | A | 131,046.02 | 49,246.29 |
| Animal Control Fund | B | 12.00 | 12.00 |
| Open Space Trust Fund | B | 12,061.76 | 8,502.44 |
| General Capital Fund | C | 173,779.13 | 291,930.66 |
| Accounts Payable - Vendors | | 62,030.48 | 34,996.06 |
| County Tax Payable | | 90,110.64 | 100,978.91 |
| Prepaid Taxes | | 6,618,482.25 | 687,929.72 |
| Tax Overpayments | | 500.00 | 2,829.66 |
| Due to State of New Jersey: | | | |
| Senior Citizens and Veterans Deductions | | 1,147.09 | |
| Marriage License Fees | | 275.00 | 375.00 |
| DCA Training Fees | | 13,638.00 | 14,545.00 |
| Burial Permits | | 10.00 | 5.00 |
| Reserve for : | | | |
| Solicitor Bonds | | 500.00 | 500.00 |
| Sunflower Estates | | 3,232.72 | 3,232.72 |
| Community Day | | 3,189.32 | 3,189.32 |
| Codification of Ordinances | | 100.05 | 100.05 |
| Master Plan | | 2,421.85 | 2,421.85 |
| Revaluation | | 0.37 | 0.37 |
| Stormwater Management | | 102,230.06 | 156,230.06 |
| FEMA Reimbursements | | 34,054.36 | 34,054.36 |
| | | <u>8,476,966.82</u> | <u>2,180,643.17</u> |
| Reserve for Receivables and Other Assets | A | 535,330.86 | 635,638.41 |
| Fund Balance | A-1 | 3,260,603.69 | 2,982,607.51 |
| | | <u>12,272,901.37</u> | <u>5,798,889.09</u> |
| Total Regular Fund | | | |

TOWNSHIP OF RARITAN
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31, | |
|--|------|--------------------------------|-------------------------------|
| | | 2017 | 2016 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u> | | | |
| Federal and State Grant Fund: | | | |
| Due to General Capital Fund | C | \$ 53,000.00 | \$ 53,000.00 |
| Encumbrances Payable | | 629.00 | 4,029.90 |
| Appropriated Reserves | A-14 | 276,916.17 | 272,139.63 |
| Total Federal and State Grant Fund | | <u>330,545.17</u> | <u>329,169.53</u> |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | <u><u>\$ 12,603,446.54</u></u> | <u><u>\$ 6,128,058.62</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

| | Ref. | Year Ended December 31, | |
|--|------|-------------------------|-----------------------|
| | | 2017 | 2016 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 1,424,050.00 | \$ 875,000.00 |
| Miscellaneous Revenue Anticipated | | 4,633,634.16 | 4,367,346.16 |
| Receipts from: | | | |
| Delinquent Taxes | | 591,523.90 | 766,552.63 |
| Current Taxes | | 98,580,519.51 | 96,366,631.57 |
| Nonbudget Revenue | | 189,874.22 | 94,084.50 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 444,696.52 | 237,413.90 |
| Accounts Payable Cancelled | | 3,242.43 | 446.44 |
| Federal and State Grant Appropriated Reserves Canceled | | 119,390.11 | |
| Due to State of New Jersey DCA Training Fees Cancelled | | | 6.00 |
| Interfunds Returned | | 26,672.96 | 371,559.13 |
| | | <u>106,013,603.81</u> | <u>103,079,040.33</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations - Municipal Purposes | | 17,633,696.32 | 16,874,056.95 |
| Municipal Open Space Taxes | | 607,046.32 | 604,368.36 |
| County Taxes | | 15,434,833.39 | 14,992,652.59 |
| County Added and Omitted Taxes | | 90,110.64 | 100,978.91 |
| Regional High School Taxes | | 23,767,693.00 | 22,966,483.00 |
| Regional School Taxes | | 46,626,015.00 | 45,646,632.00 |
| Refund of Prior Year Revenue | | | 6,326.07 |
| Federal and State Grants Receivable Canceled | | 144,000.00 | |
| Prior Year Senior Citizens Deductions Disallowed | | 1,750.00 | 2,000.00 |
| Interfunds Advanced | | 6,412.96 | |
| Overexpenditure of Appropriation Reserves | | | 2,823.38 |
| | | <u>104,311,557.63</u> | <u>101,196,321.26</u> |
| Excess in Revenue | | 1,702,046.18 | 1,882,719.07 |

TOWNSHIP OF RARITAN
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
(Continued)

| | Ref. | Year Ended December 31, | |
|--|------|-------------------------|-----------------|
| | | 2017 | 2016 |
| Adjustments before Fund Balance: | | | |
| Expenditures Included Above Which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | | | \$ 2,823.38 |
| Statutory Excess to Fund Balance | | \$ 1,702,046.18 | 1,885,542.45 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | 2,982,607.51 | 1,972,065.06 |
| | | 4,684,653.69 | 3,857,607.51 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | 1,424,050.00 | 875,000.00 |
| Balance December 31 | A | \$ 3,260,603.69 | \$ 2,982,607.51 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

| | <u>Budget</u> | <u>Added by NJSA 40A:4-87</u> | <u>Realized</u> | <u>Excess or Deficit*</u> |
|--|-------------------------|-----------------------------------|-------------------------|-------------------------------|
| Fund Balance Anticipated | \$ 1,424,050.00 | | \$ 1,424,050.00 | |
| Miscellaneous Revenue: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 23,000.00 | | 26,002.00 | \$ 3,002.00 |
| Other | 16,000.00 | | 17,750.00 | 1,750.00 |
| Fees and Permits | 291,000.00 | | 283,730.85 | 7,269.15 * |
| Fines and Costs: | | | | |
| Municipal Court | 238,000.00 | | 264,335.21 | 26,335.21 |
| Interest and Costs on Taxes | 200,900.00 | | 206,662.17 | 5,762.17 |
| Interest on Investments and Deposits | 13,000.00 | | 30,741.82 | 17,741.82 |
| NJ Hotel Occupancy Tax | 99,000.00 | | 109,640.29 | 10,640.29 |
| Energy Receipts Tax | 2,065,641.00 | | 2,065,641.00 | |
| Uniform Construction Code Fees | 933,000.00 | | 888,821.00 | 44,179.00 * |
| Uniform Fire Safety Act | 7,000.00 | | 12,950.11 | 5,950.11 |
| Cable TV Franchise Fee | 26,034.00 | | 26,034.73 | 0.73 |
| Escrow- Administrative Fees | 78,000.00 | | 191,236.05 | 113,236.05 |
| Borough of Flemington- Lease of Courtroom | 10,500.00 | | | 10,500.00 * |
| Reserve for Stormwater Management | 54,000.00 | | 54,000.00 | |
| PERC Fees | 10,500.00 | | 28,400.00 | 17,900.00 |
| Capital Fund Balance | 150,000.00 | | 150,000.00 | |
| Shared Service Agreements: | | | | |
| Hunterdon Central H.S- Resource Officer | 85,057.26 | | 85,750.00 | 692.74 |
| Hampton Borough- Municipal Court | 11,500.00 | | 14,608.08 | 3,108.08 |
| State of NJ: | | | | |
| Clean Communities Program | | \$ 61,541.88 | 61,541.88 | |
| Drunk Driving Enforcement Fund | | 5,066.59 | 5,066.59 | |
| Law Enforcement Officers Training & Equipment Fund | | 1,000.00 | 1,000.00 | |
| Body Armor Replacement Fund | | 3,151.39 | 3,151.39 | |
| Recycling Tonnage Grant | 57,599.13 | 48,971.86 | 106,570.99 | |
| Total Miscellaneous Revenue | <u>4,369,731.39</u> | <u>119,731.72</u> | <u>4,633,634.16</u> | <u>144,171.05</u> |
| Receipts from Delinquent Taxes | <u>600,000.00</u> | | <u>591,523.90</u> | <u>8,476.10 *</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | <u>12,135,184.02</u> | | <u>13,069,821.16</u> | <u>934,637.14</u> |
| Budget Totals | <u>18,528,965.41</u> | <u>119,731.72</u> | <u>19,719,029.22</u> | <u>1,070,332.09</u> |
| Nonbudget Revenue | | | <u>189,874.22</u> | <u>189,874.22</u> |
| | <u>\$ 18,528,965.41</u> | <u>\$ 119,731.72</u> | <u>\$ 19,908,903.44</u> | <u>\$ 1,260,206.31</u> |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Allocation of Current Tax Collections:

| | | |
|--|------------------|------------------|
| Revenue from Collection of Current Taxes | | \$ 98,580,519.51 |
| Allocated to: | | |
| County, Regional School and Regional High School Taxes | \$ 85,918,652.03 | |
| Municipal Open Space Taxes | 607,046.32 | |
| | | 86,525,698.35 |
| Balance for Support of Municipal Budget | | 12,054,821.16 |
| Add: Appropriation "Reserve for Uncollected Taxes" | | 1,015,000.00 |
| Realized for Support of Municipal Budget | | \$ 13,069,821.16 |

Analysis of Interest on Investments:

| | | |
|-------------------------------|--------------|--------------|
| Cash Received in Current Fund | \$ 30,732.63 | |
| Due from General Capital Fund | 9.19 | |
| | | \$ 30,741.82 |

Analysis of Nonbudget Revenue:

| | | |
|---|--------------|---------------|
| Treasurer: | | |
| Police Outside Service Administration Fees | \$ 14,678.25 | |
| Refund of Prior Year Expenditures | 32,961.52 | |
| DMV Inspection Fines | 3,822.15 | |
| Tax Sale Premiums Canceled | 2,000.00 | |
| Somerset County Joint Insurance Fund Surplus Distribution | 54,054.00 | |
| Field Reservation - Public Works | 11,680.00 | |
| Hampton Borough Court Fines | 6,036.04 | |
| Tax Collector Fees | 44,751.03 | |
| Senior Citizens' and Veterans' Deductions | | |
| Administrative Reimbursement | 979.01 | |
| Other Miscellaneous Revenue | 1,412.22 | |
| | | \$ 172,374.22 |
| Due from Other Trust Fund: | | |
| Tax Sale Premiums Canceled | | 17,500.00 |
| | | \$ 189,874.22 |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

| | Appropriations | | Budget After Modification | Expended By | | Unexpended Balance Canceled |
|-------------------------------|----------------|----|------------------------------|--------------------|----------|-----------------------------------|
| | Budget | | | Paid or Charged | Reserved | |
| Operations Within "CAPS": | | | | | | |
| GENERAL GOVERNMENT: | | | | | | |
| Township Administrator: | | | | | | |
| Salary and Wages | \$ 166,314.66 | \$ | 172,214.66 | \$ 172,209.96 | \$ | 4.70 |
| Other Expenses | | | | | | |
| Postage and Photocopying | 60,500.00 | | 60,500.00 | 55,702.75 | | 4,797.25 |
| Miscellaneous Other Expenses | 40,525.00 | | 40,525.00 | 35,147.99 | | 5,377.01 |
| Mayor and Committee: | | | | | | |
| Salaries and Wages | 26,600.00 | | 26,600.00 | 26,599.82 | | 0.18 |
| Other Expenses | 3,195.00 | | 3,195.00 | 2,712.00 | | 483.00 |
| Township Clerk: | | | | | | |
| Salaries and Wages | 99,497.82 | | 99,497.82 | 98,501.61 | | 996.21 |
| Other Expenses: | | | | | | |
| Elections | 16,100.00 | | 14,100.00 | 13,710.29 | | 389.71 |
| Miscellaneous Other Expenses | 41,167.00 | | 41,167.00 | 40,280.42 | | 886.58 |
| Financial Administration: | | | | | | |
| Salaries and Wages | 190,998.23 | | 190,998.23 | 170,897.23 | | 20,101.00 |
| Other Expenses | 14,690.00 | | 14,690.00 | 11,635.77 | | 3,054.23 |
| Annual Audit - Other Expenses | 38,100.00 | | 38,100.00 | 31,100.00 | | 7,000.00 |
| Data Processing: | | | | | | |
| Other Expenses | 89,875.00 | | 89,875.00 | 88,580.88 | | 1,294.12 |
| Revenue Administration: | | | | | | |
| Salaries and Wages | 89,397.44 | | 90,947.44 | 89,924.71 | | 1,022.73 |
| Other Expenses | 6,895.00 | | 6,895.00 | 6,665.35 | | 229.65 |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---|----------------|------------------------------|--------------------|-------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Continued): | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | \$ 134,615.53 | \$ 134,615.53 | \$ 132,037.74 | \$ 2,577.79 | |
| Other Expenses | 27,425.00 | 27,425.00 | 23,665.58 | 3,759.42 | |
| Legal Services and Costs: | | | | | |
| Other Expenses | 175,500.00 | 158,500.00 | 132,069.67 | 26,430.33 | |
| Engineering Services and Costs: | | | | | |
| Salaries and Wages | 136,681.00 | 136,681.00 | 14,701.27 | 121,979.73 | |
| Other Expenses | 16,875.00 | 14,875.00 | 13,365.53 | 1,509.47 | |
| Historical Commission: | | | | | |
| Other Expenses | 500.00 | 500.00 | 500.00 | | |
| Insurance: | | | | | |
| Liability | 300,135.40 | 303,591.19 | 303,547.47 | 43.72 | |
| Workers Compensation | 330,802.00 | 336,525.81 | 336,525.81 | | |
| Employee Group Health | 1,851,365.28 | 1,880,516.28 | 1,852,366.01 | 28,150.27 | |
| Employee Health Benefit Waivers: | | | | | |
| Other Expenses | 40,462.22 | 40,462.22 | 33,205.89 | 7,256.33 | |
| LAND USE ADMINISTRATION: | | | | | |
| Municipal Land Use Law (NJSA 40:55D-1): | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 49,076.14 | 49,076.14 | 43,046.62 | 6,029.52 | |
| Other Expenses | 25,785.00 | 23,785.00 | 17,346.23 | 6,438.77 | |
| Board of Adjustment: | | | | | |
| Salaries and Wages | 51,013.14 | 51,013.14 | 41,547.19 | 9,465.95 | |
| Other Expenses | 10,125.00 | 8,125.00 | 5,531.89 | 2,593.11 | |
| Landfill Monitoring Wells: | | | | | |
| Other Expenses | 5,200.00 | 5,200.00 | 5,145.00 | 55.00 | |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|--|-----------------|------------------------------|--------------------|---------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Continued): | | | | | |
| PUBLIC SAFETY FUNCTIONS: | | | | | |
| Police: | | | | | |
| Salaries and Wages | \$ 3,751,566.15 | \$ 3,705,066.15 | \$ 3,503,863.94 | \$ 201,202.21 | |
| Other Expenses | 186,775.00 | 186,775.00 | 186,732.63 | 42.37 | |
| Fire: | | | | | |
| Other Expenses | 124,500.00 | 124,500.00 | 124,494.48 | 5.52 | |
| Fire Hydrants | 298,924.72 | 298,924.72 | 297,757.63 | 1,167.09 | |
| OSHA/PEOSHA (P.L. 1983 Ch. 516) | 8,250.00 | 8,250.00 | 8,249.87 | 0.13 | |
| Fire Code Official (P.L. 1983 Ch. 383) | | | | | |
| Uniform Fire Safety Program: | | | | | |
| Salaries and Wages | 182,916.62 | 182,916.62 | 141,763.69 | 41,152.93 | |
| Other Expenses | 29,000.00 | 29,000.00 | 28,827.56 | 172.44 | |
| First Aid Organization: | | | | | |
| Other Expenses: | | | | | |
| OSHA/PEOSHA | 6,000.00 | 6,000.00 | 5,999.93 | 0.07 | |
| Aid to Maintenance Contract - Flem/Rar FAS | 30,000.00 | 30,000.00 | 30,000.00 | | |
| Municipal Prosecutor: | | | | | |
| Salaries and Wages | 28,450.00 | 28,450.00 | 26,808.83 | 1,641.17 | |
| Municipal Court: | | | | | |
| Salaries and Wages | 178,315.71 | 178,315.71 | 177,731.33 | 584.38 | |
| Other Expenses | 9,770.00 | 9,770.00 | 7,520.59 | 2,249.41 | |
| Municipal Public Defender: | | | | | |
| Salaries and Wages | 120.00 | 120.00 | | 120.00 | |
| Emergency Management Services: | | | | | |
| Salaries and Wages | 5,182.62 | 5,182.62 | 5,182.62 | | |
| Other Expenses | 8,950.00 | 8,950.00 | 8,941.40 | 8.60 | |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---------------------------------------|-----------------|------------------------------|--------------------|---------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Continued): | | | | | |
| PUBLIC WORKS FUNCTIONS: | | | | | |
| Streets and Roads Maintenance: | | | | | |
| Salaries and Wages | \$ 1,404,073.84 | \$ 1,404,073.84 | \$ 1,180,543.76 | \$ 223,530.08 | |
| Other Expenses : | | | | | |
| OSHA/PEOSHA | 7,100.00 | 7,100.00 | 7,100.00 | | |
| Miscellaneous Other Expenses | 134,125.00 | 134,125.00 | 133,310.31 | 814.69 | |
| Snow Removal: | | | | | |
| Salaries and Wages | 75,000.00 | 90,000.00 | 59,542.42 | 30,457.58 | |
| Other Expenses | 208,000.00 | 256,000.00 | 255,920.22 | 79.78 | |
| Recycling: | | | | | |
| Salaries and Wages | 58,251.20 | 58,251.20 | 58,251.20 | | |
| Solid Waste Collection | | | | | |
| Other Expense | 48,000.00 | 51,000.00 | 48,191.66 | 2,808.34 | |
| Public Buildings and Grounds: | | | | | |
| Salaries and Wages | 23,396.00 | 23,396.00 | 19,098.66 | 4,297.34 | |
| Other Expenses | 109,290.00 | 109,290.00 | 109,235.92 | 54.08 | |
| Vehicle Maintenance: | | | | | |
| Salaries and Wages | 264,902.97 | 264,902.97 | 251,476.39 | 13,426.58 | |
| Other Expenses | 213,375.00 | 213,375.00 | 213,249.58 | 125.42 | |
| Condo Act Serv Per NJSA 40A:35-3d: | | | | | |
| Other Expenses | 17,800.00 | 17,800.00 | 0.28 | 17,799.72 | |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---|----------------|------------------------------|--------------------|-----------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Continued): | | | | | |
| HEALTH AND WELFARE: | | | | | |
| Public Health Services | | | | | |
| Salaries and Wages | \$ 51,221.48 | \$ 51,221.48 | \$ 50,716.88 | \$ 504.60 | |
| Other Expenses | 3,305.00 | 3,305.00 | 2,474.30 | 830.70 | |
| Environmental Commission: | | | | | |
| Other Expenses | 715.00 | 715.00 | | 715.00 | |
| RECREATION AND EDUCATION: | | | | | |
| Joint Recreation Commission (Recreation and Education): | | | | | |
| Other Expenses | 65,000.00 | 65,000.00 | 65,000.00 | | |
| Maintenance of Parks: | | | | | |
| Salaries and Wages | 247,313.99 | 247,313.99 | 247,261.39 | 52.60 | |
| Other Expenses | 30,400.00 | 30,400.00 | 30,390.97 | 9.03 | |
| Community Garden: | | | | | |
| Other Expenses | 500.00 | 500.00 | 82.93 | 417.07 | |
| UNIFORM CONSTRUCTION CODE: | | | | | |
| Construction Official: | | | | | |
| Salaries and Wages | 551,938.42 | 551,938.42 | 551,218.31 | 720.11 | |
| Other Expenses | 57,525.00 | 47,525.00 | 46,391.25 | 1,133.75 | |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---|----------------|------------------------------|--------------------|--------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Continued): | | | | | |
| UNCLASSIFIED: | | | | | |
| Accumulated Sick Leave Fund: | | | | | |
| Other Expenses | \$ 30,000.00 | \$ 30,000.00 | \$ 30,000.00 | | |
| UTILITIES EXPENSES AND BULK PURCHASES: | | | | | |
| Utilities: | | | | | |
| Other Expenses | 415,500.00 | 422,430.66 | 401,623.53 | \$ 20,807.13 | |
| Total Operations Within "CAPS" | 12,904,869.58 | 12,942,080.84 | 12,113,225.14 | 828,855.70 | |
| Detail: | | | | | |
| Salaries and Wages | 7,766,842.96 | 7,742,792.96 | 7,062,925.57 | 679,867.39 | |
| Other Expenses | 5,138,026.62 | 5,199,287.88 | 5,050,299.57 | 148,988.31 | |
| Deferred Charges and Statutory Expenditures - Municipal Within "CAPS": | | | | | |
| Deferred Charges: | | | | | |
| Overexpenditures of Appropriation Reserves | 2,823.38 | 2,823.38 | 2,823.38 | | |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---|----------------|------------------------------|--------------------|-------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" (Continued): | | | | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | \$ 469,469.00 | \$ 469,469.00 | \$ 469,469.00 | | |
| Social Security (O.A.S.I) | 596,642.00 | 534,530.74 | 526,653.14 | \$ 7,877.60 | |
| Police and Fireman's Retirement System of N.J. | 920,524.00 | 920,524.00 | 920,524.00 | | |
| Unemployment Insurance | 25,365.00 | 25,365.00 | 21,979.49 | 3,385.51 | |
| Defined Contribution Retirement Program | 2,610.00 | 3,460.00 | 3,451.20 | 8.80 | |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | 2,017,433.38 | 1,956,172.12 | 1,944,900.21 | 11,271.91 | |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 14,922,302.96 | 14,898,252.96 | 14,058,125.35 | 840,127.61 | |
| Operations Excluded from "CAPS": | | | | | |
| Length of Service Awards Program (Fire Company): | | | | | |
| Other Expenses | 67,500.00 | 67,500.00 | 61,250.00 | 6,250.00 | |
| Recycling Tax (P.L. 2007, C. 311) | 1,400.00 | 1,400.00 | 1,114.83 | 285.17 | |
| NJPDES/ Stormwater General Permit Tier A: | | | | | |
| Streets and Roads- Other Expenses | 4,050.00 | 28,100.00 | 24,621.78 | 3,478.22 | |
| NJDEP Stormwater: | | | | | |
| Preparation of Pollution Prevention Plan: | | | | | |
| Engineering- Other Expenses | 54,000.00 | 54,000.00 | 11,628.33 | 42,371.67 | |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|--|-------------------|------------------------------|--------------------|------------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Excluded from "CAPS" (Continued): | | | | | |
| Shared Service Agreements: | | | | | |
| Hunterdon Central Regional High School - Resource Officer | \$ 85,057.26 | \$ 85,057.26 | \$ 78,514.42 | \$ 6,542.84 | |
| Hampton Borough Shared Service Agreement - Municipal Court | 11,500.00 | 11,500.00 | | 11,500.00 | |
| Public and Private Programs Offset by Revenues: | | | | | |
| Clean Communities Programs (N.J.S.A. 40A:4-87 + \$61,541.88) | | 61,541.88 | 61,541.88 | | |
| Drunk Driving Enforcement Fund | | | | | |
| (N.J.S.A. 40A:4-87 + \$5,066.59) | | 5,066.59 | 5,066.59 | | |
| Body Armor Replacement Fund | | | | | |
| (N.J.S.A. 40A:4-87 + \$3,151.39) | | 3,151.39 | 3,151.39 | | |
| Law Enforcement Officers Training & Equipment Fund | | | | | |
| (N.J.S.A. 40A:4-87 + \$1,000.00) | | 1,000.00 | 1,000.00 | | |
| Recycling Tonnage Grant (N.J.S.A. 40A:4-87 + \$48,971.86) | 57,599.13 | 106,570.99 | 106,570.99 | | |
| Total Operations Excluded from "CAPS" | 281,106.39 | 424,888.11 | 354,460.21 | 70,427.90 | |
| Capital Improvements:- Excluded from "CAPS": | | | | | |
| Capital Improvement Fund | 45,168.06 | 45,168.06 | 45,168.06 | | |
| Purchase of Fire Equipment/ Vehicles | 45,000.00 | 45,000.00 | 40,999.69 | 4,000.31 | |
| Emergency Management Equipment | 2,500.00 | 2,500.00 | 2,477.00 | 23.00 | |
| Purchase of Police Equipment | 20,700.00 | 20,700.00 | 16,412.35 | 4,287.65 | |
| Road Repair & Maintenance | 15,000.00 | 15,000.00 | 15,000.00 | | |
| Total Capital Improvements Excluded from "CAPS" | 128,368.06 | 128,368.06 | 120,057.10 | 8,310.96 | |

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Canceled |
|---|-------------------------|------------------------------|-------------------------|----------------------|-----------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Municipal Debt Service Excluded from "CAPS": | | | | | |
| Payment of Bond Principal | \$ 1,873,337.00 | \$ 1,873,337.00 | \$ 1,873,337.00 | | |
| Interest on Bonds | 308,851.00 | 308,851.00 | 308,850.19 | | \$ 0.81 |
| Total Municipal Debt Service Excluded from "CAPS" | 2,182,188.00 | 2,182,188.00 | 2,182,187.19 | | 0.81 |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 2,591,662.45 | 2,735,444.17 | 2,656,704.50 | \$ 78,738.86 | 0.81 |
| Total General Appropriations for Municipal Purposes | 17,513,965.41 | 17,633,697.13 | 16,714,829.85 | 918,866.47 | 0.81 |
| Reserve for Uncollected Taxes | 1,015,000.00 | 1,015,000.00 | 1,015,000.00 | | |
| Total General Appropriations | \$ 18,528,965.41 | \$ 18,648,697.13 | \$ 17,729,829.85 | \$ 918,866.47 | \$ 0.81 |

Ref.

A

TOWNSHIP OF RARITAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | <u>Ref.</u> | <u>Analysis of</u> | |
|---|-------------|--------------------------------------|----------------------------|
| | | <u>Budget After Modification</u> | <u>Paid or Charged</u> |
| Adopted Budget | | \$ 18,528,965.41 | |
| Added by: | | | |
| N.J.S.A. 40A:4-87 | | <u>119,731.72</u> | |
| | | <u>\$ 18,648,697.13</u> | |
| | | | |
| Reserve for Uncollected Taxes | | | \$ 1,015,000.00 |
| Reserve for Encumbrances | A | | 309,279.25 |
| Deferred Charge - Overexpenditure of Appropriation Reserves | | | 2,823.38 |
| Transfer to Federal and State Grant Fund | | | 177,330.85 |
| Due to General Capital Fund | | | 45,168.06 |
| Cash Disbursed | | | <u>16,893,854.27</u> |
| | | | 18,443,455.81 |
| | | | |
| Less: Appropriation Refunds - Cash Received | | | <u>713,625.96</u> |
| | | | <u>\$ 17,729,829.85</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
TRUST FUNDS

TOWNSHIP OF RARITAN
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

| | Ref. | December 31, | |
|------------------------------|------|-------------------------------|-------------------------------|
| | | 2017 | 2016 |
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | B-4 | \$ 80,975.96 | \$ 61,232.78 |
| Due from Current Fund | A | 12.00 | 12.00 |
| | | <u>80,987.96</u> | <u>61,244.78</u> |
| Other Trust Funds: | | | |
| Cash and Cash Equivalents | B-4 | 7,158,673.76 | 4,889,058.31 |
| Due from Animal Control Fund | B | 952.00 | 952.00 |
| | | <u>7,159,625.76</u> | <u>4,890,010.31</u> |
| Open Space Trust Fund: | | | |
| Cash and Cash Equivalents | B-4 | 499,012.90 | 515,794.54 |
| Due from Current Fund | A | 12,061.76 | 8,502.44 |
| | | <u>511,074.66</u> | <u>524,296.98</u> |
| TOTAL ASSETS | | <u><u>\$ 7,751,688.38</u></u> | <u><u>\$ 5,475,552.07</u></u> |

TOWNSHIP OF RARITAN
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

| | | December 31, | |
|--|-----|-------------------------------|-------------------------------|
| | | 2017 | 2016 |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Animal Control Fund: | | | |
| Due to Other Trust Funds | B | \$ 952.00 | \$ 952.00 |
| Due to State Board of Health | | 147.60 | 22.20 |
| Reserve for Animal Control Expenditures | B-6 | 79,888.36 | 60,270.58 |
| | | <u>80,987.96</u> | <u>61,244.78</u> |
| Other Trust Funds: | | | |
| Due to Current Fund | A | 6,412.96 | 26,672.96 |
| Due to Federal and State Grant Fund | A | 69,704.79 | 12,105.66 |
| Due to General Capital Fund | C | 12,495.00 | 12,495.00 |
| Reserve for: | | | |
| Cash in Lieu of Bonds | | 4,128,350.90 | 2,053,576.89 |
| Traffic Study | | 50,942.63 | 50,778.38 |
| Tax Sale Premiums | | 375,121.37 | 380,021.37 |
| Well Testing | | 2,000.59 | 1,994.15 |
| Performance Guarantees | | 140,669.95 | 140,669.95 |
| School & Park Improvements | | 7,548.84 | 7,540.39 |
| Parking Offense Adjudication Act - Township | | 293.06 | 219.06 |
| Parking Offense Adjudication Act - Hampton Borough | | 90.00 | 76.00 |
| Traffic Light | | 9,800.00 | 9,800.00 |
| Minneakoning Road Deposit | | 44,885.03 | 44,737.84 |
| Outside Liens | | 706.80 | 382.40 |
| Developers' Escrow Fund | | 438,192.28 | 425,459.42 |
| Engineering Inspections | | 481,031.68 | 282,347.96 |
| Recycling Program | | 6,819.89 | 7,583.88 |
| Transportation Improvement District | | 780,314.36 | 776,027.36 |
| Public Defender - Township | | 6,210.22 | 5,901.73 |
| Public Defender - Hampton Borough | | 200.00 | 200.00 |
| Council on Affordable Housing | | 492,780.85 | 618,738.64 |
| Accumulated Absences | | 31,400.30 | 1,358.72 |
| Storm Recovery | | 14,734.54 | 14,734.54 |
| Outside Detail Police Salaries | | 54,772.79 | 14,699.52 |
| Uniform Fire Code Penalties | | 4,146.93 | 1,888.49 |
| | | <u>7,159,625.76</u> | <u>4,890,010.31</u> |
| Open Space Trust Fund: | | | |
| Reserve for Open Space | | 511,074.66 | 524,296.98 |
| TOTAL LIABILITIES AND RESERVES | | <u><u>\$ 7,751,688.38</u></u> | <u><u>\$ 5,475,552.07</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES- REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
GENERAL CAPITAL FUND

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|-------------------------|-------------------------|
| | | 2017 | 2016 |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | C-2 | \$ 2,112,606.25 | \$ 3,217,486.56 |
| Due from Current Fund | A | 173,779.13 | 291,930.66 |
| Due from Federal and State Grant Fund | A | 53,000.00 | 53,000.00 |
| Due from Other Trust Funds | B | 12,495.00 | 12,495.00 |
| Loan Receivable - CFP | | | 38,000.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | | 14,215,087.89 | 16,658,559.70 |
| Unfunded | C-4 | 957,664.64 | 1,059,068.54 |
| TOTAL ASSETS | | <u>\$ 17,524,632.91</u> | <u>\$ 21,330,540.46</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Bond Anticipation Notes Payable | C-7 | \$ 753,193.00 | |
| Serial Bonds Payable | C-8 | 13,766,000.00 | \$ 16,036,000.00 |
| Green Acres Loan Payable | C-9 | 449,087.89 | 622,559.70 |
| Improvement Authorizations: | | | |
| Funded | C-5 | 611,303.41 | 3,006,589.67 |
| Unfunded | C-5 | 599,177.07 | 855,904.62 |
| Encumbrances Payable | | 749,888.60 | 309,140.35 |
| Capital Improvement Fund | C-6 | 19,232.02 | 12,570.86 |
| Reserve for: | | | |
| Purchase of Fire Equipment | | 41,771.92 | 41,771.92 |
| 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 | | 2,500.00 | 2,500.00 |
| Loan Receivable | | | 38,000.00 |
| Fund Balance | C-1 | 513,271.81 | 386,296.15 |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | <u>\$ 17,524,632.91</u> | <u>\$ 21,330,540.46</u> |

THE ACCOMPANYING NOTES TO 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, 2016 | C | \$ 386,296.15 |
| Increased by: | | |
| Cancellation of Fully Funded Ordinances | | 431,975.66 |
| | | <u>818,271.81</u> |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | \$ 155,000.00 |
| Due Current Fund: | | |
| Anticipated as Revenue in Current Fund Budget | | <u>150,000.00</u> |
| | | <u>305,000.00</u> |
| Balance December 31, 2017 | C | <u><u>\$ 513,271.81</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON

2017

SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF RARITAN
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | December 31, | |
|-------------------------------------|----------------------|----------------------|
| <u>ASSETS</u> | 2017 | 2016 (Restated) |
| Land and Land Improvements | \$ 17,742,415.00 | \$ 17,742,415.00 |
| Buildings and Building Improvements | 9,245,988.00 | 9,245,988.00 |
| Vehicles, Machinery and Equipment | 13,031,003.00 | 12,627,961.00 |
| TOTAL ASSETS | \$ 40,019,406.00 | \$ 39,616,364.00 |
| <u>RESERVES</u> | | |
| Reserve for Fixed Assets | \$ 40,019,406.00 | \$ 39,616,364.00 |
| TOTAL RESERVES | \$ 40,019,406.00 | \$ 39,616,364.00 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Raritan include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Raritan, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Raritan do not include the operations of the volunteer fire companies and first aid organizations.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Raritan conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Raritan accounts for its financial transactions through the following separate funds:

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

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Fixed Assets Account Group – Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Current Fund when it is budgeted and in the General Capital Fund when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

- 1) Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
- 2) Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
- 3) Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received, inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Township's net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust Funds.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds or by issuing loans or capital lease purchase agreements.

E. Other Significant Accounting Policies Include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed Property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets - General fixed assets are recorded at cost or estimated historical cost based on estimation procedures performed by an independent appraisal company. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset amounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies Include: (Cont'd)

General Fixed Assets (Cont'd)

General fixed assets recorded in the general fixed assets account group may also be recorded in the Current and General Capital Funds. The values recorded in the General Fixed Assets Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current Fund and the Open Space Trust Fund. The budget is submitted to the governing body and the Division of Local Government Services. The budget is prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

| | December 31, | | |
|---|-------------------------|-------------------------|-------------------------|
| | 2017 | 2016 | 2015 |
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | \$ 14,968,280.89 | \$ 16,658,559.70 | \$ 15,564,113.43 |
| Net Debt Issued | 14,968,280.89 | 16,658,559.70 | 15,564,113.43 |
| <u>Authorized but not Issued:</u> | | | |
| Bonds and Notes | 204,471.64 | 1,059,068.54 | 2,221,068.54 |
| Net Bonds, Loans and Notes Issued and Authorized but not Issued | <u>\$ 15,172,752.53</u> | <u>\$ 17,717,628.24</u> | <u>\$ 17,785,181.97</u> |

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Current and Prior Years

| | <u>Balance</u> <u>12/31/15</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>12/31/16</u> |
|--------------------------|-----------------------------------|-------------------------|-------------------------|-----------------------------------|
| Serial Bonds: | | | | |
| General Capital Fund | \$ 11,098,000.00 | \$ 11,981,000.00 | \$ 7,043,000.00 | \$ 16,036,000.00 |
| Bond Anticipation Notes: | | | | |
| General Capital Fund | 3,673,500.00 | | 3,673,500.00 | |
| Loans Payable: | | | | |
| General Capital Fund: | | | | |
| Green Trust Loans | <u>792,613.43</u> | | <u>170,053.73</u> | <u>622,559.70</u> |
| Total | <u>\$ 15,564,113.43</u> | <u>\$ 11,981,000.00</u> | <u>\$ 10,886,553.73</u> | <u>\$ 16,658,559.70</u> |
| | <u>Balance</u> <u>12/31/16</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>12/31/17</u> |
| Serial Bonds: | | | | |
| General Capital Fund | \$ 16,036,000.00 | | \$ 2,270,000.00 | \$ 13,766,000.00 |
| Bond Anticipation Notes: | | | | |
| General Capital Fund | | \$ 753,193.00 | | 753,193.00 |
| Loans Payable: | | | | |
| General Capital Fund: | | | | |
| Green Trust Loans | <u>622,559.70</u> | | <u>173,471.81</u> | <u>449,087.89</u> |
| Total | <u>\$ 16,658,559.70</u> | <u>\$ 753,193.00</u> | <u>\$ 2,443,471.81</u> | <u>\$ 14,968,280.89</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.371%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|-------------------------|-------------------------|-------------------------|
| General Debt | \$ 15,172,752.53 | | \$ 15,172,752.53 |
| Regional School District Debt | <u>29,656,812.07</u> | <u>\$ 29,656,812.07</u> | |
| General Debt | <u>\$ 44,829,564.60</u> | <u>\$ 29,656,812.07</u> | <u>\$ 15,172,752.53</u> |

Net Debt of \$15,172,752.53 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$4,092,535,133.33 = 0.371%.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2: Long-Term Debt (Cont'd)

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

| | |
|---|--------------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$ 143,238,729.67 |
| Net Debt | <u>15,172,752.53</u> |
| Remaining Borrowing Power | <u>\$ 128,065,977.14</u> |

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

At December 31, 2017 the Township has the following debt outstanding:

| <u>General Capital Serial Bonds</u> | | | |
|--|-----------------------|----------------------|------------------------------|
| <u>Purpose</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2017</u> |
| 2009 General Improvement Refunding Bonds | 8/15/2019 | 5.00% | \$ 510,000.00 |
| 2010 General Improvement Bonds | 7/15/2020 | 3.00% | 1,890,000.00 |
| 2016 General Improvement Refunding Bonds | 8/15/2025 | 1.27% | 5,250,000.00 |
| 2016 General Improvement Bonds | 2/15/2031 | 2.00% - 3.00% | <u>6,116,000.00</u> |
| | | | <u>\$ 13,766,000.00</u> |

General Capital Bond Anticipation Notes

| <u>Purpose</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2017</u> |
|------------------------------|-------------------|----------------------|----------------------|------------------------------|
| Various Capital Improvements | 12/14/2017 | 9/14/2018 | 1.7899% | <u>\$ 753,193.00</u> |

Green Acres Trust Program

This program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2: Long-Term Debt (Cont'd)

Green Acres Trust Program (Cont'd)

Through December 31, 2017, the loan balance for the project as of the end of the year is as follows:

General Capital Green Trust Loans

| <u>Purpose</u> | <u>Final Maturity Date</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2017</u> |
|--------------------------|--------------------------------|--------------------------|----------------------------------|
| Green Trust Loan Payable | 03/14/20 | 2.00% | <u>\$ 449,087.89</u> |
| Total Debt Outstanding | | | <u>\$ 14,968,280.89</u> |

Payments of principal and interest on the loans are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments are to commence nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 10 to 20 years. Interest, on the loans, is at the rate of 2% annually on the outstanding balance. The Township has appropriated \$185,060 in its 2018 Open Space Trust Fund budget to fund the 2018 principal and interest payments for the above project.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds and Loans Issued and Outstanding

| <u>Year</u> | <u>General</u> | | <u>Total</u> |
|-------------|-------------------------|------------------------|-------------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2018 | \$ 2,086,958.59 | \$ 291,846.37 | \$ 2,378,804.96 |
| 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 |
| Thereafter: | | | |
| 2023-2027 | 4,110,000.00 | 374,018.00 | 4,484,018.00 |
| 2028-2031 | 2,026,000.00 | 81,520.00 | 2,107,520.00 |
| | <u>\$ 14,215,087.89</u> | <u>\$ 1,455,452.51</u> | <u>\$ 15,670,540.40</u> |

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
 (Continued)

Note 2: Long-Term Debt (Cont'd)

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$11,300,762 at June 30, 2017. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$15,447,199 at June 30, 2017. See Note 4 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

Fund balance at December 31, 2017, which is appropriated and included in the Current Fund adopted budget for the year ending December 31, 2018 is \$1,424,050.

Note 4: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

| Tier | Definition |
|------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$469,469 for 2017.

The employee contribution rate was 7.20% effective July 1, 2016 and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability was \$11,300,762 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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 members, actuarially determined. At June 30, 2017, the Township's proportion was 0.0485%, which was an increase of 0.002% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Township recognized actual pension expense in the amount of \$469,469.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|---------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| Through 2026 | 1.65 – 4.15% based on age |
| Thereafter | 2.65 – 5.15% based on age |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. 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 plan actuary's modified MP-2014 projection scale. Post-retirement 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 and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. 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 one year for females).

The actuarial assumptions used in the July 1, 2016 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| Absolute Return/Risk Mitigation | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| Public High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 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 Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 upon the contribution rate in the most recent fiscal year. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension 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 rate:

| | June 30, 2017 | | |
|--|------------------------------|--|------------------------------|
| | At 1% Decrease (4.00%) | At Current Discount Rate (5.00%) | At 1% Increase (6.00%) |
| Township's proportionate share of the Net Pension Liability | \$ 14,019,362 | \$ 11,300,762 | \$ 9,035,831 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

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

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
 (Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under 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.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers 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 local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2017 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2017 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2017. The pension expense is deemed to be a State administrative expense due to the special funding situation.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to \$920,524 for the year ended December 31, 2017. During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$86,518 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$211,645.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability for its proportionate share of the net pension liability was \$15,447,199. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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 members, actuarially determined. At June 30, 2017, the Township's proportion was 0.100%, which was an increase of 0.003% from its proportion measured as of June 30, 2016.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,730,216 as of June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the Township 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 members, actuarially determined. At June 30, 2017, the State's proportion was 0.100%, which was an increase of 0.003% from its proportion measured as of June 30, 2016 which is the same proportion as the Township's.

| | |
|--|----------------------|
| Township's Proportionate Share of the Net Pension Liability | \$ 15,447,199 |
| State's Proportionate Share of the Net Pension Liability Associated with the Township | <u>1,730,216</u> |
| Total Net Pension Liability | <u>\$ 17,177,415</u> |

For the year ended December 31, 2016, the Township recognized total pension expense of \$920,524.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|----------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| Through 2026 | 2.10% - 8.98% based on age |
| Thereafter | 3.10% - 9.98% based on age |
| Investment Rate of Return | 7.00% |

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2017 are summarized in the following table:

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| Absolute Return/Risk Mitigation | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| Public High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 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 Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the collective net pension 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 rate:

| | June 30, 2017 | | |
|---|------------------------------|--|------------------------------|
| | At 1% Decrease (5.14%) | At Current Discount Rate (6.14%) | At 1% Increase (7.14%) |
| Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township | \$ 22,632,660 | \$ 17,177,415 | \$ 12,695,312 |

Pension Plan Fiduciary Net Position – PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$3,451.20 for the year ended December 31, 2017. Employee contributions to DCRP amounted to \$6,574.11 for the year ended December 31, 2017.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Regional and Regional High School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Raritan has elected not to defer regional school and regional high school taxes.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay and compensatory time, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation is \$1,637,534 at December 31, 2017. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. Additionally, there is \$31,400.30 in a Reserve for Accumulated Absences on the Trust Funds balance sheet at December 31, 2017.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----------------------------|---------------------|---------------------|---------------------|
| <u>Tax Rate</u> | \$ 2.450 | \$ 2.406 | \$ 2.345 |
| <u>Apportionment of</u> | | | |
| <u>Tax Rate</u> | | | |
| Municipal | 0.317 | 0.316 | 0.310 |
| County | 0.383 | 0.375 | 0.365 |
| Regional School | 1.159 | 1.141 | 1.117 |
| Regional High School | 0.591 | 0.574 | 0.553 |
| <u>Assessed Valuations</u> | | | |
| 2017 | \$ 4,023,245,440.00 | | |
| 2016 | | \$ 4,002,044,996.00 | |
| 2015 | | | \$ 3,987,470,536.00 |

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

| Year | Tax Levy | Currently | |
|------|------------------|------------------|--------------------------|
| | | Cash Collections | Percentage of Collection |
| 2017 | \$ 99,170,991.38 | \$ 98,580,519.51 | 99.40% |
| 2016 | 97,017,955.29 | 96,366,631.57 | 99.32% |
| 2015 | 94,274,701.19 | 93,444,936.77 | 99.12% |

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following two pages.

Custodial Credit Risk - The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided 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 the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 8: Cash and Cash Equivalents (Cont'd)

Investments: (Cont'd)

- (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 a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L.1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2017, cash and cash equivalents of the Township of Raritan consisted of the following:

| <u>Fund</u> | <u>Cash on Hand</u> | <u>Checking Accounts</u> | <u>NJ Cash Management Fund</u> | <u>Total</u> |
|-------------------------|-------------------------|------------------------------|--|-------------------------|
| Current | \$ 775.00 | \$ 11,734,915.09 | \$ 1,105.42 | \$ 11,737,570.51 |
| Federal and State Grant | | 55,440.21 | | 55,440.21 |
| Animal Control | | 80,975.96 | | 80,975.96 |
| Other Trust | | 7,158,673.76 | | 7,158,673.76 |
| Open Space Trust | | 499,012.90 | | 499,012.90 |
| General Capital | | 2,111,532.00 | 1,074.25 | 2,112,606.25 |
| | <u>\$ 775.00</u> | <u>\$ 21,640,549.92</u> | <u>\$ 2,179.67</u> | <u>\$ 21,644,279.59</u> |

During the year ended December 31, 2017, the Township did not hold any investments. The carrying amount of the Township of Raritan's cash and cash equivalents at December 31, 2017, was \$21,644,279.59 and the bank balance was \$18,044,833.79.

Note 9: 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.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 9: Risk Management (Cont'd)

Property, Liability and Workers' Compensation

The Township is currently a member of the Somerset County Joint Insurance Fund (the "Fund"). The Fund provides its members with Auto, Liability, Property Insurance, Workers' Compensation and Employee Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2017 audit report for the Fund was not available as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2016 is as follows:

| | <u>Somerset County Joint Insurance Fund</u> |
|------------------------|---|
| Total Assets | <u>\$ 17,623,829</u> |
| Net Position | <u>\$ 8,531,689</u> |
| Total Revenue | <u>\$ 11,564,464</u> |
| Total Expenses | <u>\$ 8,949,818</u> |
| Change in Net Position | <u>\$ 2,614,646</u> |
| Member Dividends | <u>\$ 404,022</u> |

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Somerset County Joint Insurance Fund
20 West End Avenue
Somerville, NJ 08876

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 9: Risk Management (Cont'd)

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 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2017:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund | \$ 6,412.96 | \$ 316,898.91 |
| Federal and State Grant Fund | 200,750.81 | 53,000.00 |
| Animal Control Fund | 12.00 | 952.00 |
| Other Trust Funds | 952.00 | 88,612.75 |
| Open Space Trust Fund | 12,061.76 | |
| General Capital Fund | 239,274.13 | |
| | <u>\$ 459,463.66</u> | <u>\$ 459,463.66</u> |

The interfund between the Current Fund and the Other Trust Funds is due primarily to a prior year interfund not fully settled. The interfund between the General Capital Fund and the Current Fund is primarily due to a budget appropriation in the Current Fund due to the General Capital Fund and the prior year interfund not fully settled. The interfund between the Federal and State Grant Fund and the Current Fund is primarily due to grant receipts collected in the Current Fund and the prior year interfund not settled. The interfund between the Federal and State Grant Fund and the Other Trust Funds is due to a prior year interfund not settled. The interfund between the General Capital Fund and the Other Trust Funds is due to a prior year interfund. The interfund between the Federal and State Grant Fund and the General Capital Fund is due to a prior year interfund not settled. The interfund between the Animal Control Fund and the Other Trust Funds is due to a prior year interfund. The interfund between Open Space Trust Fund and Current Fund is to a prior year interfund and the current year open space added and omitted tax levy.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 11: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution would not have a material adverse effect on its financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 12: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 13: Open Space Trust Fund

The Township adopted an ordinance to establish a "Municipal Open Space, Recreation, and Farmland and Historic Preservation Trust Fund," permitting the Township to collect a tax of \$.02 cents per \$100.00 assessed valuation for the Open Space Trust Fund in 1997. The 2017 Open Space tax levy was \$.015 or \$607,046.32 including added and omitted taxes. The balance in the Reserve for Open Space at December 31, 2017 was \$511,074.66.

Note 14: Deferred Compensation Plan

The Township of Raritan offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by AXA, is available to all Township employees and permit participants to defer a portion of their salary. The deferred compensation plan is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 15: Post-Retirement Benefits

Plan Description

In addition to the pension benefits described in Note 4, the Township provides other post-retirement benefits to certain Township employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

The Township provides post-retirement benefits to Township employees who meet the following criteria. The benefits are as follows:

Retirement from Raritan Township with a minimum of 25 years of service credit in the New Jersey State Pension System and with the last minimum of 20 years of active service with the Township.

Upon retirement due to an on the job disability, regardless of years of service.

The Township provides certain post-retirement benefits to qualifying retired employees and their eligible dependents or survivors pursuant to collective bargaining agreements and Board resolutions. The contributions for retirees and beneficiaries have been funded on a pay-as-you-go basis, in accordance with New Jersey law and regulation. New Jersey budget and financial reporting laws do not require local units to budget amounts that exceed their current cash cost or to reflect the long-term liability on their balance sheet. Governmental units have to calculate and disclose their liability if the liability is material to understanding the financial condition of the local unit.

Funding Policy

The Township is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 et. seq. There is currently no provision under State statute for the Township to accrue funds, create a trust or issue debt to finance their other post employment benefit ("OPEB") liability.

Currently, there are no contribution requirements of plan members.

The Township's portion of post-retirement benefits is funded on a pay-as-you go basis from the Current Fund operating budget. During 2017, the Township had approximately 48 employees who met eligibility requirements and recognized expenses of approximately \$831,668.

The Township accounts for certain post-employment health care benefits provided in accordance with Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Employers that participate in *single-employer* or *agent multiple-employer defined benefit* OPEB plans (sole and agent employers) are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. Annual OPEB cost is equal to the employer's annual required contribution to the plan (ARC), with certain adjustments if the employer has a net OPEB obligation for past under- or over contributions.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

Funding Policy (Cont'd.)

The ARC is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes (a) the normal cost for the year and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years. If the methods and assumptions used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are required for financial reporting by both a plan and its participating employer(s). However, if a plan's method of financing does not meet the parameters (for example, the plan is financed on a pay-as-you-go basis), the parameters nevertheless apply for financial reporting purposes.

The Township as a sole employer should recognize OPEB expense in an amount equal to annual OPEB cost. Net OPEB obligations, if any, should be displayed as liabilities (or assets) in the financial statements.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The Township engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years, with an assumption that payroll increases by 4% per year.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without being eligible for benefits, disability, participation rates and coverage levels were based on those used to value the New Jersey State Health Benefits Program. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the December 31, 2017 actuarial valuation, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. For pre-Medicare medical benefits, the initial rate utilized was 6.0% in 2017 and decreases to a 5.0% long-term trend rate after ten years. For post-Medicare medical benefits, the initial rate utilized was 5.5% in 2017 and decreases to a 5.0% long-term trend rate after five years.

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

Annual OPEB Cost per Actuarial Valuation

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contribution to the plan and the Township's obligation to the Plan at December 31, 2015, 2016 and 2017:

Since it has fewer than 200 plan members the Township follows the three year rotation cycle.

Benefit Obligations and Normal Cost

| | Valuation December 31, | | |
|---|------------------------|------|----------------------|
| | 2015 | 2016 | 2017 |
| Actuarial accrued liability (AAL): | | | |
| Retired employees | N/A | N/A | \$ 16,799,300 |
| Active employees | N/A | N/A | 11,533,200 |
| Unfunded actuarial accrued liability (UAAL) | N/A | N/A | <u>\$ 28,332,500</u> |
| Normal cost at beginning of year | N/A | N/A | 877,100 |
| Amortization factor based on 30 years | N/A | N/A | 1,739,400 |
| Annual covered payroll | N/A | N/A | 6,589,400 |
| UAAL as a percentage of covered payroll | N/A | N/A | 430.00% |

Level Dollar Amortization

Calculation of ARC under Projected Unit Credit Cost Method

| | Valuation December 31, | | |
|--|------------------------|------------|----------------------|
| | 2015 | 2016 | 2017 |
| ARC normal cost with interest to end of year | N/A | N/A | \$ 877,100 |
| Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end | N/A | N/A | 1,739,400 |
| Annual Required Contribution (ARC) | N/A | N/A | 2,616,500 |
| Interest on net OPEB obligation | N/A | N/A | 791,100 |
| Adjustment to ARC | N/A | N/A | (1,079,300) |
| Annual OPEB cost (expense) | N/A | N/A | 2,328,300 |
| Pay as you go benefits | N/A | N/A | (884,600) |
| Net OPEB expense at December 31,: | N/A | N/A | |
| 2015, 2016 and 2017, respectively | N/A | N/A | 1,443,700 |
| Prior year | N/A | N/A | 17,580,600 |
| Net OPEB obligation December 31,: | | | |
| 2015, 2016 and 2017, respectively | <u>N/A</u> | <u>N/A</u> | <u>\$ 19,024,300</u> |
| Projected unfunded actuarial accrued liability (December 31, 2017) | | | <u>\$ 28,332,500</u> |

TOWNSHIP OF RARITAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

Funding Status and Funding Progress

As of December 31, 2017, the actuarial accrued liability for benefits was \$28,332,500 all of which is unfunded.

Note 16: Fixed Assets

The following is a summarization of activity for fixed assets for the year ended December 31, 2017.

| | Balance Dec. 31, 2016 (Restated) | Additions | Deletions | Balance Dec. 31, 2017 |
|--|--|----------------------|--------------------|--------------------------|
| Land and Land Improvements | \$ 17,742,415.00 | | | \$ 17,742,415.00 |
| Buildings and Building Improvements | 9,245,988.00 | | | 9,245,988.00 |
| Machinery and Equipment | 12,627,961.00 | \$ 405,264.00 | \$ 2,222.00 | 13,031,003.00 |
| | <u>\$ 39,616,364.00</u> | <u>\$ 405,264.00</u> | <u>\$ 2,222.00</u> | <u>\$ 40,019,406.00</u> |

Note 17: Prior Period Adjustment

The prior period balance for the general fixed assets account group was restated as a result of a reclassification of non-insurable site improvements.

| | Balance Dec. 31, 2016 | Retroactive Adjustments | Balance Dec. 31, 2016 (Restated) |
|--|--------------------------|----------------------------|--|
| Land and Land Improvements | \$ 17,512,002.00 | \$ 230,413.00 | \$ 17,742,415.00 |
| Buildings and Building Improvements | 9,476,401.00 | (230,413.00) | 9,245,988.00 |
| Machinery and Equipment | 12,627,961.00 | | 12,627,961.00 |
| | <u>\$ 39,616,364.00</u> | <u>\$ - 0 -</u> | <u>\$ 39,616,364.00</u> |

TOWNSHIP OF RARITAN

SUPPLEMENTARY DATA

TOWNSHIP OF RARITAN
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2017

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

| Name | Title | Amount of | | Name of Corporate or Personal Surety |
|--------------------|--|-----------|------------|---|
| | | Bond | Bond | |
| Karen Gilbert | Mayor | | | |
| Michael Mangin | Deputy Mayor | | | |
| Richard Chen | Committeeman | | | |
| Craig O'Brien | Committeeman | | | |
| Louis Reiner | Committeeman | | | |
| Don Hutchins | Administrator | | | |
| Lisa Fania | Clerk, Assessment Search Officer (from 6/26/2017) | \$ | 50,000.00 | Travelers Insurance |
| Rose Sollena | Clerk, Assessment Search Officer (from 4/19/2017 to 6/23/2017) | | | |
| William Bray | Clerk, Assessment Search Officer (to 4/18/2017) | \$ | 100,000.00 | Travelers Insurance |
| William Pandos | Chief Financial Officer | \$ | 475,000.00 | Travelers Insurance |
| Sharon Brown | Tax Collector | | | |
| Marianne Busher | Tax Assessor | | | |
| Antoine Hajjar | Engineer | | | |
| Hans Warnebold | Construction Code Official | | | |
| Peter Fico | Magistrate (from July 1, 2017) | \$ | 40,000.00 | Travelers Insurance |
| Joseph Novak | Magistrate (to June 30, 2017) | \$ | 40,000.00 | Travelers Insurance |
| Lynne Timlin | Court Administrator | \$ | 61,000.00 | Travelers Insurance |
| Glenn Tabasko | Police Chief | | | |
| Danielle Langreder | Assistant Supervisor of Accounts | \$ | 50,000.00 | Travelers Insurance |

There is a Public Employees' Dishonesty Blanket Bond issued by Selective Insurance Company of America for \$20,000.00 which covers Township employees not required to have individual bond coverage.

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
CURRENT FUND

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | |
|--|-------------|-------------------------|
| Balance December 31, 2016 | A | \$ 5,159,594.39 |
| Increased by Receipts: | | |
| Tax Collector | | \$ 105,180,913.59 |
| Revenue Accounts Receivable | | 4,014,899.32 |
| Miscellaneous Revenue Not Anticipated | | 172,374.22 |
| Interest on Investments and Deposits | | 30,732.63 |
| Due to Federal and State Grant Fund: | | |
| Grants Receivable | | 58,189.84 |
| Due to Other Trust Funds: | | |
| Interfund Returned | | 26,672.96 |
| Interfund Advanced | | 11,087.04 |
| Due to/from State of New Jersey: | | |
| Marriage License Fees | | 1,675.00 |
| DCA Training Fees | | 63,704.00 |
| Burial Permits | | 15.00 |
| Due from State of New Jersey - Senior Citizens' and Veterans' Deductions | | 128,299.52 |
| Appropriation Refunds | | 713,625.96 |
| | | <u>110,402,189.08</u> |
| | | <u>115,561,783.47</u> |
| Decreased by Disbursements: | | |
| 2017 Appropriation Expenditures | | 16,893,854.27 |
| 2016 Appropriation Reserve Expenditures | | 287,730.16 |
| Local School District Taxes | | 46,626,015.00 |
| Regional High School Taxes Payable | | 23,767,693.00 |
| County Taxes | | 15,535,812.30 |
| Accounts Payable | | 26,860.17 |
| Due to Open Space Trust Fund: | | |
| Open Space Tax Levy | | 603,487.00 |
| Due to Federal and State Grant Fund: | | |
| Appropriated Reserves | | 1,000.00 |
| Due from General Capital Fund: | | |
| Improvement Authorization Expenditures | | 13,310.40 |
| Due to State of New Jersey: | | |
| Marriage License Fees | | 1,775.00 |
| DCA Training Fees | | 64,611.00 |
| Burial Permits | | 10.00 |
| Tax Overpayment Refunds | | 2,829.66 |
| | | <u>103,824,987.96</u> |
| Balance December 31, 2017 | A | <u>\$ 11,736,795.51</u> |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2017

| | | | |
|---------------------------------|--|------------------|---------------------------------|
| Increased by Receipts: | | | |
| Taxes Receivable | | \$ 98,355,269.17 | |
| Interest and Costs on Taxes | | 206,662.17 | |
| 2018 Prepaid Taxes | | 6,618,482.25 | |
| Tax Overpayments | | <u>500.00</u> | |
| | | | \$ 105,180,913.59 |
| Decreased by: | | | |
| Payments to Municipal Treasurer | | | <u><u>\$ 105,180,913.59</u></u> |

TOWNSHIP OF RARITAN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH

| | | | |
|-----------------------------|-------------|------------------|----------------------------|
| | <u>Ref.</u> | | |
| Balance December 31, 2016 | A | | \$ 49,463.43 |
| Increased by Receipts: | | | |
| Grant Funds Receivable | | | <u>61,541.88</u> |
| | | | 111,005.31 |
| Decreased by Disbursements: | | | |
| Encumbrances Payable | | \$ 3,579.90 | |
| Appropriated Reserves | | <u>51,985.20</u> | |
| | | | <u>55,565.10</u> |
| Balance December 31, 2017 | A | | <u><u>\$ 55,440.21</u></u> |

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

| Year | Balance Dec. 31, 2016 | 2017 Levy | Added Taxes | Collections | | State of NJ Veterans' and Senior Citizens' Deductions | Cancelled | Transferred to Tax Title Liens | Balance Dec. 31, 2017 |
|------|--------------------------|------------------|--------------|---------------|------------------|---|--------------|--------------------------------------|--------------------------|
| | | | | 2016 | 2017 | | | | |
| 2016 | \$ 601,803.90 | | \$ 24,500.00 | \$ 687,929.72 | \$ 591,523.90 | \$ (1,750.00) | \$ 12,030.00 | | \$ 510,490.69 |
| 2017 | | \$ 99,146,491.38 | \$ 24,500.00 | \$ 687,929.72 | \$ 97,763,745.27 | 128,844.52 | 77,972.18 | \$ 2,009.00 | \$ 510,490.69 |
| | \$ 601,803.90 | \$ 99,146,491.38 | \$ 24,500.00 | \$ 687,929.72 | \$ 98,355,269.17 | \$ 127,094.52 | \$ 90,002.18 | \$ 2,009.00 | \$ 510,490.69 |

Ref. A

Analysis of 2017 Property Tax Levy

| | |
|--|-------------------------|
| Tax Yield: | |
| General Purpose Taxes | \$ 98,569,513.28 |
| Added and Omitted Taxes | 576,978.10 |
| | <u>\$ 99,146,491.38</u> |
| Tax Levy: | |
| Regional School Taxes | \$ 46,626,015.00 |
| Regional High School Taxes | 23,767,693.00 |
| Municipal Open Space Taxes | \$ 603,487.00 |
| Municipal Open Space Taxes - Added and Omitted Taxes | 3,559.32 |
| | <u>607,046.32</u> |
| County Taxes: | |
| General Purpose Taxes | 15,434,833.39 |
| Due County for Added and Omitted Taxes | 90,110.64 |
| | <u>15,524,944.03</u> |
| Local Tax for Municipal Purposes | 12,135,184.02 |
| Add: Additional Tax Levied | 485,609.01 |
| | <u>12,620,793.03</u> |
| | <u>\$ 99,146,491.38</u> |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | <u>Ref.</u> | |
|--------------------------------|-------------|--------------------|
| Balance December 31, 2016 | A | \$ 7,161.55 |
| Increased by: | | |
| Transfer from Taxes Receivable | | <u>2,009.00</u> |
| Balance December 31, 2017 | A | <u>\$ 9,170.55</u> |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

| | <u>Accrued In</u> <u>2017</u> | <u>Collected by</u> <u>Treasurer</u> | <u>Balance</u> <u>Dec. 31, 2017</u> |
|---|----------------------------------|---|--|
| Licenses: | | | |
| Alcoholic Beverages | \$ 26,002.00 | \$ 26,002.00 | |
| Other | 17,750.00 | 17,750.00 | |
| Fees and Permits | 283,730.85 | 283,730.85 | |
| Fines and Costs: | | | |
| Municipal Court | 264,335.21 | 264,335.21 | |
| NJ Hotel Occupancy Tax | 109,640.29 | 109,640.29 | |
| Energy Receipts Tax | 2,065,641.00 | 2,065,641.00 | |
| Uniform Construction Code Fees | 888,821.00 | 888,821.00 | |
| Uniform Fire Safety Act | 12,950.11 | 12,950.11 | |
| Cable TV Franchise Fee | 26,034.73 | 26,034.73 | |
| Escrow- Administrative Fees | 191,236.05 | 191,236.05 | |
| Borough of Flemington- Lease of Courtroom | 9,256.66 | | \$ 9,256.66 |
| PERC Fees | 28,400.00 | 28,400.00 | |
| Shared Service Agreements: | | | |
| Hunterdon Central H.S- Resource Officer | 85,750.00 | 85,750.00 | |
| Hampton Borough- Municipal Court | 14,608.08 | 14,608.08 | |
| General Capital Fund Balance | 150,000.00 | 150,000.00 | |
| | <u>\$ 4,174,155.98</u> | <u>\$ 4,164,899.32</u> | <u>\$ 9,256.66</u> |

| | |
|-------------------------------|------------------------|
| Cash Receipts in Current Fund | \$ 4,014,899.32 |
| Due from General Capital Fund | <u>150,000.00</u> |
| | <u>\$ 4,164,899.32</u> |

TOWNSHIP OF RARITAN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

| | Balance Dec. 31, 2016 | 2017 Budget Revenue Realized | Cash Received | Cancelled | Balance Dec. 31, 2017 |
|--|--------------------------|------------------------------------|----------------------|----------------------|--------------------------|
| Fiscal Year 2004 Transportation Enhancement | | | | | |
| Walkway & Streetscape Project | \$ 144,000.00 | | | \$ 144,000.00 | |
| Municipal Stormwater Regulation Program | 3,007.00 | | | | \$ 3,007.00 |
| Clean Communities Program | | \$ 61,541.88 | \$ 61,541.88 | | |
| Body Armor Replacement Fund | | 3,151.39 | 3,151.39 | | |
| Recycling Tonnage Grant | | 106,570.99 | 106,570.99 | | |
| Drunk Driving Enforcement Fund | | 5,066.59 | 5,066.59 | | |
| Law Enforcement Officers Training & Equipment Fund | | 1,000.00 | 1,000.00 | | |
| NJ DOT Safe Roads to School | 57,251.95 | | | | 57,251.95 |
| NJ League of Municipalities Grant | 5,000.00 | | | | 5,000.00 |
| | <u>\$ 209,258.95</u> | <u>\$ 177,330.85</u> | <u>\$ 177,330.85</u> | <u>\$ 144,000.00</u> | <u>\$ 65,258.95</u> |
| | A | | | | |
| Cash Receipts in Federal and State Grant Fund | | | \$ 61,541.88 | | |
| Due from Current Fund | | | 58,189.84 | | |
| Due from Other Trust Fund | | | 57,599.13 | | |
| | | | <u>\$ 177,330.85</u> | | |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

| | Balance Dec. 31, 2016 | Budget After Modification | Paid or Charged | Balance Lapsed |
|--|--------------------------|------------------------------|--------------------|-------------------|
| Township Administrator: | | | | |
| Salaries and Wages | \$ 93.86 | \$ 93.86 | | \$ 93.86 |
| Other Expenses: | | | | |
| Postage and Photocopying | 5,446.38 | 5,446.38 | \$ 5,400.31 | 46.07 |
| Miscellaneous Other Expenses | 20,882.86 | 20,882.86 | 4,779.43 | 16,103.43 |
| Mayor and Committee: | | | | |
| Salaries and Wages | 0.18 | 0.18 | | 0.18 |
| Other Expenses | 833.00 | 833.00 | | 833.00 |
| Township Clerk: | | | | |
| Salaries and Wages | 10,351.05 | 10,351.05 | | 10,351.05 |
| Other Expenses | 8,186.67 | 8,186.67 | 4,504.49 | 3,682.18 |
| Financial Administration: | | | | |
| Salaries and Wages | 346.04 | 346.04 | | 346.04 |
| Other Expenses | 11,401.10 | 11,401.10 | 8,023.40 | 3,377.70 |
| Data Processing: | | | | |
| Other Expenses | 2,381.78 | 2,381.78 | 2,375.88 | 5.90 |
| Revenue Administration (Tax Collection): | | | | |
| Salaries and Wages | 350.29 | 350.29 | 350.29 | |
| Other Expenses | 1,130.96 | 1,130.96 | 611.93 | 519.03 |
| Tax Assessment Administration: | | | | |
| Salaries and Wages | 232.06 | 232.06 | | 232.06 |
| Other Expenses | 878.72 | 878.72 | 803.10 | 75.62 |
| Legal Services and Costs: | | | | |
| Other Expenses | 40,952.10 | 40,952.10 | 24,626.12 | 16,325.98 |
| Engineering Services and Costs: | | | | |
| Salaries and Wages | 44,303.33 | 44,303.33 | | 44,303.33 |
| Other Expenses | 3,334.01 | 3,334.01 | 945.35 | 2,388.66 |
| Municipal Land Use Law (NJSA 40:55D-1): | | | | |
| Planning Board: | | | | |
| Salaries and Wages | 2,880.36 | 2,880.36 | 89.25 | 2,791.11 |
| Other Expenses | 9,604.75 | 9,604.75 | 3,732.31 | 5,872.44 |
| Board of Adjustment: | | | | |
| Salaries and Wages | 2,735.09 | 2,735.09 | 102.00 | 2,633.09 |
| Other Expenses | 6,348.14 | 6,348.14 | 2,120.12 | 4,228.02 |
| Landfill Monitoring Wells: | | | | |
| Other Expenses | 4,250.00 | 4,250.00 | 3,950.00 | 300.00 |
| Insurance: | | | | |
| Liability | 1,147.00 | 1,147.00 | | 1,147.00 |
| Workers Compensation | 443.60 | 443.60 | | 443.60 |
| Employee Group Health | 21,397.69 | 21,397.69 | 4,887.07 | 16,510.62 |
| Employee Health Benefit Waivers: | | | | |
| Other Expenses | 10.86 | 10.86 | | 10.86 |
| Police: | | | | |
| Salaries and Wages | 115,053.85 | 115,053.85 | 698.73 | 114,355.12 |
| Other Expenses | 40,567.35 | 40,567.35 | 40,448.64 | 118.71 |
| Fire: | | | | |
| Other Expenses | 7,187.53 | 7,187.53 | 6,877.35 | 310.18 |
| Fire Hydrants | 23,460.87 | 23,460.87 | | 23,460.87 |
| OSHA/PEOSHA | 734.58 | 734.58 | 695.96 | 38.62 |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | Balance Dec. 31, 2016 | Budget After Modification | Paid or Charged | Balance Lapsed |
|--------------------------------|--------------------------|------------------------------|--------------------|-------------------|
| Uniform Fire Safety Program: | | | | |
| Salaries and Wages | \$ 15,274.87 | \$ 15,274.87 | | \$ 15,274.87 |
| Other Expenses | 11,771.00 | 11,771.00 | \$ 11,633.65 | 137.35 |
| Municipal Prosecutor: | | | | |
| Salaries and Wages | 5,777.88 | 5,777.88 | | 5,777.88 |
| Municipal Court | | | | |
| Salaries and Wages | 1,487.13 | 1,487.13 | 60.00 | 1,427.13 |
| Other Expenses | 5,241.13 | 5,241.13 | 3,147.99 | 2,093.14 |
| Municipal Public Defender: | | | | |
| Salaries and Wages | 120.00 | 120.00 | | 120.00 |
| Emergency Management Services: | | | | |
| Other Expenses | 6,120.71 | 6,120.71 | 6,118.86 | 1.85 |
| Streets and Roads Maintenance: | | | | |
| Salaries and Wages | 4,723.30 | 4,723.30 | 4,723.30 | |
| Other Expenses | 5,744.57 | 5,744.57 | 5,477.62 | 266.95 |
| OSHA/PEOSHA | 561.50 | 561.50 | 115.56 | 445.94 |
| Snow Removal: | | | | |
| Salaries and Wages | 27,180.82 | 27,180.82 | 10,375.26 | 16,805.56 |
| Other Expenses | 169.02 | 169.02 | | 169.02 |
| Solid Waste Collection: | | | | |
| Other Expense | 3,213.64 | 3,213.64 | 3,213.64 | |
| Public Buildings & Grounds: | | | | |
| Salaries and Wages | 3,073.80 | 3,073.80 | 745.92 | 2,327.88 |
| Other Expenses | 5,519.40 | 5,519.40 | 5,501.47 | 17.93 |
| Vehicle Maintenance: | | | | |
| Salaries and Wages | 53,103.72 | 53,103.72 | 28,319.71 | 24,784.01 |
| Other Expenses | 2,900.83 | 2,900.83 | 2,881.89 | 18.94 |
| Condo Act Serv.: | | | | |
| Other Expenses | 15,800.00 | 15,800.00 | 13,722.49 | 2,077.51 |
| Public Health Services: | | | | |
| Salaries and Wages | 306.00 | 306.00 | | 306.00 |
| Other Expenses | 1,510.55 | 1,510.55 | 1,245.50 | 265.05 |
| Environmental Commission: | | | | |
| Other Expenses | 644.26 | 644.26 | | 644.26 |
| Maintenance of Parks: | | | | |
| Salaries and Wages | 0.58 | 0.58 | | 0.58 |
| Other Expenses | 600.62 | 600.62 | 600.41 | 0.21 |
| UNIFORM CONSTRUCTION CODE: | | | | |
| Construction Official: | | | | |
| Salaries and Wages | 981.52 | 981.52 | 232.48 | 749.04 |
| Other Expenses | 3,665.03 | 3,665.03 | 3,126.93 | 538.10 |
| Community Garden: | | | | |
| Other Expenses | 271.17 | 271.17 | | 271.17 |
| Utilities: | | | | |
| Other Expenses | 71,517.09 | 71,517.09 | 42,570.68 | 28,946.41 |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017
(Continued)

| | <u>Balance</u> <u>Dec. 31, 2016</u> | <u>Budget After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--|--|--|----------------------------------|---------------------------------|
| Statutory Expenditures: | | | | |
| Contribution to: | | | | |
| Social Security System (OASI) | \$ 29,236.25 | \$ 29,236.25 | | \$ 29,236.25 |
| Police and Firemen's Retirement System of NJ | 190.10 | 190.10 | | 190.10 |
| Defined Contribution Retirement Plan | 901.19 | 901.19 | | 901.19 |
| Unemployment Insurance | 1,025.70 | 1,025.70 | \$ 195.00 | 830.70 |
| LOSAP (Fire Company) | 67,000.00 | 67,000.00 | 67,000.00 | |
| Recycling Tax | 107.03 | 107.03 | 90.36 | 16.67 |
| NJDEP/Stormwater General Permit: | | | | |
| Streets and Roads - Other Expenses | 125.00 | 125.00 | | 125.00 |
| NJDEP/Stormwater: | | | | |
| Preparation of Pollution Prevention Plan: | | | | |
| Engineering - Other Expenses | 32,950.81 | 32,950.81 | | 32,950.81 |
| Capital Improvements: | | | | |
| Emergency Management Equipment | 2,500.00 | 2,500.00 | 2,477.00 | 23.00 |
| Road Construction/ Reconstruction | 4,845.04 | 4,845.04 | | 4,845.04 |
| Purchase of Fire Equipment /Vehicles | 14,572.88 | 14,572.88 | 14,566.16 | 6.72 |
| Purchase of Police Equipment | 928.72 | 928.72 | 703.57 | 225.15 |
| Other Properties Repair & Maintenance | 974.78 | 974.78 | | 974.78 |
| | <u>\$ 789,563.70</u> | <u>\$ 789,563.70</u> | <u>\$ 344,867.18</u> | <u>\$ 444,696.52</u> |

Ref.

Analysis of Balance December 31, 2016

| | | |
|--------------|---|----------------------|
| Encumbered | A | \$ 187,076.85 |
| Unencumbered | A | <u>602,486.85</u> |
| | | <u>\$ 789,563.70</u> |

Analysis of Paid or Charged

| | |
|------------------|----------------------|
| Cash Disbursed | \$ 287,730.16 |
| Accounts Payable | <u>57,137.02</u> |
| | <u>\$ 344,867.18</u> |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2017

| | | |
|--------------------------------------|----|----------------------|
| Increased by: | | |
| Levy - Calendar Year 2017 | \$ | 46,626,015.00 |
| Decreased by: | | |
| Payments to Regional School District | \$ | <u>46,626,015.00</u> |

TOWNSHIP OF RARITAN
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2017

| | | |
|----------------------------------|----|----------------------|
| Increased by: | | |
| Levy - Calendar Year 2017 | \$ | 23,767,693.00 |
| Decreased by: | | |
| Payments to Regional High School | \$ | <u>23,767,693.00</u> |

TOWNSHIP OF RARITAN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

| | Balance Dec. 31, 2016 | Transferred from 2017 Budget Appropriations | Expended | Encumbrances Payable | Cancelled | Balance Dec. 31, 2017 |
|--|--------------------------|--|--------------|-------------------------|---------------|--------------------------|
| Body Armor Grant - 2014 | \$ 973.61 | \$ | 973.61 | | | |
| Body Armor Grant - 2015 | 1,635.70 | | 1,635.70 | | | |
| Body Armor Grant - 2016 | 3,137.34 | | 3,137.34 | | | |
| Body Armor Grant - 2017 | | \$ 3,151.39 | 97.65 | | | \$ 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 | 5,413.90 | | 2,057.11 | \$ 179.00 | | 3,177.79 |
| Drunk Driving Enforcement Fund - 2016 | 3,856.50 | | 2,195.08 | | | 1,661.42 |
| Drunk Driving Enforcement Fund - 2017 | | 5,066.59 | | | | 5,066.59 |
| Clean Communities Program - 2015 | 12,126.89 | | 12,126.89 | | | |
| Clean Communities Program - 2016 | 3,374.32 | | 3,374.32 | | | |
| Clean Communities Program - 2017 | 32,357.02 | 61,541.88 | 24,714.73 | | | 36,827.15 |
| Recycling Tonnage | | 106,570.99 | | | | 138,928.01 |
| Law Enforcement Officers Training & Equipment Fund | | 1,000.00 | 1,000.00 | | | |
| NJ Department of Transportation Safe Roads to School | 55,635.26 | | | | | 55,635.26 |
| Emergency Management Assistance - 2010 | 136.73 | | | | | 136.73 |
| Alcohol Education and Rehabilitation Fund - 2011 | 346.60 | | 346.60 | | | |
| Alcohol Education and Rehabilitation Fund - 2012 | 1,349.08 | | 1,326.17 | | | 22.91 |
| NJ League of Municipalities Grant | 1,517.35 | | | | | 1,517.35 |
| NJ Risk Manager Safety Grant | 1,000.00 | | | | | 1,000.00 |
| Fiscal Year 2004 Transportation Enhancement | | | | | | |
| Walkway & Streetscape Project | 119,390.11 | | | | \$ 119,390.11 | |
| Domestic Violence Training | 1,457.89 | | | | | 1,457.89 |
| NJ Forestry "No Net Loss" | 2,812.34 | | | | | 2,812.34 |
| Garden Club of NJ | 1,000.00 | | | | | 1,000.00 |
| Stormwater Regulation | 2,326.93 | | | | | 2,326.93 |
| | \$ 272,139.63 | \$ 177,330.85 | \$ 52,985.20 | \$ 179.00 | \$ 119,390.11 | \$ 276,916.17 |

Ref.

A

A

| | |
|--------------------------------------|--------------|
| Paid by Federal and State Grant Fund | \$ 51,985.20 |
| Paid by Current Fund | 1,000.00 |
| | \$ 52,985.20 |

TOWNSHIP OF RARITAN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
TRUST FUNDS

TOWNSHIP OF RARITAN
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

| Ref. | Animal Control Fund | Other Trust Funds | Open Space Fund |
|---|---------------------|---------------------|-------------------|
| Balance December 31, 2016 | \$ 61,232.78 | \$ 4,889,058.31 | \$ 515,794.54 |
| Increased by Receipts: | | | |
| Open Space Tax Levy | | | \$ 603,487.00 |
| Other Receipts and Contributions | | | 1,900.00 |
| Public Bid of Lands for Hunting | | | 20,068.00 |
| Interest Earned on Deposits | | | 1,533.56 |
| Due to Federal and State Grant Fund | | | |
| Recycling Tonnage Grant | | \$ 57,599.13 | |
| Animal Control Fees - Dog Licenses | \$ 31,876.80 | | |
| Animal Control Fees - Cat Licenses | 9,060.00 | | |
| Animal Control Fees - Late Fees & Penalties | 14,970.90 | | |
| Due to State of New Jersey | 4,143.60 | | |
| Engineering Inspection Deposits | | 502,329.65 | |
| Developers Escrow Deposits | | 467,995.14 | |
| Cash in Lieu of Bonds Deposits | | 4,842,007.74 | |
| Police Outside Detail Receipts | | 198,110.31 | |
| Traffic Study Interest | | 164.25 | |
| Recycling Deposits | | 96,669.76 | |
| Tax Sale Premiums | | 260,200.00 | |
| Well Testing Interest | | 6.44 | |
| Transportation Improvement District | | 6,443.96 | |
| Uniform Fire Code Penalties and Interest | | 2,258.44 | |
| Accumulated Absences | | 30,041.58 | |
| School & Park Improvements | | 8.45 | |
| Parking Offense Adjudication Act - Township | | 74.00 | |
| Parking Offense Adjudication Act - | | | |
| Hampton Borough | | 14.00 | |
| Council on Affordable Housing | | 43,542.36 | |
| Minneakoning Road Deposit Interest | | 147.19 | |
| Outside Liens | | 213,130.63 | |
| Public Defender - Township | | 6,546.39 | |
| | <u>60,051.30</u> | <u>6,727,289.42</u> | <u>626,988.56</u> |
| | \$ 121,284.08 | \$ 11,616,347.73 | \$ 1,142,783.10 |

TOWNSHIP OF RARITAN
TRUST FUNDS
SCHEDULE OF CASH - TREASURER
(Continued)

| <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Other Trust Funds</u> | <u>Open Space Fund</u> |
|--|----------------------------|--------------------------|------------------------|
| Decreased by Disbursements: | | | |
| Dedicated Open Space Trust | | | |
| Fund Expenditures | | | \$ 643,770.20 |
| Expenditures Under R.S. 4:19-15.11 | \$ 36,289.92 | | |
| Due to Current Fund: | | | |
| Settlement of Prior Year Interfund | | \$ 26,672.96 | |
| Interfund Advanced | | 11,087.04 | |
| Due to State of New Jersey | 4,018.20 | | |
| Engineering Inspection Expenditures | | 303,645.93 | |
| Developers Escrow Expenditures | | 455,262.28 | |
| Cash in Lieu of Bonds Expenditures | | 2,767,233.73 | |
| Police Outside Detail Expenditures | | 158,037.04 | |
| Recycling Expenditures | | 97,433.75 | |
| Tax Sale Premium Expenditures | | 247,600.00 | |
| Transportation Improvement District | | | |
| Expenditures | | 2,156.96 | |
| Council on Affordable Housing Expenditures | | 169,500.15 | |
| Outside Liens Expenditures | | 212,806.23 | |
| Public Defender Expenditures | | 6,237.90 | |
| | \$ 40,308.12 | \$ 4,457,673.97 | \$ 643,770.20 |
| Balance December 31, 2017 | \$ 80,975.96 | \$ 7,158,673.76 | \$ 499,012.90 |

TOWNSHIP OF RARITAN
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF RARITAN
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>Ref.</u> | |
|------------------------------------|-------------|--------------|
| Balance December 31, 2016 | B | \$ 60,270.58 |
| Increased by: | | |
| Dog License Fees Collected | | \$ 31,876.80 |
| Cat License Fees Collected | | 9,060.00 |
| Late Fees & Penalties | | 14,970.90 |
| | | 55,907.70 |
| | | 116,178.28 |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11 | | 36,289.92 |
| | | 36,289.92 |
| Balance December 31, 2017 | B | \$ 79,888.36 |

License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|---------------------------|---------------|
| 2015 | \$ 58,793.70 |
| 2016 | 39,474.50 |
| | 98,268.20 |
| Maximum Allowable Reserve | \$ 98,268.20 |

TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
2017
GENERAL CAPITAL FUND

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|-----------------------------------|-------------|-----------------|
| Balance December 31, 2016 | C | \$ 3,217,486.56 |
| Increased by Receipts: | | |
| Bond Anticipation Notes Issued | | \$ 753,193.00 |
| Improvement Authorization Refunds | | 28,985.70 |
| Due from Current Fund: | | |
| Interest Earned | | 9.19 |
| | | 782,187.89 |
| | | 3,999,674.45 |
| Decreased by: | | |
| Improvement Authorizations | | 1,834,886.56 |
| Encumbrances Payable | | 52,181.64 |
| | | 1,887,068.20 |
| Balance December 31, 2017 | C | \$ 2,112,606.25 |

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord. No. | Improvement Description | Analysis of Balance December 31, 2017 | | | | Unexpended Improvement Authorizations | | |
|----------|---|---------------------------------------|---------------------|--------------------------------------|-----------------------|---------------------------------------|-------------------------|--------------|
| | | Balance Dec. 31, 2016 | 2017 Authorizations | Improvement Authorizations Cancelled | Balance Dec. 31, 2017 | | Bond Anticipation Notes | Expenditures |
| 95-38; | Millbrook Road Assessment | \$ 9,750.00 | \$ 9,750.00 | | | | | |
| 97-43 | | | | | | | | |
| 95-39; | Washington Street Assessment | 8,145.42 | 8,145.42 | | | | | |
| 97-44 | | | | | | | | |
| 01-21; | Reconstruction of Greenwood Place | 28,000.00 | 28,000.00 | | | | | |
| 01-34 | | | | | | | | |
| 03-26; | Construction of a Roadway to Extend | | | | | | | |
| 11-08; | Autumn Leaf Drive to Route 12 | 9,000.00 | 9,000.00 | | | | | |
| 12-11 | | | | | | | | |
| 04-10 | Reconstruction of Everetts Road Phase I | 3,373.12 | 3,373.10 | \$ 0.02 | \$ 0.02 | | | 0.02 |
| 06-24 | Pedestrian Walkway - Minebrook Park | 26,000.00 | 26,000.00 | | | | | |
| 07-17 | Preliminary Planning - Sunny Hills Roads | 76,000.00 | 74,659.80 | | 1,340.20 | | | 1,340.20 |
| 12-09 | Reconstruction of Meadowlark Court | 3,500.00 | 3,500.00 | | | | | |
| 13-09 | Acquisition of Police Equipment | 3,000.00 | 3,000.00 | | | | | |
| 13-14 | Reconstruction of River Road | 5,000.00 | 4,798.97 | | 201.03 | | | 201.03 |
| 13-15 | Overlay of Old Croton Road | 2,500.00 | 2,500.00 | | 2,500.00 | | | 2,500.00 |
| 13-16 | Acquisition of DPW Vehicles and Equipment | 27,000.00 | 26,569.71 | | 430.29 | | | 430.29 |
| 14-07 | Acquisition of Fire Truck | 35,000.00 | 35,000.00 | | | | | |
| 14-11 | Reconstruct Ridge Road & Case Blvd. | 608,000.00 | 608,000.00 | | | | | |
| 14-12 | Road Overlays Crestwood | 200,000.00 | 200,000.00 | | | | | 200,000.00 |
| 14-13; | | | | | | | | |
| 14-19 | Acquisition of DPW Vehicles and Equipment | 14,800.00 | 14,800.00 | | | | | |
| 17-32 | Various Capital Improvements | | | | | | | |
| | | \$ 1,059,068.54 | \$ 753,193.10 | \$ 854,597.00 | \$ 957,664.64 | \$ 753,193.00 | \$ 204,471.54 | \$ 0.10 |

Ref.

Analysis of Unexpended Improvement Authorizations:
Improvement Authorizations - Unfunded
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:
Ord. #17-32

\$ 599,177.07
599,176.97
\$ 0.10

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

2017 Authorizations

| Ord No. | Improvement Description | Date | Ordinance | Balance Dec. 31, 2016 | | Capital Improvement Fund | Capital Fund Balance | Deferred Charges to Future Taxation - Unfunded | Reappropriation by Ordinance | Paid or Charged | Prior Year Encumbrances Cancelled | Improvement Authorizations Cancelled | Balance Dec. 31, 2017 | |
|-------------------|---|------------------------------|--------------|-----------------------|-------------|--------------------------|----------------------|--|------------------------------|-----------------|-----------------------------------|--------------------------------------|-----------------------|----------|
| | | | | Funded | Unfunded | | | | | | | | Funded | Unfunded |
| 91-29 | Improvement Austen Estates Subdivision | 08/12/91 | \$ 93,868.62 | \$ 28,974.85 | | | | | | | | \$ 28,974.85 | | |
| 92-14 | Pub Improvement Crest Views Subdivision | 07/13/92 | 70,433.00 | 1,831.65 | | | | | | | | 1,831.65 | | |
| 95-3897-43 | Millbrook Road Assessment | 12/19/95, 12/24/97 | 102,000.00 | 1,974.57 | \$ 9,750.00 | | | | | | | 11,724.57 | | |
| 95-3997-44 | Washington Street Assessment | 12/19/95, 12/24/97 | 113,000.00 | | 8,145.42 | | | | | | | 8,145.42 | | |
| 96-28 | Improvement at Mystic Green | 09/25/96 | 13,806.00 | 2,688.91 | | | | | | | | 2,688.91 | | |
| 99-12 | Sunflower Estate Improvement | 04/12/99 | 79,685.00 | 9,707.14 | | | | | | | | 9,707.14 | | |
| 01-2101-34 | Reconstruction Greenwood Place | 5/25/01, 10/10/01 | 247,000.00 | 21.60 | 28,000.00 | | | | | | | 28,021.60 | | |
| 02-03 | Public Improvement | 03/11/02 | 12,914.00 | 7,072.16 | | | | | | | | 7,072.16 | | |
| 03-26/11-08/12-11 | Construction of a Roadway to Extend Autumn Leaf Drive to Route 12 | 10/06/03, 08/06/08, 08/07/12 | 487,650.00 | 90,428.25 | 9,000.00 | | | | \$ (28,985.70) | | | 128,413.95 | | |
| 04-10 | Reconstruction Everitt Road, Sec. 1 | 04/06/04 | 283,000.00 | 3,373.10 | | | | | | | | 3,373.10 | | |
| 05-07 | Acquisition Land (Mueller) | 03/21/05 | 135,000.00 | 1,270.42 | | | | | | | | 1,270.42 | | |
| 06-24 | Pedestrian Walkway- Minebrook Park | 06/05/06 | 148,500.00 | 106,761.25 | 26,000.00 | | | | | | | 112,761.25 | \$ 20,000.00 | |
| 06-41 | Acquisition of Dev. Rights-Kovi Farm | 11/06/06 | 401,000.00 | 2,666.78 | | | | | | | | 2,666.78 | | |
| 06-42 | Acquisition of Dev. Rights-Moreira Farm | 11/06/06 | 427,000.00 | 2,950.35 | | | | | | | | 2,950.35 | | |
| 07-17 | Prelim. Planning Sunny Hills Roads | 07/23/07 | 108,000.00 | 75,967.42 | | | | | | | | 74,659.80 | | |
| 07-42 | Traffic Control & Road Improvements | 12/27/07 | 54,866.19 | 11,376.18 | | | | | | | | 11,376.18 | | |
| 09-12 | Traffic Guard Rail Replacement | 07/21/09 | 13,400.00 | 6,330.00 | | | | | | | | 6,330.00 | | |
| 10-18 | Reconstruction of Dory Dills Rd., Section 1 | 09/15/09 | 150,000.00 | 8,499.91 | | | | | | | | 8,499.91 | | |
| 11-06 | Purchase of Police Computer Server | 03/01/11 | 8,652.00 | 0.27 | | | | | | | | 0.27 | | |
| 11-09 | Purchase of DPW Dump Truck | 06/09/11 | 136,000.00 | 1,000.00 | | | | | | | | 1,000.00 | | |
| 11-10 | Traffic Line Stripping | 06/09/11 | 10,000.00 | 177.12 | | | | | | | | 177.12 | | |
| 11-11 | Acquisition and Installation of Energy Efficiencies | 07/19/11 | 4,223.00 | 0.91 | | | | | | | | 0.91 | | |
| 12-07 | Affordable Housing Improvements | 07/10/12 | 1,160,000.00 | 160,000.00 | | | | | | | | 160,000.00 | | |
| 12-09 | Reconstruction of Meadowlark Court | 08/07/12 | 60,000.00 | 2,509.52 | 3,500.00 | | | | | | | 3,810.86 | 160,000.00 | |
| 12-10/14-19 | Acquisition of DPW Mower | 8/7/12, 12/2/14 | 77,500.00 | 3,810.86 | 3,000.00 | | | | | | | 3,000.00 | 125.24 | |
| 13-09 | Acquisition of Police Equipment | 07/22/13 | 114,500.00 | 3,900.24 | | | | | | | | 3,900.00 | 6,326.48 | |
| 13-12 | Acquisition of OEM Equipment | 10/01/13 | 38,082.08 | 26,953.78 | | | | | | | | 26,953.78 | | |
| 13-13 | Reconstruction of Everitts Road Phase II | 10/01/13 | 394,000.00 | 99,190.47 | | | | | | | | 99,153.78 | | |
| 13-14 | Reconstruction of River Road | 10/01/13 | 231,000.00 | 4,798.97 | | | | | | | | 4,798.97 | | |
| 13-16 | Acquisition of DPW Vehicles & Equipment | 10/01/13 | 512,500.00 | 26,569.71 | | | | | | | | 26,569.71 | | |
| 13-17 | Acquisition of 4-Wheel Drive Vehicles | 10/01/13 | 134,000.00 | 1,615.44 | | | | | | | | 1,615.44 | | |

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|--|-------------|----------------------------|
| Balance December 31, 2016 | C | \$ 12,570.86 |
| Increased by: | | |
| 2017 Budget Appropriation: | | |
| Due from Current Fund | | <u>45,168.06</u> |
| | | 57,738.92 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>38,506.90</u> |
| Balance December 31, 2017 | C | <u><u>\$ 19,232.02</u></u> |

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2017

| Ord. No. | Improvement Description | Date of | | | Interest Rate | Issued | Balance Dec. 31, 2017 |
|----------|------------------------------|------------------------|------------|-----------|---------------|---------------|-----------------------|
| | | Issue of Original Note | Issue | Maturity | | | |
| 17-32 | Various Capital Improvements | 12/14/2017 | 12/14/2017 | 9/14/2018 | 1.7899% | \$ 753,193.00 | \$ 753,193.00 |
| | | | | | <u>Ref.</u> | | C |

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY GREEN TRUST LOANS PAYABLE

| | <u>Ref.</u> | |
|---------------------------|-------------|----------------------|
| Balance December 31, 2016 | C | \$ 622,559.70 |
| Decreased by: | | |
| Principal Matured | | <u>173,471.81</u> |
| Balance December 31, 2017 | C | <u>\$ 449,087.89</u> |

Schedule of Principal and Interest Payments Outstanding December 31, 2017

| <u>Payment Number</u> | <u>Due Date</u> | <u>Interest</u> | <u>Principal</u> | <u>Loan Balance</u> |
|---------------------------|---------------------|---------------------|----------------------|-------------------------|
| | | | | \$ 449,087.89 |
| 19 | 2018 | \$ 8,101.37 | \$ 176,958.59 | 272,129.30 |
| 20 | 2019 | 4,544.50 | 180,515.46 | 91,613.84 |
| 21 | 2020 | <u>916.14</u> | <u>91,613.84</u> | |
| | | <u>\$ 13,562.01</u> | <u>\$ 449,087.89</u> | |

TOWNSHIP OF RARITAN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ordinance No. | Improvement Description | 2017 | | Bond | | Improvement Authorizations Canceled | Balance Dec. 31, 2017 |
|-------------------|---|-----------------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|-----------------------|
| | | Balance Dec. 31, 2016 | Improvement Authorizations | Anticipation Notes Issued | Improvement Authorizations Canceled | | |
| 95-38/97-43 | Millbrook Road Assessment | \$ 9,750.00 | | | \$ 9,750.00 | | |
| 95-39/97-44 | Washington Street Assessment | 8,145.42 | | | 8,145.42 | | |
| 01-21/01-34 | Reconstruct Greenwood Place | 28,000.00 | | | 28,000.00 | | |
| 03-26/11-08/12-11 | Construction of a Roadway to Extend Autumn Leaf Drive to Route 12 | 9,000.00 | | | 9,000.00 | | |
| 04-10 | Reconstruction of Everitts Road Phase I | 3,373.12 | | | 3,373.10 | \$ 0.02 | |
| 06-24 | Pedestrian Walkway-Minebrook Park | 26,000.00 | | | 26,000.00 | | |
| 07-17 | Prelim. Planning-Sunny Hills Roads | 76,000.00 | | | 74,659.80 | | 1,340.20 |
| 12-09 | Reconstruction of Meadowlark Court | 3,500.00 | | | 3,500.00 | | |
| 13-09 | Acquisition of Police Equipment | 3,000.00 | | | 3,000.00 | | |
| 13-14 | Reconstruction of River Road | 5,000.00 | | | 4,798.97 | | 201.03 |
| 13-15 | Overlay of Old Croton Road | 2,500.00 | | | | | 2,500.00 |
| 13-16 | Acquisition of DPW Vehicles & Equipment | 27,000.00 | | | 26,569.71 | | 430.29 |
| 14-07 | Acquisition of Fire Truck | 35,000.00 | | | 35,000.00 | | |
| 14-11 | Reconstruct Ridge Road & Case Blvd. | 608,000.00 | | | 608,000.00 | | |
| 14-12 | Road Overlays Crestwood | 200,000.00 | | | | | 200,000.00 |
| 14-13/14-19 | Acquisition of DPW Vehicles & Equipment | 14,800.00 | | | 14,800.00 | | |
| 17-32 | Various Capital Improvements | | \$ 753,193.10 | \$ 753,193.00 | | | 0.10 |
| | | \$ 1,059,068.54 | \$ 753,193.10 | \$ 753,193.00 | \$ 854,597.00 | \$ 204,471.64 | |

TOWNSHIP OF RARITAN

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF RARITAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

Not Applicable

TOWNSHIP OF RARITAN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

| Name of State Agency or Department | State Account Number | Grant Period | | Grant Award | Amount Received | Amount of Expenditures | Total Cumulative Expenditures |
|--|-------------------------|--------------|----------|----------------|--------------------|---------------------------|-------------------------------------|
| | | From | To | | | | |
| <u>Department of Environmental Protection:</u> | | | | | | | |
| Clean Communities Act: | | | | | | | |
| 2015 | 042-4900-765- | 01/01/15 | 12/31/17 | \$ 63,341.25 | \$ 12,126.89 | \$ 63,341.25 | |
| 2016 | 004-178910 | 01/01/16 | 12/31/17 | 72,439.47 | 6,119.32 | 72,439.47 | |
| 2017 | | 01/01/17 | 12/31/18 | 61,541.88 | 24,714.73 | 24,714.73 | |
| | | | | 61,541.88 | 42,960.94 | 160,495.45 | |
| Recycling Tonnage Grant: | | | | | | | |
| 2017 | 042-4910-100- | 01/01/17 | 12/31/18 | 57,599.13 | | | |
| 2018 | 224-238490 | 01/01/18 | 12/31/18 | 48,971.86 | | | |
| | | | | 106,570.99 | | | |
| | | | | 168,112.87 | 42,960.94 | 160,495.45 | |
| Total Department of Environmental Protection | | | | | | | |
| <u>Department of Health and Senior Services:</u> | | | | | | | |
| Alcohol Education and Rehabilitation Fund | | | | | | | |
| 2011 | 098-9735-760- | 01/01/11 | 12/31/17 | 3,505.76 | 346.60 | 3,505.76 | |
| 2012 | 001-060000 | 01/01/12 | 12/31/18 | 1,349.08 | 1,326.17 | 1,326.17 | |
| | | | | | 1,672.77 | 4,831.93 | |
| Total Department of Health and Senior Services | | | | | | | |
| <u>Department of Law and Public Safety:</u> | | | | | | | |
| Drunk Driving Enforcement Fund: | | | | | | | |
| 2012 | 100-078-6400 | 01/01/12 | 12/31/18 | 11,432.47 | 834.90 | 8,677.33 | |
| 2015 | 260-YYYY | 01/01/15 | 12/31/18 | 5,986.40 | 2,057.11 | 2,629.61 | |
| 2016 | | 01/01/16 | 12/31/18 | 5,748.01 | 2,195.08 | 2,195.08 | |
| 2017 | | 01/01/17 | 12/31/18 | 5,066.59 | 5,066.59 | 5,066.59 | |
| | | | | 5,066.59 | 5,087.09 | 13,502.02 | |
| Body Armor Grant: | | | | | | | |
| 2014 | 066-1020-718- | 01/01/14 | 12/31/17 | 3,199.24 | 973.61 | 3,199.24 | |
| 2015 | 001-090160 | 01/01/15 | 12/31/17 | 3,194.21 | 1,635.70 | 3,194.21 | |
| 2016 | | 01/01/16 | 12/31/17 | 5,542.04 | 3,137.34 | 5,542.04 | |
| 2017 | | 01/01/17 | 12/31/18 | 3,151.39 | 97.65 | 97.65 | |
| | | | | 3,151.39 | 5,844.30 | 12,033.14 | |
| | | | | 8,217.98 | 10,931.39 | 25,535.16 | |
| Total Department of Law and Public Safety | | | | | | | |
| Total State Awards | | | | | | | |
| | | | | \$ 176,330.85 | \$ 55,565.10 | \$ 190,862.54 | |

Analysis of Expenditures
Federal and State Grant Fund Current Year
Grant Expenditures
Payment of Prior Year Encumbrances

| |
|---------------------|
| \$ 51,985.20 |
| 3,579.90 |
| <u>\$ 55,565.10</u> |

SEE ACCOMPANYING NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF RARITAN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

A. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township of Raritan under programs of the federal and state governments for the year ended December 31, 2017. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

D. State Loans Outstanding

The Township of Raritan has the following loan outstanding as of December 31, 2017:

| | |
|--------------------------|----------------------|
| Green Trust Loan Payable | <u>\$ 449,087.89</u> |
|--------------------------|----------------------|

Currently the Township is in the process of repaying the loan balance. There were no loan receipts or expenditures in the current year. The project which relates to the loan is complete.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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*

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Raritan
 Pittstown, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, the financial statements – *regulatory basis* - of the various funds of the Township of Raritan, in the County of Hunterdon (the "Township") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 30, 2018. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2017-01, which we consider to be a significant deficiency.

Compliance and Other Matters

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

The Township's Response to the Finding

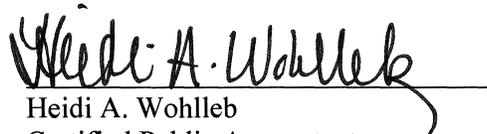
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the Township'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
May 30, 2018

NISIVOCIA LLP



Heidi A. Wohlleb
Certified Public Accountant
Registered Municipal Accountant No. 481

TOWNSHIP OF RARITAN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2017 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2017-01

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

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

The various departments/offices of the Township are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of certain bank accounts, the preparation of the general ledger including recording cash receipts and disbursements for the various funds as well as the preparation of payroll are performed by one person with limited oversight review.

Cause

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

TOWNSHIP OF RARITAN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2017-01

Segregation of Duties (Cont'd)

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Management Response:

The finding was evaluated and corrective action has already been taken where possible. Certain bank reconciliations are now being prepared by another member of the Finance Department staff. The Finance Department will continue to review the duties in its department to determine where oversight review is needed.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

TOWNSHIP OF RARITAN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017

The prior year finding 2016-01 regarding segregation of duties has not been fully resolved and is included as Finding 2017-01. The finding was evaluated and corrective action has already been taken where possible. Certain bank reconciliations are now being prepared by another member of the Finance Department staff. The Finance Department will continue to review the duties in its department to determine where oversight review is needed.

TOWNSHIP OF RARITAN

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF RARITAN
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

- a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015, and thereafter, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

TOWNSHIP OF RARITAN
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Utility Charges

On January 5, 2017, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Township Committee of the Township of Raritan, Hunterdon County, New Jersey, that, in accordance with R.S. 54:4-67 as amended, the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent be and the same is hereby fixed as follows:

1. No interest shall be charged if payment of tax or assessment installment, as the case may be, is made within ten (10) days after the date upon which the same became payable.
2. The rate of interest to be charged for the nonpayment of taxes or assessment installments on or before the date when they become delinquent shall be eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) on any delinquency over \$1,500, to be calculated from the date the tax was payable until the date of actual payment. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of 6% if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the Tax Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 12, 2017, and was complete with respect to all items eligible for sale.

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

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2017 | 7 |
| 2016 | 7 |
| 2015 | 6 |

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

TOWNSHIP OF RARITAN
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

| <u>Type</u> | <u>Number Mailed</u> |
|-----------------------------|----------------------|
| Payments of 2018 Taxes | 20 |
| Payments of 2017 Taxes | 20 |
| Delinquent Taxes Receivable | 20 |
| Tax Title Liens Receivable | 3 |

Verification notices were mailed to confirm balances receivable as of December 31, 2017. The items that were returned were compared to, and are in agreement with, the Township's records. For receivable items not returned, alternative procedures were performed.

N.J.A.C. Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed assets accounting and reporting system.
3. General ledger accounting and record system.

The Township currently complies with these accounting requirements.

Finance Department Records

Our review of the Finance Department Records revealed the following:

- 1) Although there was definite improvement noted in the condition of the Finance Department's records, receipts and disbursements were not always accurately recorded in the general ledger for the Other Trust Funds and one cash account is maintained in the general ledger for all the Other Trust Funds bank accounts. The Assistant Supervisor of Accounts is one of the authorized signatures on the various checking accounts. This employee is responsible for the accounts payable functions and this employee's signature is commonly on the various accounts' checks.
- 2) One employee was underpaid as compared to the employment contract. However, since the amount was minimal and the Township has already addressed the error, no formal recommendation is deemed necessary.
- 3) A Dedication by Rider was not obtained from the Division of Local Government Services for the following Other Trust Fund reserves - Engineering Inspections, School and Park, and Traffic Study.
- 4) The Clerk's performance bond escrow account is in custodianship of the Clerk's Office and the accounting records for this account are maintained by that office.

TOWNSHIP OF RARITAN
COMMENTS AND RECOMMENDATIONS
(Continued)

Finance Department Records (Cont'd)

Our review of the Finance Department Records revealed the following: (Cont'd)

- 5) The various balance sheets contain a number of interfund balances, many of which are from the prior year.

It is recommended that:

- 1) Greater care is taken in the posting of all transactions to the general ledger for the Other Trust Funds and that separate cash accounts are maintained in the Other Trust Funds general ledger for each Other Trust Fund cash account. It is also recommended that the authorized signatories on the various Township bank accounts are independent of the purchasing and accounts payable duties.
- 2) A Dedication by Rider is obtained for the following Other Trust Fund reserves - Engineering Inspections, School and Park, and Traffic Study.
- 3) The Finance Department have custodianship of and maintain the accounting records for the Performance Bond Escrow account.
- 4) The interfund balances are liquidated in a timely manner and an effort is made to limit the number of interfund transactions in the future.

Management's Response

The Township's Finance Department expects that these recommendations will be resolved during the current year.

Change Funds

Our audit procedures revealed that change funds were not being properly authorized by resolution.

It is recommended that all change funds be properly authorized by resolution.

Management's Response

A review of all change funds will be performed.

Outside Offices

During our review of the outside offices, we noted the Fire Prevention Department's collections were not always being turned over to the Treasurer for deposit within forty-eight hours of receipt.

It is recommended that the Fire Prevention Department turns over receipts in a timely manner to ensure deposits are made within forty-eight hours of receipt as per state statute.

Management's Response

Administration will ensure that receipts from the Fire Prevention Department are turned over in a timely manner.

TOWNSHIP OF RARITAN
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township's Magistrate under separate Cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2017.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

| | Balance Dec. 31, 2016 | Receipts | Disbursements | Balance Dec. 31, 2017 |
|---------------------------|--------------------------|----------------------|----------------------|--------------------------|
| Municipal Treasurer: | | | | |
| Fines and Costs | | \$ 264,335.21 | \$ 264,335.21 | |
| P.O.A.A. Fines | \$ 2.00 | 76.00 | 74.00 | \$ 4.00 |
| Public Defender | 19.50 | 7,036.89 | 6,546.39 | 510.00 |
| State Treasurer | 12,552.59 | 206,245.97 | 203,285.54 | 15,513.02 |
| County Treasurer | 6,177.65 | 106,945.53 | 105,261.90 | 7,861.28 |
| Weights and Measures | | 14,350.00 | 14,100.00 | 250.00 |
| Conditional Discharge Fee | 437.00 | 3,044.00 | 3,275.00 | 206.00 |
| Fish and Game | 100.00 | 2,852.00 | 2,810.00 | 142.00 |
| Forests and Parks | 30.00 | 226.00 | 212.00 | 44.00 |
| S.P.C.A. | | 500.00 | 500.00 | |
| Restitution | | 100.00 | 100.00 | |
| Conditional Dismissal | 75.00 | 150.00 | 225.00 | |
| Bail Account | 5,625.00 | 44,573.00 | 43,506.00 | 6,692.00 |
| Miscellaneous | 8.62 | 10.36 | 18.98 | |
| | <u>\$ 25,027.36</u> | <u>\$ 650,444.96</u> | <u>\$ 644,250.02</u> | <u>\$ 31,222.30</u> |

Our review of the Municipal Court records revealed the following:

1. The tickets assigned but not issued report contains a large number of tickets which were assigned over six month ago.
2. There is only one cashbox utilized by the Municipal Court personnel.

It is recommended that:

1. The tickets assigned but not issued report be reviewed for all tickets over six months old, so that they can be collected from the respective officers and voided.
2. Consideration be given to the use of separate cashboxes by the Municipal Court personnel.

Management's Response

The Court Administrator will review all assigned but not issued tickets over six months old so that they are collected or reassigned to the respective officers. Consideration will be given to the use of separate cashboxes by the Municipal Court personnel.

TOWNSHIP OF RARITAN
COMMENTS AND RECOMMENDATIONS
(Continued)

Tax Sale Premiums

An analysis of the balance for the Reserve for Tax Sale Premiums was not maintained.

It is recommended that an analysis of balance for the Reserve for Tax Sale Premiums is maintained.

Management's Response

An analysis of balance will be maintained for the Reserve for Tax Sale Premiums.

Management Suggestions

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which could have a significant impact on the Township will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the calendar year ending December 31, 2018. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the Township.

Federal and State Grant Fund

There are certain older grant receivable and appropriated reserve balances in the Federal and State Grant Fund and the General Capital Fund. It is suggested that these older grant balances be reviewed for possible cancellation.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve the comments and recommendations from the 2016 Audit Report. The prior year recommendations with respect to reconciliations being prepared for all accounts and reconciled to the general ledger on a monthly basis, tax collector receipts being reconciled with the Treasurer's records, custody of the Mayor's signature stamp being assigned to an employee independent of purchasing and accounts payable duties, the Township's use of credit cards, petty cash funds being approved by the Division of Local Government Services, appropriation reserve balances be monitored to prevent overexpenditures, an annual salary ordinance or resolution for employees' not covered by a union contract be approved, maintaining an analysis of balance in the payroll agency account, a detailed analysis of compensated absences be maintained as of year end, and employee prescription benefit withholdings being accurately calculated were resolved during the current year. The other prior year recommendations were not completely resolved and are included in the current year comments and recommendations and corrective action is in the process of being implemented with respect to the recommendations.

TOWNSHIP OF RARITAN
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.
2. Finance Department Records:
 - a) Greater care be taken in the posting of all transactions to the general ledger for the Other Trust Funds and that separate cash accounts are maintained in the Other Trust Funds general ledger for each Other Trust Fund cash account. It is also recommended that the authorized signatories on the various Township bank accounts are independent of the purchasing and accounts payable duties.
 - b) A Dedication by Rider be obtained for the following Other Trust Fund reserves - Engineering Inspections, School and Park, and Traffic Study.
 - c) The Finance Department have custodianship of and maintain the accounting records for the Performance Bond Escrow account.
 - d) The interfund balances are liquidated in a timely manner and an effort be made to limit the number of interfund transactions in the future.
3. Change funds be properly authorized by resolution.
4. The Fire Prevention Department turns over collections in a timely manner to ensure deposits are made within forty-eight hours of receipt as per state statute.
5. The tickets assigned but not issued tickets report be reviewed for all tickets over six months old, so that they collected from the respective officers and voided. Also, consideration be given to the use of separate cashboxes by the Municipal Court personnel.
6. An analysis of balance for the Reserve for Tax Sale Premiums is maintained.

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