

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Borough of Raritan*

*in the*

*County of Somerset*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2012*



BOROUGH OF RARITAN

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PART I

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YEAR ENDED DECEMBER 31, 2012 AND 2011



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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Raritan  
County of Somerset  
Raritan, New Jersey 08869

***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Raritan, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

## SUPLEE, CLOONEY & COMPANY

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

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

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

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

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Raritan as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2012.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2012 and 2011, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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## **Other Matters**

### *Other Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2013 on our consideration of the Borough 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 Borough of Raritan's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 21, 2013

CURRENT FUND

BOROUGH OF RARITAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>ASSETS</u>			
Current Fund:			
Cash-Treasurer	A-4	\$ 2,801,783.76	\$ 2,727,420.33
Cash-Change Fund	A-6	330.00	400.00
Due from State of NJ - Senior Citizen & Veteran Deductions	A-18	26,906.43	4,695.69
		<u>\$ 2,829,020.19</u>	<u>\$ 2,732,516.02</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 329,761.29	\$ 334,842.80
Tax Title Liens Receivable	A-9	80,545.94	59,204.45
Property Acquired for Taxes-Assessed Value	A-10	1,235.00	1,235.00
Demolition Lien Receivable	A-12	10,897.84	10,897.84
Sewer Lien Receivable	A-13	1,092.68	1,092.68
Revenue Accounts Receivable	A-11	10,957.33	23,909.86
Interfunds Receivable	A-27	1,023,643.32	482,429.41
Prepaid Regional School Taxes	A-20	15,101.03	
	A	<u>\$ 1,473,234.43</u>	<u>\$ 913,612.04</u>
Deferred Charges:			
Emergency Appropriation - Recodification of Ordinances	A-31	\$	\$ 6,000.00
		<u>\$ 4,302,254.62</u>	<u>\$ 3,652,128.06</u>
Grant Fund:			
Grants Receivable	A-14	\$ 1,176,202.81	\$ 1,796,263.47
Due Trust Other Fund	A-29	183,927.56	2,146.50
Due General Capital Fund	A-30	225,000.00	
		<u>\$ 1,585,130.37</u>	<u>\$ 1,798,409.97</u>
	A	<u>\$ 5,887,384.99</u>	<u>\$ 5,450,538.03</u>

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

BOROUGH OF RARITAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-15	\$ 789,115.62	\$ 756,822.36
Accounts Payable	A-7	220,064.30	313,960.84
Prepaid Taxes	A-22	72,387.61	71,613.86
Tax Overpayments	A-21	124,823.49	103,986.32
Interfunds Payable	A-27	103,360.67	2,846.34
Reserve For:			
Sale of Municipal Assets	A-16	37,484.73	37,484.73
Tax Appeals	A-17	54,459.48	87,072.82
Due Free Public Library	A-23		18,411.93
Length of Service Award Program	A-24		5,500.00
		<u>\$ 1,401,695.90</u>	<u>\$ 1,397,699.20</u>
Reserve for Receivables and Other Assets	A	1,473,234.43	913,612.04
Fund Balance	A-1	1,427,324.29	1,340,816.82
		<u>\$ 4,302,254.62</u>	<u>\$ 3,652,128.06</u>
Grant Fund:			
Due Current Fund	A-28	\$ 446,034.33	\$ 474,102.31
Due General Capital Fund	A-30		285,500.00
Grants-Unappropriated	A-26	25,978.93	12,069.25
Grants-Appropriated	A-25	609,825.52	810,077.24
Accounts Payable	A-7	503,291.59	216,661.17
		<u>\$ 1,585,130.37</u>	<u>\$ 1,798,409.97</u>
	A	<u>\$ 5,887,384.99</u>	<u>\$ 5,450,538.03</u>

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

## BOROUGH OF RARITAN

## CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2012	YEAR ENDED DECEMBER 31, 2011
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 990,000.00	\$ 1,090,000.00
Miscellaneous Revenue Anticipated	A-2	2,360,781.71	1,754,480.37
Receipts From Delinquent Taxes	A-2	329,603.50	314,750.70
Receipts From Current Taxes	A-2	25,718,424.61	25,596,071.77
Non-Budget Revenue	A-2	412,270.90	183,386.97
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	446,520.78	408,604.91
Accounts Payable Canceled		2,695.78	
Reserves Canceled		31,852.92	36,998.72
Interfunds Returned			10,852.49
<u>TOTAL INCOME</u>		<u>\$ 30,292,150.20</u>	<u>\$ 29,395,145.93</u>
<u>EXPENDITURES</u>			
Budget and Emergency Authorizations:			
Appropriations Within "CAPS":			
Operations	A-3	\$ 6,722,487.00	\$ 6,570,944.00
Deferred Charges and Statutory Expenditures	A-3	705,180.00	837,516.44
Appropriations Excluded From "CAPS":			
Operations	A-3	1,965,224.00	1,852,393.28
Capital Improvements	A-3	55,000.00	46,115.00
Municipal Debt Service	A-3	373,321.96	384,982.06
Deferred Charges	A-3	26,000.00	26,000.00
County Taxes	A-19	4,027,153.13	4,085,886.77
Regional School Taxes	A-20	14,744,961.70	14,500,835.88
Prepaid School Tax		15,101.03	
Accounts Receivable Canceled		40,000.00	6,231.84
Interfunds Advanced		541,213.91	
<u>TOTAL EXPENDITURES</u>		<u>\$ 29,215,642.73</u>	<u>\$ 28,310,905.27</u>
Excess in Revenue		\$ 1,076,507.47	\$ 1,084,240.66
Fund Balance, January 1	A	1,340,816.82	1,346,576.16
		<u>\$ 2,417,324.29</u>	<u>\$ 2,430,816.82</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	990,000.00	1,090,000.00
Fund Balance, December 31	A	<u>\$ 1,427,324.29</u>	<u>\$ 1,340,816.82</u>

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

BOROUGH OF RARITAN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 990,000.00	\$ 990,000.00	
Miscellaneous Revenues:				
Alcoholic Beverage Licenses	A-11	\$ 15,000.00	\$ 16,289.80	\$ 1,289.80
Other Licenses	A-2	8,000.00	14,694.00	6,694.00
Fees and Permits:				
Construction Code Official	A-11	130,000.00	446,446.00	316,446.00
Other	A-2	60,000.00	93,519.67	33,519.67
Municipal Court - Fines and Costs	A-11	110,000.00	105,136.90	(4,863.10)
Interest and Costs on Taxes	A-11	40,000.00	78,827.09	38,827.09
Interest on Investments and Deposits	A-11	5,000.00	535.09	(4,464.91)
Parking Lot Revenues	A-2	135,000.00	137,041.82	2,041.82
Rental of Borough Owned Property	A-11	25,000.00	24,500.00	(500.00)
Consolidated Municipal Property Tax Relief Aid	A-11	69,683.00	69,683.00	
Energy Receipts Tax	A-11	592,753.00	592,753.00	
New Jersey Transportation Trust Grant	A-14		274,579.00	
Clean Communities Program	A-14		10,197.86	
Body Armor Replacement Program	A-14	2,033.73	2,033.73	
Recycling Tonnage Grant	A-14	5,616.12	5,616.12	
Alcohol Education Rehabilitation Fund	A-14	3,019.40	3,019.40	
Sustainable Land Use Planning Grant	A-14		2,000.00	
Regional Center Partnership Grant	A-14		20,000.00	
Over the Limit Under Arrest	A-14	1,400.00	1,400.00	
Uniform Fire Safety Act	A-11	19,000.00	22,880.26	3,880.26
Capital Fund Balance	A-11	20,000.00	20,000.00	
Contribution from Municipal Library	A-11	100,000.00	101,696.00	1,696.00
Sewer Use Charges Receivable - current year	A-11	75,000.00	282,194.97	207,194.97
Fire Prevention Fees - Non Life Hazard Fees	A-11	9,000.00	35,738.00	26,738.00
<u>Sub-Total Miscellaneous Revenues</u>	A-1	\$ 1,425,505.25	\$ 306,776.86	\$ 2,360,781.71
Receipts From Delinquent Taxes	A-1	\$ 234,000.00	\$ 329,603.50	\$ 95,603.50
Amount to be Raised by Taxes for Support of Municipal Budget Purposes		\$ 6,897,524.00	\$	\$
Minimum Library Tax		410,266.89		
Amount to be Raised by Taxes for Support of Municipal Budget: Local Tax for Municipal Purposes	A-8:A-2	\$ 7,307,790.89	\$ 7,361,309.78	\$ 53,518.89
<u>Budget Totals</u>		\$ 9,957,296.14	\$ 306,776.86	\$ 11,041,694.99
Non-Budget Revenues	A-1:A-2		412,270.90	412,270.90
		\$ 9,957,296.14	\$ 306,776.86	\$ 11,453,965.89
REF.	A-3		A-3	

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

BOROUGH OF RARITAN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
<u>ANALYSIS OF REALIZED REVENUES</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A-8	\$ 25,718,424.61
Allocated To:		
Regional School Taxes		\$ 14,744,961.70
County Taxes		<u>4,027,153.13</u>
		<u>18,772,114.83</u>
Balance for Support of Municipal Budget		
Appropriations		\$ 6,946,309.78
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>415,000.00</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	\$ <u><u>7,361,309.78</u></u>
Other Licenses:		
Borough Clerk	A-11	\$ 5,545.00
Registrar	A-11	114.00
Board of Health	A-11	<u>9,035.00</u>
	A-2	\$ <u><u>14,694.00</u></u>
Fees and Permits-Other:		
Borough Clerk	A-11	\$ 390.17
Registrar	A-11	20,569.00
Board of Health	A-11	3,087.00
Police Department	A-11	3,061.50
Construction Rental Registration	A-11	58,825.00
Construction Non UCC Fees	A-11	<u>7,587.00</u>
	A-2	\$ <u><u>93,519.67</u></u>

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

BOROUGH OF RARITAN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>		
Parking Lot Revenues	A-11	\$	149,696.82
Less: Refunds	A-4		<u>12,655.00</u>
	A-2	\$	<u><u>137,041.82</u></u>

ANALYSIS OF NON-BUDGET REVENUE

Senior Citizens' and Veterans' Administrative Fee		\$	1,385.78
Police Outside Services-Borough's Share			9,986.43
Cable TV Franchise Fees			54,562.00
Verizon TV			20,724.01
Corporate Car Wash			15,124.00
State DMV Fines			300.00
State Hotel Fees			15,888.12
Miscellaneous			47,657.35
FEMA - Hurricane Irene			155,631.57
Insurance Reimbursements			18,635.46
Workers Comp			22,952.04
Miscellaneous - Tax Collector			12,024.03
Sewer Connection Fee			4,681.00
Reimbursement of Costs			<u>28,596.41</u>
	A-4		408,148.20
Excess Animal Control Reserve			<u>4,122.70</u>
	A-2	\$	<u><u>412,270.90</u></u>

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

BOROUGH OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 186,500.00	\$ 186,500.00	\$ 184,470.70	\$	\$ 2,029.30	\$
Other Expenses	56,000.00	56,000.00	27,836.81	3,822.92	24,340.27	
Township Clerk:						
Salaries and Wages	66,000.00	66,000.00	61,491.28		4,508.72	
Other Expenses	10,500.00	10,500.00	10,488.52		11.48	
Elections:						
Salaries and Wages	350.00	350.00			350.00	
Other Expenses	2,300.00	2,300.00	1,777.40		522.60	
Financial Administration:						
Salaries and Wages	68,000.00	68,000.00	68,000.00			
Other Expenses	17,000.00	17,000.00	15,957.12	125.00	917.88	
Audit Services	52,525.00	52,525.00	52,525.00			
Other Expenses	60,277.00	60,277.00	52,954.59	318.99	7,003.42	
Collection of Taxes:						
Salaries and Wages	41,000.00	41,000.00	41,000.00			
Other Expenses	12,000.00	12,000.00	4,439.45	1,446.00	6,114.55	
Tax Sale:						
Other Expenses	900.00	900.00			900.00	
Liquidation of TTL's	200.00	200.00			200.00	
Legal Services and Costs:						
Other Expenses - Miscellaneous	116,000.00	116,000.00	84,764.61		31,235.39	
Municipal Court:						
Salaries and Wages	109,880.00	109,880.00	95,048.27		14,831.73	
Other Expenses	8,550.00	10,050.00	8,716.94	875.00	458.06	
Municipal Prosecutor:						
Salaries and Wages	7,843.00	7,843.00	7,843.00			
Municipal Public Defender:						
Salaries and Wages	4,422.00	4,422.00	4,422.00			
Engineering Services and Costs:						
Other Expenses	38,000.00	38,000.00	27,894.50	2,449.00	7,656.50	
Public Buildings:						
Salaries and Wages	27,760.00	44,511.79	24,948.02		19,563.77	
Other Expenses	54,000.00	54,000.00	32,686.19	8,570.85	12,742.96	
Public Grounds:						
Other Expenses	2,000.00	2,000.00	1,791.15		208.85	
Other Expenses - NJ Transit Corporation Lease	55,000.00	55,000.00	55,000.00			

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

BOROUGH OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
<u>PUBLIC SAFETY</u>						
Planning Board:						
Salaries and Wages	\$ 2,485.00	\$ 2,485.00	\$ 2,485.00			\$
Other Expenses	20,000.00	20,000.00	10,235.90	1,295.00	8,469.10	
Environmental Commission:						
Salaries and Wages	1,093.00	1,093.00	1,093.00			
Other Expenses	1,000.00	1,000.00	629.68		370.32	
League of Municipalities:						
Other Expenses	3,000.00	3,000.00	2,453.00		547.00	
Industrial Commission:						
Other Expenses	25.00	25.00			25.00	
Insurance:						
Surety Bond Premiums	1,725.00	1,725.00	1,725.00			
State Unemployment Insurance	30,000.00	30,000.00	3,328.00		26,672.00	
Group Insurance for Employees	1,107,184.00	1,107,184.00	1,040,217.22		66,966.78	
Other Insurance	169,500.00	169,500.00	157,791.97		11,708.03	
Worker's Compensation Insurance	103,110.00	103,110.00	103,110.00			
Fire:						
Salaries and Wages	350.00	350.00			350.00	
Rent Fire House	9,000.00	9,000.00	9,000.00			
Other Expenses	58,815.00	58,815.00	18,772.29	40,042.71		
Uniform Fire Safety Act:						
Salaries and Wages	22,100.00	22,100.00	18,309.50		3,790.50	
Other Expenses	6,750.00	6,750.00	4,476.71	875.62	1,397.67	
Police:						
Salaries and Wages	1,875,000.00	1,875,000.00	1,749,527.25		125,472.75	
Other Expenses	110,566.00	110,566.00	56,859.95	17,143.10	36,562.95	
Contract with Regional School Board of Education for						
Transportation of Local Pupils	49,887.00	49,887.00	49,887.00			
Ambulance Services - Contractual	21,250.00	21,250.00	21,250.00			
Emergency Management Services:						
Other Expenses	1,000.00	1,000.00			1,000.00	
Road Repairs and Maintenance:						
Salaries and Wages	255,000.00	255,000.00	255,000.00			
Other Expenses - Miscellaneous	36,350.00	36,350.00	18,564.68	2,786.30	14,999.02	
Other Expenses - Lease Programs	10,858.00	10,858.00	10,857.99		0.01	

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

BOROUGH OF RARITAN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>						
<u>STREETS AND ROADS</u>						
Snow Removal:						
Salaries and Wages	\$ 35,000.00	\$ 35,000.00	\$ 4,129.70	\$	\$ 30,870.30	\$
Other Expenses	15,000.00	15,000.00	1,943.91	1,592.11	11,463.98	
Shade Tree:						
Other Expenses	5,000.00	5,000.00		3,000.00	2,000.00	
Garbage and Trash:						
Salaries and Wages	450,200.00	450,200.00	448,850.88		1,349.12	
Other Expenses	457,780.00	422,391.27	314,711.44	59,456.48	48,223.35	
Board of Health:						
Salaries and Wages	1,093.00	1,093.00	1,093.00			
Other Expenses	60,970.00	60,970.00	51,764.96	131.82	9,073.22	
Dog Regulation:						
Other Expenses	22,700.00	22,700.00	17,025.00	5,675.00		
Vital Statistics:						
Salaries and Wages	11,261.00	11,261.00	10,660.78		600.22	
Other Expenses	3,000.00	3,000.00	1,288.44	187.50	1,524.06	
Aid to Association for Disabled Citizens	500.00	500.00			500.00	
Parks and Playgrounds:						
Salaries and Wages	51,000.00	51,469.94	51,029.94		440.00	
Other Expenses	27,075.00	27,075.00	26,831.28	159.96	83.76	
Other Expenses - Youth Services	1,000.00	1,000.00			1,000.00	
Celebration of Public Events, Anniversary or Holiday						
Other Expenses - Parade	19,000.00	19,000.00	14,220.07		4,779.93	
Other Expenses - Volunteer Awards	400.00	400.00	127.56		272.44	
Contribution to Senior Citizens Center	6,000.00	6,000.00	6,000.00			
Historical Committee:						
Other Expenses	500.00	500.00	66.61		433.39	
Economic Development Committee:						
Other Expenses	500.00	500.00			500.00	
State Uniform Construction Code:						
Construction Official:						
Salaries and Wages	98,600.00	98,600.00	95,670.40		2,929.60	
Other Expenses	10,000.00	10,000.00	4,785.50	51.22	5,163.28	
Property Maintenance Code Official:						
Salaries and Wages	68,630.00	68,630.00	32,693.75		35,936.25	
Other Expenses	10,000.00	10,000.00	3,253.87	125.00	6,621.13	
Unclassified:						
Gasoline	85,000.00	85,000.00	76,946.15	4,568.82	3,485.03	
Electricity	70,000.00	70,000.00	56,964.48		13,035.52	
Telephone, Telegraph and Pagers	40,000.00	40,000.00	35,854.78	1,137.81	3,007.41	
Natural Gas	21,000.00	21,000.00	6,708.69		14,291.31	
Heating Oil	18,000.00	18,000.00	11,815.00		6,185.00	
Street Lighting	123,000.00	123,000.00	102,416.73		20,583.27	
Fire Hydrant Services	108,000.00	108,000.00	96,960.47	9,000.00	2,039.53	
Water	10,000.00	10,000.00	9,311.38	373.79	314.83	
Regional Center Partnership - Contribution	10,890.00	10,890.00	10,890.00			

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

BOROUGH OF RARITAN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 6,734,154.00	\$ 6,717,487.00	\$ 5,893,644.46	\$ 165,210.00	\$ 658,632.54	\$
<u>CONTINGENT</u>	5,000.00	5,000.00	250.00		4,750.00	
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	\$ 6,739,154.00	\$ 6,722,487.00	\$ 5,893,894.46	\$ 165,210.00	\$ 663,382.54	\$
Detail:						
Salaries and Wages	\$ 3,383,567.00	\$ 3,400,788.73	\$ 3,157,766.47		\$ 243,022.26	\$
Other Expenses	3,355,587.00	3,321,698.27	2,736,127.99	165,210.00	420,360.28	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Police and Firemen's Retirement System of New Jersey	\$ 374,555.00	\$ 374,555.00	\$ 374,555.00			\$
Public Employment Retirement System of New Jersey	170,625.00	170,625.00	170,625.00			
Social Security System (O.A.S.I.)	160,000.00	160,000.00	144,061.57		15,938.43	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>	\$ 705,180.00	\$ 705,180.00	\$ 689,241.57		\$ 15,938.43	\$
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	\$ 7,444,334.00	\$ 7,427,667.00	\$ 6,583,136.03	\$ 165,210.00	\$ 679,320.97	\$

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

BOROUGH OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Sewerage Authority - Share of Costs	\$ 1,153,900.00	\$ 1,153,900.00	\$ 1,077,264.96	\$	\$ 76,635.04	\$
Maintenance of Free Public Library	410,266.89	410,266.89	347,545.53	48,046.75	14,674.61	
Length of Service Award (LOSAP)	8,000.00	8,000.00	6,000.00		2,000.00	
Group Insurance Plan For Employees	32,816.00	32,816.00	32,816.00			
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>\$ 1,604,982.89</b>	<b>\$ 1,604,982.89</b>	<b>\$ 1,463,626.49</b>	<b>\$ 48,046.75</b>	<b>\$ 93,309.65</b>	<b>\$</b>
<u>INTERLOCAL AGREEMENT CODE ENFORCEMENT -</u>						
Borough of Somerville:						
Electrical Expenses	\$ 15,000.00	\$ 15,000.00	\$ 4,515.00		\$ 10,485.00	\$
<b>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b>	<b>\$ 15,000.00</b>	<b>\$ 15,000.00</b>	<b>\$ 4,515.00</b>		<b>\$ 10,485.00</b>	<b>\$</b>
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET</u>						
<u>BY REVENUES</u>						
Clean Communities Program (N.J.S.A. 40A:4-87 + \$10,197.86)	\$	\$ 10,197.86	\$ 10,197.86	\$	\$	\$
Recycling Tonnage Grant	5,616.12	5,616.12	5,616.12			
Municipal Alliance - Local Match	1,728.00	1,728.00	1,728.00			
NJ Transportation Trust Fund (N.J.S.A. 40A:4-87 + \$222,779.00)		222,779.00	222,779.00			
Body Armor Replacement Fund	2,033.73	2,033.73	2,033.73			
NJ Transportation Trust Fund (N.J.S.A. 40A:4-87 + \$51,800.00)		51,800.00	51,800.00			
Alcohol Education Rehabilitation Fund	3,019.40	3,019.40	3,019.40			
Land Use Planning Grant (N.J.S.A. 40A:4-87 + \$2,000.00)		2,000.00	2,000.00			
Land Use Planning Grant- Match		2,000.00	2,000.00			
2012 Regional Center Partnership (N.J.S.A. 40A:4-87 + \$20,000.00)		20,000.00	20,000.00			
Over the Limit Under Arrest Grant	1,400.00	1,400.00	1,400.00			
Historic Site Management - Match		16,667.00	16,667.00			
Matching Funds For Grants	8,000.00	6,000.00			6,000.00	
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS</b>	<b>\$ 21,797.25</b>	<b>\$ 345,241.11</b>	<b>\$ 339,241.11</b>		<b>\$ 6,000.00</b>	<b>\$</b>
<b>OFFSET BY REVENUES</b>						

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

BOROUGH OF RARITAN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED RESERVED	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 1,641,780.14	\$ 1,965,224.00	\$ 1,807,382.60	\$ 48,046.75 \$ 109,794.65	\$
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$	\$
TOTAL CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 280,000.00	\$ 280,000.00	\$ 280,000.00	\$	\$
Payment of Bond Anticipation Notes and Capital Notes	34,509.00	34,509.00	34,509.00		
Interest on Notes	21,023.00	21,023.00	20,437.96		585.04
Interest on Bonds	39,650.00	39,650.00	38,375.00		1,275.00
TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"	\$ 375,182.00	\$ 375,182.00	\$ 373,321.96	\$	\$ 1,860.04
<u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u>					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$	\$
Deficit in Dedicated Assessment Trust Fund	20,000.00	20,000.00	20,000.00		
TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$	\$

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

BOROUGH OF RARITAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 2,097,962.14	\$ 2,421,406.00	\$ 2,261,704.56	\$ 48,046.75	\$ 109,794.65	\$ 1,860.04
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 9,542,296.14	\$ 9,849,073.00	\$ 8,844,840.59	\$ 213,256.75	\$ 789,115.62	\$ 1,860.04
RESERVE FOR UNCOLLECTED TAXES	415,000.00	415,000.00	415,000.00			
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 9,957,296.14</u>	<u>\$ 10,264,073.00</u>	<u>\$ 9,259,840.59</u>	<u>\$ 213,256.75</u>	<u>\$ 789,115.62</u>	<u>\$ 1,860.04</u>
	REF	A-2	A-1	A-1:A-7	A:A-1	
Amendment by (NJSA 40A:4-87)	A-2	\$ 306,776.86				
Budget	A-3	9,957,296.14				
		<u>\$ 10,264,073.00</u>				
Reserve for Uncollected Taxes	A-2		\$ 415,000.00			
Reserve for Grants Appropriated	A-25		339,241.11			
Disbursements	A-4		8,605,169.88			
Deferred Charges	A-31		6,000.00			
			9,365,410.99			
Less: Refunds	A-4		105,570.40			
			<u>\$ 9,259,840.59</u>			

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

TRUST FUND

BOROUGH OF RARITAN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-2:B-5	\$ 18,010.61	\$ 17,992.60
Prospective Assessments Funded	B-23	200,000.00	200,000.00
Assessments Receivable	B-3	1,340.68	1,620.02
Assessment Liens	B-4	3,393.63	3,393.63
Assessment Lien Interest and Costs	B	<u>55.28</u>	<u>55.28</u>
	B	<u>\$ 222,744.92</u>	<u>\$ 223,061.53</u>
Animal Control Fund:			
Cash	B-2	\$ <u>18,157.27</u>	\$ <u>14,329.02</u>
	B	<u>\$ 18,157.27</u>	<u>\$ 14,329.02</u>
Other Funds:			
Cash	B-2	\$ 1,596,910.23	\$ 747,619.74
Due Current Fund	B-11	1,913.41	1,913.41
Community Development Block Grants Receivable	B-8	<u>238,670.00</u>	<u>193,670.00</u>
	B	<u>\$ 1,835,580.23</u>	<u>\$ 943,203.15</u>
		<u>\$ 2,076,482.42</u>	<u>\$ 1,180,593.70</u>

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

BOROUGH OF RARITAN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Due General Capital Fund	B-19	\$ 19,698.28	\$ 19,745.93
Due Current Fund	B-11	1,082.38	1,254.28
Assessment Bonds Payable	B-21	20,000.00	40,000.00
Assessment Overpayments	B-22	63.61	36.23
Reserve for:			
Assessments and Liens	B-6	181,765.50	161,969.81
Interest and Costs	B		55.28
Fund Balance	B-1	<u>135.15</u>	<u></u>
	B	\$ <u>222,744.92</u>	\$ <u>223,061.53</u>
Animal Control Fund:			
Due Current Fund	B-11	\$ 11,189.27	\$ 7,072.82
Due State of New Jersey	B-12	6.00	1.80
Reserve for Animal Control Fund Expenditures	B-10	<u>6,962.00</u>	<u>7,254.40</u>
	B	\$ <u>18,157.27</u>	\$ <u>14,329.02</u>
Other Funds:			
Due Current Fund	B-11	\$ 565,337.34	\$
Due Grant Fund - Community Development Block Grants	B-13	183,927.56	2,146.50
Accounts Payable	B-20	95,657.77	43,440.95
Reserve for:			
Community Development Block Grants	B-9	113,208.37	100,913.50
State Unemployment Insurance	B-14	45,717.89	13,627.62
Miscellaneous Trust Deposits	B-7	396,664.36	326,282.26
Developer's Escrow Deposits	B-17	126,992.45	133,320.72
Engineering Escrow Deposits	B-18	14,568.29	14,567.46
Recreation Deposits	B-15	51,336.55	55,147.18
Cooperative Affordable Housing Deposits	B-16	<u>242,169.65</u>	<u>253,756.96</u>
	B	\$ <u>1,835,580.23</u>	\$ <u>943,203.15</u>
		\$ <u><u>2,076,482.42</u></u>	\$ <u><u>1,180,593.70</u></u>

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

BOROUGH OF RARITAN

TRUST FUND

STATEMENT OF FUND BALANCE - ASSESSMENT TRUST - REGULATORY BASIS

	<u>REF.</u>	
Increased by:		
Collection of Unpledged Assessments and Liens	B-6	\$ <u>135.15</u>
Balance, December 31, 2012	B	\$ <u><u>135.15</u></u>

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

GENERAL CAPITAL FUND

"C"

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 142,821.01	\$ 72,570.84
Deferred Charges to Future Taxation:			
Funded	C-4	840,000.00	1,120,000.00
Unfunded	C-5	3,451,240.69	2,924,956.56
Interfunds Receivable	C-6	<u>123,058.95</u>	<u>306,178.86</u>
		<u>\$ 4,557,120.65</u>	<u>\$ 4,423,706.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Contracts Payable	C-7	\$ 373,556.38	\$ 277,970.57
Capital Improvement Fund	C-8	108,880.62	81,149.28
Interfunds Payable	C-6	225,000.00	
Improvement Authorizations:			
Funded	C-9	108,684.88	125,457.96
Unfunded	C-9	795,764.58	656,240.47
General Serial Bonds Payable	C-10	840,000.00	1,120,000.00
Bond Anticipation Note	C-11	2,019,694.00	2,054,202.00
Various Capital Reserves	C-12		3,145.79
Fund Balance	C-1	<u>85,540.19</u>	<u>105,540.19</u>
		<u>\$ 4,557,120.65</u>	<u>\$ 4,423,706.26</u>

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

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2011	C	\$ 105,540.19
Decreased by:		
Revenue Anticipated - Current Fund	C-2	<u>20,000.00</u>
Balance, December 31, 2012	C	<u><u>\$ 85,540.19</u></u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

"D"

BOROUGH OF RARITAN  
GENERAL FIXED ASSET ACCOUNT GROUP  
BALANCE SHEET - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
<u>FIXED ASSETS</u>		
Land	\$ 7,479,000.00	\$ 7,735,500.00
Building	2,850,050.00	2,850,050.00
Machinery and Equipment	<u>4,735,511.00</u>	<u>4,775,869.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 15,064,561.00</u>	<u>\$ 15,361,419.00</u>
 <u>RESERVE</u>		
Investment in General Fixed Assets	<u>\$ 15,064,561.00</u>	<u>\$ 15,361,419.00</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF RARITAN

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Except as noted below, the financial statements of the Borough of Raritan include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Raritan, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Raritan do not include the operations of the municipal library, first aid organization, volunteer fire companies, or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

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

The accounting policies of the Borough of Raritan conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Raritan are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of 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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Borough's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

Inventories of Supplies - The 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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00. The Borough of Raritan had the following cash and cash equivalents at December 31, 2012:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Cuurent Fund	\$330.00	\$2,881,362.47	\$19,099.17	\$98,677.88	\$2,801,783.76
Assessment Fund		18,010.61			18,010.61
Animal Contol Fund		18,194.47			18,194.47
Trust Other Fund		1,602,031.51	9.50	5,131.38	1,596,909.63
General Capital Fund		154,001.15		11,180.14	142,821.01
	<u>\$330.00</u>	<u>\$4,673,600.21</u>	<u>\$19,108.67</u>	<u>\$114,989.40</u>	<u>\$4,577,719.48</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2012, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$506,606.97 was covered by Federal Depository Insurance and \$4,166,993.24 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

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

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

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

The Borough of Raritan had no investments outstanding at December 31, 2012.

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

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

Bonds and Notes:			
General	\$ 2,859,694.00	\$ 3,174,202.00	\$ 3,047,915.00
Assessment	<u>20,000.00</u>	<u>40,000.00</u>	<u>60,000.00</u>
Debt Issued	\$ <u>2,879,694.00</u>	\$ <u>3,214,202.00</u>	\$ <u>3,107,915.00</u>
Less:			
Cash on Hand to Pay Notes	\$ <u>77,819.31</u>	\$ <u>67,611.44</u>	\$ _____
Net Debt Issued	\$ <u>2,801,874.69</u>	\$ <u>3,146,590.56</u>	\$ <u>3,107,915.00</u>
Authorized But Not Issued:			
Bonds and Notes:			
General	\$ 1,509,366.00	\$ 938,366.00	\$ 938,366.00
Assessment	<u>11,786.19</u>	<u>11,786.19</u>	<u>11,786.19</u>
Net Bonds and Notes Issued and Authorized But Not Issued	\$ <u>1,521,152.19</u>	\$ <u>950,152.19</u>	\$ <u>950,152.19</u>
Net Debt Issued and Authorized But Not Issued	\$ <u><u>4,323,026.88</u></u>	\$ <u><u>4,096,742.75</u></u>	\$ <u><u>4,058,067.19</u></u>

SUMMARY OF REGULATORY 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 regulatory net debt of .34%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District Debt	\$ 5,769,716.27	\$ 5,769,716.27	\$ _____
General Debt	<u>4,400,846.19</u>	<u>77,819.31</u>	<u>4,323,026.88</u>
	\$ <u><u>10,170,562.46</u></u>	\$ <u><u>5,847,535.58</u></u>	\$ <u><u>4,323,026.88</u></u>

NET DEBT \$4,323,026.88 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, \$1,291,460,580.67 EQUALS .34 %.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2012	<u>\$1,291,460,580.67</u>
3-1/2% of Equalized Valuation Basis (Municipal)	45,201,120.32
Net Debt	<u>4,323,026.88</u>
Remaining Borrowing Power	<u>\$49,524,147.20</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of Raritan for the last three (3) preceding years.

LONG-TERM DEBT

General Serial Bonds:

\$2,800,000.00 General Obligation Bonds of 2004 due in annual installments of \$200,000.00 to \$280,000.00 through 2015 at a variable interest rate \$ 840,000.00

Assessment Bonds:

\$200,000.00 Assessment Bonds of 2004 due in annual installments of \$20,000.00 through 2013 at a variable interest rate \$ 20,000.00

Bond Anticipation Notes:

General Capital, Interest Rate .79%, Issued 3/21/12, Maturity 3/21/13 \$2,019,694.00

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2012

Calendar Year	General		Assessment		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$280,000.00	\$28,350.00	\$20,000.00	\$650.00	\$300,000.00	\$29,000.00
2014	280,000.00	19,250.00			280,000.00	19,250.00
2015	280,000.00	9,800.00			280,000.00	9,800.00
	<u>\$840,000.00</u>	<u>\$57,400.00</u>	<u>\$20,000.00</u>	<u>\$650.00</u>	<u>\$860,000.00</u>	<u>\$58,050.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013, were as follows:

Current Fund	\$1,040,000.00
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NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
Prepaid Taxes	<u>\$72,387.61</u>	<u>\$71,613.86</u>

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System and the Police and Firemen's Retirement System and Defined Contribution Retirement Program (DCRP). The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Borough's share of PERS and Police and Firemen's pension, which is based upon the annual billings received from the state, amounted to \$1,104,729.00 for 2012, \$693,404.00 for 2011 and \$492,141.32 for 2010. The Borough has no employees enrolled in DCRP.

Borough employees are also covered by Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off at a later date. The Borough annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2012.

NOTE 8: LITIGATION

The Borough is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Borough's legal counsel would not be material or the amount could not be reasonably determined.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2012, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2012 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Borough has made provision in the amount of \$54,459.48 for these appeals in the event that the tax reductions are granted.

NOTE 11: RISK MANAGEMENT

The Borough 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. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contribution and Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$30,007.37	\$4,466.12	\$2,383.22	\$45,717.89
2011	16.20		11,405.18	13,627.62
2010	52.47	578.19	4,200.00	25,016.60

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,023,367.89	\$ 103,360.67
Grant Fund	408,927.56	446,034.33
Assessment Trust Fund		20,780.66
Animal Control Trust Fund		11,189.27
Trust Other Fund		748,989.47
General Capital Fund	<u>123,058.95</u>	<u>225,000.00</u>
	<u>\$ 1,555,354.40</u>	<u>\$ 1,555,354.40</u>

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

NOTE 13: DEFERRED COMPENSATION PLAN

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

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

The Plan is administered by the Nationwide Retirement Solutions.

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

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

During 2001, the Borough of Raritan adopted an ordinance establishing a Length of Service Awards Program for the members of the Raritan Fire Department and the Raritan First Aid/Rescue Squad pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer of the Raritan Fire Department and Raritan First Aid/Rescue Squad that performs the minimum amount of service will have an annual amount up to \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to \$6,000.00 in 2012 for 2011, \$6,000.00 in 2011 for 2010, \$16,000.00 in 2010 for 2009 and 2008.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 15: GASB 45: OTHER POST-RETIREMENT BENEFITS

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's contributions to SHBP for the year ended December 31, 2012 was \$1,040,217.22, which equaled the required contributions for the year.

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BOROUGH OF RARITAN  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2012

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		<u>CURRENT FUND</u>		<u>GRANT FUND</u>
Balance, December 31, 2011	A		\$ 2,727,420.33		\$ -0-
Increased by Receipts:					
Miscellaneous Revenue Not Anticipated	A-2	\$ 408,148.20		\$	
Petty Cash Funds	A-5	300.00			
Change Funds	A-6	100.00			
Taxes Receivable	A-8	25,890,832.61			
Revenue Accounts Receivable	A-11	2,054,590.60			
Refunds - 2012 Appropriations	A-3	105,570.40			
Refunds - 2011 Appropriation Reserves	A-15	10,416.93			
Grants Receivable	A-14			886,837.52	
State of New Jersey-Senior Citizens and Veterans	A-18	54,539.26			
Tax Overpayments	A-21	33,462.69			
Prepaid Taxes	A-22	73,747.54			
Grants - Unappropriated	A-26			25,978.93	
Interfund - Due Current Fund	A-28			87,710.77	
Interfunds	A-27	2,524,546.96			
			<u>31,156,255.19</u>		<u>1,000,527.22</u>
			\$ 33,883,675.52		\$ 1,000,527.22
Decreased by Disbursements:					
2012 Appropriations	A-3	\$ 8,605,169.88		\$	
2011 Appropriation Reserves	A-15	619,698.35			
Refund of Parking Lot Revenues	A-2	12,655.00			
Petty Cash Funds	A-5	300.00			
Change Funds	A-6	30.00			
Reserve for Accounts Payable	A-7	5,477.67			
Reserve for State Tax Appeals	A-17	32,613.34			
County Taxes	A-19	4,027,153.13			
Regional School Taxes	A-20	14,760,062.73			
Refund of Tax Overpayments	A-21	3,085.40			
Refund of Prepaid Taxes	A-22	1,359.92			
Grants - Appropriated	A-25			245,629.91	
Interfunds	A-27	3,014,286.34			
Interfund - Due Trust Other Fund	A-29			181,781.06	
Interfund - Due Current Fund	A-28			62,616.25	
Interfund - Due General Capital Fund	A-30			510,500.00	
			<u>31,081,891.76</u>		<u>1,000,527.22</u>
Balance, December 31, 2012	A		\$ <u>2,801,783.76</u>		\$ <u>-0-</u>

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BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF PETTY CASH FUNDS

	<u>ADVANCED</u>	<u>REIMBURSED</u>
Administration	\$ 100.00	\$ 100.00
Police	100.00	100.00
Recreation	100.00	100.00
	<u>300.00</u>	<u>300.00</u>
<u>REF.</u>	A-4	A-4

"A-6"

SCHEDULE OF CHANGE FUNDS

	<u>BALANCE DECEMBER 31, 2011</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>
Tax Collector	\$ 100.00	\$	\$	\$ 100.00
Police	100.00		70.00	30.00
Municipal Court	100.00			100.00
Recreation	100.00	30.00	30.00	100.00
	<u>400.00</u>	<u>30.00</u>	<u>100.00</u>	<u>330.00</u>
<u>REF.</u>	A	A-4	A-4	A

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011			\$ 530,622.01
Increased by:			
2012 Appropriations	A-3	\$ 213,256.75	
2011 Appropriation Reserves	A-15	6,722.14	
Grants Appropriated	A-25	<u>503,291.59</u>	
			<u>723,270.48</u>
			\$ <u>1,253,892.49</u>
Decreased by:			
Transfer to 2011 Appropriation Reserves	A-15	\$ 305,701.98	
Reserve for Grants Appropriated	A-25	216,661.17	
Disbursements	A-4	5,477.67	
Canceled		<u>2,695.78</u>	
			<u>530,536.60</u>
Balance, December 31, 2012			\$ <u><u>723,355.89</u></u>

ANALYSIS OF BALANCE

Current Fund	A	\$ 220,064.30
Grant Fund	A	<u>503,291.59</u>
		\$ <u><u>723,355.89</u></u>

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE	2012 LEVY	ADDED	COLLECTIONS		CANCELED	TRANSFER TO TAX TITLE LIENS	OVERPAYMENTS APPLIED	BALANCE
	DECEMBER 31, 2011			2011	2012				DECEMBER 31, 2012
Prior	\$ 334,842.80	\$	\$ 3,746.67	\$	\$ 327,974.26	\$ 11.38	\$ 7,653.27	\$ 1,629.24	\$ 1,321.32
	\$ 334,842.80	\$	\$	\$	\$ 327,974.26	\$ 11.38	\$ 7,653.27	\$ 1,629.24	\$ 1,321.32
2012		26,090,423.04		71,613.87	25,639,608.35	31,933.64	11,624.82	7,202.39	328,439.97
	\$ 334,842.80	\$ 26,090,423.04	\$	\$ 71,613.87	\$ 25,967,582.61	\$ 31,945.02	\$ 19,278.09	\$ 8,831.63	\$ 329,761.29
REF.	A			A-2:A-22	A-2		A-9	A-2:A-21	A
				REF.					
Collector				A-4	\$ 25,890,832.61				
Due From State of N.J. per Ch. 20, P.L. 1971				A-18	76,750.00				
					\$ 25,967,582.61				

ANALYSIS OF 2012 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax		\$ 26,089,577.10	
Added Taxes (54:4-63.1 et. seq.)		845.94	
			\$ 26,090,423.04

TAX LEVY

Regional School Tax (Abstract)	A-20		14,744,961.70	
County Taxes:				
County Tax	A-19	\$ 3,652,969.22		
County Open Space Preservation Tax	A-19	374,052.78		
County Added	A-19	131.13		
			4,027,153.13	
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 7,307,790.89		
Add: Additional Tax Levied		10,517.32		
Local Tax for Municipal Purposes Levied			7,318,308.21	
				\$ 26,090,423.04

"A-9"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 59,204.45
Increased by:			
Transferred from Taxes Receivable	A-8	\$ 19,278.09	
Interest and Costs on Tax Sale		<u>2,063.40</u>	
			<u>21,341.49</u>
Balance, December 31, 2012	A		\$ <u>80,545.94</u>

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2011 and December 31, 2012	A		\$ <u>1,235.00</u>
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BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>ACCRUED IN 2012</u>	<u>COLLECTED BY TREASURER</u>	<u>BALANCE DECEMBER 31, 2012</u>
Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 16,289.80	\$ 16,289.80	\$
Other Licenses	A-2		5,545.00	5,545.00	
Fees and Permits	A-2		390.17	390.17	
Municipal Court: Fines and Costs	A-2	7,822.86	102,315.37	105,136.90	5,001.33
Board of Health:					
Other Licenses	A-2	100.00	8,935.00	9,035.00	
Fees and Permits	A-2	26.00	3,161.00	3,087.00	100.00
Registrar of Vital Statistics:					
Other Licenses	A-2	9.00	114.00	114.00	9.00
Fees and Permits	A-2	2,580.00	19,869.00	20,569.00	1,880.00
Police:					
Fees and Permits	A-2		3,061.50	3,061.50	
Uniform Construction Code Official	A-2	12,930.00	436,386.00	446,446.00	2,870.00
Construction:					
Rental Registration	A-2		58,825.00	58,825.00	
Non UCC Fees and Permits	A-2	442.00	8,242.00	7,587.00	1,097.00
Interest and Costs on Taxes	A-2		78,827.09	78,827.09	
Interest on Investments and Deposits	A-2		535.09	535.09	
Parking Lot Revenues	A-2		149,696.82	149,696.82	
Rental of Borough Owned Property	A-2		24,500.00	24,500.00	
Consolidated Municipal Property Tax Relief Aid	A-2		69,683.00	69,683.00	
Energy Receipts Tax	A-2		592,753.00	592,753.00	
Uniform Fire Safety Act	A-2		22,880.26	22,880.26	
Capital Fund Balance	A-2		20,000.00	20,000.00	
Contribution from Municipal Library	A-2		101,696.00	101,696.00	
Sewer Use Charges Receivable - Current Year	A-2		282,194.97	282,194.97	
Fire Prevention Fees - Non-Life Hazard Fees	A-2		35,738.00	35,738.00	
		<u>\$ 23,909.86</u>	<u>\$ 2,041,638.07</u>	<u>\$ 2,054,590.60</u>	<u>\$ 10,957.33</u>
	<u>REF.</u>	A		A-4	A

"A-12"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF DEMOLITION LIEN RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2012	A	\$ <u>10,897.84</u>

"A-13"

SCHEDULE OF SEWER LIEN RECEIVABLE

Balance, December 31, 2011 and December 31, 2012	A	\$ <u>1,092.68</u>
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BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2011	ACCRUED 2012	RECEIPTS	UNAPPROPRIATED RESERVE APPLIED	CANCELLED	BALANCE DECEMBER 31, 2012
COPS in Shops	\$ 1,011.04	\$	\$ 1,011.04	\$	\$	\$
DOT - Wall Street	150,000.00					150,000.00
DOT - Loomis Street	117,000.00					117,000.00
DOT - Thompson Street	35,928.46					35,928.46
DOT - LaGrange Street	175,000.00		131,250.00			43,750.00
DOT - 2010 Municipal Aid Program - Johnson Drive	200,000.00		137,267.25			62,732.75
DOT - NJ Transportation Trust Program- Orlando Drive		274,579.00				274,579.00
Over the Limit Under Arrest		1,400.00		1,400.00		
Body Armor Replacement Fund		2,033.73		2,033.73		
Alcohol Education Rehabilitation Fund		3,019.40		3,019.40		
Recycling Tonnage Grant		5,616.12		5,616.12		
Clean Communities Program		10,197.86	10,197.86			
Historic Preservation Trust - Relief Hose Co. No. 2 (\$577,138.00 grant)	533,156.17		482,439.03			50,717.14
Building Livable Communities - 2006	40,000.00				40,000.00	
NJ Historical Preservation - Library	264,075.00					264,075.00
Sustainable Land Use Planning Grant		2,000.00				2,000.00
EDIP - Anderson and Thompson Streets	994.71					994.71
Youth Athletic and Recreation Grant - Frelinghuysen Park	9,178.00		9,178.00			
Youth Athletic and Recreation Grant - Canal Park Park	15,000.00		15,000.00			
County of Somerset Historic Preservation Grant - Library 2009	7,878.09		7,878.09			
County of Somerset Historic Preservation Grant 2009	147,000.00					147,000.00
2009 Historic Preservation - Relief Hose Company No. 2 2009	14,292.00					14,292.00
Municipal Planning Partnership - Land Use Ord. Review - 2006	2,125.00					2,125.00
Municipal Planning Partnership - Open Space, Recreation and NRI	1,008.75					1,008.75
Regional Center Partnership of Somerset County	32,616.25		32,616.25			
Regional Center Partnership of Somerset County	30,000.00		30,000.00			
Regional Center Partnership of Somerset County - 2011	20,000.00		20,000.00			
Regional Center Partnership of Somerset County - 2012		20,000.00	10,000.00			10,000.00
	<u>\$ 1,796,263.47</u>	<u>\$ 318,846.11</u>	<u>\$ 886,837.52</u>	<u>\$ 12,069.25</u>	<u>40,000.00</u>	<u>\$ 1,176,202.81</u>
REF.	A	A-2	A-4	A-26	A-1	A

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN "CAPS"</u>				
Salaries and Wages:				
Administrative and Executive	\$ 2,000.30	\$ 2,000.30	\$	\$ 2,000.30
Collection of Taxes	0.08	0.08		0.08
Elections	13.64	13.64		13.64
Financial Administration	0.12	0.12		0.12
Municipal Court	13,209.48	13,209.48		13,209.48
Municipal Prosecutor	7.10	7.10		7.10
Municipal Public Defender	508.16	508.16		508.16
Public Buildings	3,884.34	884.34		884.34
Planning board	0.18	0.18		0.18
Board of Adjustment	0.18	0.18		0.18
Environmental Commission	0.22	0.22		0.22
Fire	350.00	350.00		350.00
Uniform Fire Safety Act	4,712.50	4,712.50		4,712.50
Police	107,027.95	107,027.95	36,518.99	70,508.96
Snow Removal	17,650.38	17,650.38		17,650.38
Garbage and Trash Removal	10,132.89	10,132.89		10,132.89
Board of Health	0.22	0.22		0.22
Vital Statistics	161.87	161.87		161.87
Parks and Playgrounds	638.59	638.59	80.00	558.59
Property Maintenance Code Official	29,373.31	373.31	227.48	145.83
Other Expenses:				
Administrative and Executive	2,428.55	6,181.72	5,196.30	985.42
Township Clerk	242.55	1,557.03	1,372.39	184.64
Elections	555.55	555.55		555.55
Financial Administration	3,673.15	3,760.75	3,395.60	365.15
Assessment of Taxes	6,348.67	6,552.28	244.33	6,307.95
Collection of Taxes	6,011.04	6,819.46	2,947.62	3,871.84
Tax Sale	595.72	595.72		595.72
Liquidation of TTL'S and Foreclosed Property	150.00	150.00		150.00
Legal Services and Costs	32,158.70	37,158.70	36,921.84	236.86
Municipal Court	2,280.36	3,814.51	1,709.79	2,104.72
Engineering Services and Costs	9,656.30	12,071.30	4,656.00	7,415.30
Public Buildings	14,362.18	7,800.98	7,730.53	70.45
Public Grounds	250.99	346.99		346.99
Planning Board	914.10	957.90	98.16	859.74
Board of Adjustment	4,541.40	4,541.40	52.60	4,488.80
Environmental Commission	271.53	271.53		271.53
League of Municipalities	360.00	360.00		360.00
Industrial Commission	25.00	25.00		25.00
Insurance - Group insurance for Employees	37,911.90	37,911.90	37,911.90	
State Unemployment Insurance	30,000.00	30,000.00	30,000.00	
Other Insurance	11,152.82	11,152.82		11,152.82
Fire	220.64	24,390.18	24,390.18	
Uniform Fire Safety	2,302.64	2,364.31	2,364.31	
Police	19,705.72	35,143.26	16,290.71	18,852.55
Emergency Management Services	895.00	985.00	90.00	895.00
Road Repair and Maintenance	6,771.72	13,102.93	6,130.65	6,972.28
Snow Removal	4,821.92	4,821.92		4,821.92
Shade Tree	3,500.00	3,500.00		3,500.00
Garbage and Trash Removal	27,068.82	112,797.47	107,916.80	4,880.67
Board of Health	12,128.62	12,516.62	9,442.66	3,073.96
Dog Regulation	4,212.50	4,212.50		
Vital Statistics	502.58	539.58	52.30	487.28
Aid to Associations for Disabled Citizens	500.00	500.00		500.00

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
Other Expenses (Continued):				
Parks and Playgrounds	\$ 268.10	\$ 655.10	387.00	\$ 268.10
Parks and Playgrounds - Youth Services	451.67	451.67		451.67
Celebration of Public Events, Anniversary or Holiday	5,225.16	5,229.12	780.08	4,449.04
Construction Code Official	2,171.14	4,536.08	2,351.16	2,184.92
Property Code Official	4,839.52	5,577.60	790.58	4,787.02
Gasoline	2,121.73	8,121.73	7,558.67	563.06
Electricity	9,866.27	14,504.62	10,406.62	4,098.00
Telephone and Telegraph	202.28	3,567.70	1,577.85	1,989.85
Natural Gas	7,678.07	8,598.79	1,487.32	7,111.47
Heating Oil	6,132.97	6,132.97	5,991.30	141.67
Street Lighting	21,575.98	31,631.81	20,500.68	11,131.13
Fire Hydrant Service	9,000.00	9,000.00	9,000.00	
Water	3,592.78	3,893.51	309.29	3,584.22
Contingent	3,362.02	3,362.02		3,362.02
Public Employees' Retirement System		4,312.51	4,312.51	
Social Security System (O.A.S.I.)		14,855.79	4,938.86	9,916.93
Sewerage Authority Share of Costs	158,369.67	252,061.69	93,692.02	158,369.67
Maintenance of Free Public Library	63,062.82	118,190.81	110,255.98	7,934.83
Length of Service Award (LOSAP)	500.00	500.00		500.00
Interlocal Agreement Code Enforcement - Borough of Somerville	12,210.00	12,210.00	1,710.00	10,500.00
Matching Funds for Grants	10,000.00	10,000.00		10,000.00
	<u>\$ 756,822.36</u>	<u>\$ 1,062,524.34</u>	<u>\$ 616,003.56</u>	<u>\$ 446,520.78</u>
<u>TOTAL</u>				
	REF.	A:A-15		A-1
Balance, December 31, 2011	A:A-15	\$ 756,822.36		
Accounts Payable	A-7	<u>305,701.98</u>		
		<u>\$ 1,062,524.34</u>		
Disbursements	A-4		\$ 619,698.35	
Accounts Payable	A-7		<u>6,722.14</u>	
			\$ 628,420.49	
Less: Refunds	A-4		<u>10,416.93</u>	
			<u>\$ 616,003.56</u>	

"A-16"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2012	A	\$ <u>37,484.73</u>

"A-17"

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

Balance, December 31, 2011	A	\$ 87,072.82
Decreased by: Disbursements	A-4	<u>32,613.34</u>
Balance, December 31, 2012	A	\$ <u>54,459.48</u>

BOROUGH OF RARITAN

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2011 (Due From)	A	\$	4,695.69
Increased by:			
Senior Citizen Deductions Per Tax Billings		\$	22,500.00
Veteran Deductions Per Tax Billings			54,500.00
Senior Citizens' Deduction Allowed by Tax Collector			250.00
			<u>77,250.00</u>
		\$	<u>81,945.69</u>
Decreased by:			
Receipts	A-4	\$	54,539.26
Senior Citizens' Deduction Disallowed by Tax Collector			500.00
			<u>55,039.26</u>
Balance, December 31, 2012 (Due From)	A	\$	<u><u>26,906.43</u></u>

CALCULATION OF STATE'S SHARE OF  
2012 SENIOR CITIZENS DEDUCTIONS  
ALLOWED BY COLLECTOR (CHAPTER 20, P.L. 1971)

Senior Citizens Deductions Per Tax Billings		\$	22,500.00
Veterans Deductions Per Tax Billings			54,500.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector			250.00
		\$	<u>77,250.00</u>
Less: Senior Citizens and Veterans Disallowed by Tax Collector			<u>500.00</u>
	A-8	\$	<u><u>76,750.00</u></u>

"A-19"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>			
2012 Tax Levy:				
County Tax	A-8	\$	3,652,969.22	
County Open Space Preservation Tax	A-8		374,052.78	
County Added	A-8		<u>131.13</u>	
	A-1			\$ 4,027,153.13
Decreased by:				
Payments	A-4			\$ <u>4,027,153.13</u>

"A-20"

SCHEDULE OF REGIONAL SCHOOL TAXES PAYABLE

Increased by:				
2012 Tax Levy - Calendar Year	A-1:A-8	\$	14,744,961.70	
Decreased by:				
Payments	A-4		<u>14,760,062.73</u>	
Balance, December 31, 2012 (Receivable)	A	\$	<u>15,101.03</u>	

"A-21"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 103,986.32
Increased by:			
Overpayments in 2012 - Receipts	A-4		<u>33,462.69</u>
			\$ <u>137,449.01</u>
Decreased by:			
Refunds	A-4	\$ 3,085.40	
Applied to Taxes	A-8	8,831.63	
Canceled Overpayments	A-1	<u>708.49</u>	
			<u>12,625.52</u>
Balance, December 31, 2012	A		\$ <u><u>124,823.49</u></u>

"A-22"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2011 (2012 Taxes)	A		\$ 71,613.86
Increased by:			
Collections of 2013 Taxes	A-4		<u>73,747.54</u>
			\$ <u>145,361.40</u>
Decreased by:			
Application to Taxes Receivable	A-8	\$ 71,613.87	
Refunds	A-4	<u>1,359.92</u>	
			<u>72,973.79</u>
Balance, December 31, 2012 (2013 Taxes)	A		\$ <u><u>72,387.61</u></u>

"A-23"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF DUE FREE PUBLIC LIBRARY

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 18,411.93
Decreased by:		
Canceled	A-1	\$ <u>18,411.93</u>

"A-24"

SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD

Balance, December 31, 2011	A	\$ 5,500.00
Decreased by:		
Canceled	A-1	\$ <u>5,500.00</u>

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	BALANCE DECEMBER 31, 2011	TRANSFERRED FROM 2012 BUDGET	TRANSFERRED FROM ACCOUNTS PAYABLE	PAID OR CHARGED	ACCOUNTS PAYABLE	CANCELED	BALANCE DECEMBER 31, 2012
COPS in Shops	\$ 4,734.27			\$ 3,797.31			\$ 936.96
Federal - Violence Against Women	1,883.06						1,883.06
Federal - Bulletproof Vest Grant	2,229.50			1,301.42			928.08
FEMA - Emergency Management Grant	1,116.80						1,116.80
DOT - Wall Street	763.00						763.00
DOT - Meehan Avenue	8,182.74						8,182.74
DOT - Loomis Street	22,933.80						22,933.80
DOT - NJ Transportation Trust Program - Orlando Drive		274,579.00			274,579.00		
DOT - LaGrange Street	175,000.00			146,134.34	20,306.66		8,559.00
DOT - Thompson Street	24,729.73						24,729.73
2010 Municipal Aid Program - Johnson Drive	14,030.90		185,861.50	36,694.74	162,036.76		1,160.90
Drunk Driving Enforcement Fund	9,910.49			2,604.05			7,306.44
Body Armor Replacement Program	4,226.91	2,033.73					6,260.64
Click it or Ticket	2,800.00						2,800.00
Alcohol Education Rehabilitation Fund	498.87	3,019.40		2,398.87			1,119.40
Over the Limit Under Arrest		1,400.00		1,042.49			357.51
Clean Communities Program		10,197.86	1,460.00	1,460.00			10,197.86
Recycling Tonnage Grant	13,260.29	5,616.12		5,616.12			13,260.29
Historic Preservation Trust - Relief Hose Co. No. 2			8,903.08		8,903.08		
Historical Library Grant	195,737.67		1,967.84	12,346.70	18,555.34		166,803.47
EDiP - Anderson and Thompson Streets	994.71						994.71
EDiP - Thompson Street Parking Project			4,762.06		4,762.06		
2008 Recreation Grant/Upgrades Riverfront & Canal Parks	90.00		2,970.00		2,970.00		90.00
Historic Preservation Trust - Raritan Library			680.00		680.00		
Historic Preservation Trust - Raritan Library	5,555.23						5,555.23
Historic Preservation Trust - Raritan Library			645.19		645.19		
Historic Preservation Trust - Raritan Library 2008			1,338.26		1,338.26		
Historic Site Management- Match		16,667.00					16,667.00
County of Somerset Historic Preservation - Firehouse 2009	107,987.65		1,691.39		1,691.39		107,987.65
County of Somerset Historic Preservation Grant 2009			6,381.85		6,381.85		
2009 Historic Preservation - Relief Hose Company No. 2 2009	175,584.00						175,584.00
SC G.I.S. Grant	9.50						9.50
Municipal Planning Partnership - Land Use	4,193.83					2,068.83	2,125.00
Municipal Planning Partnership - Open Space, Recreation and NRI	1,008.75						1,008.75
Regional Center Partnership Challenge Grant	326.92					326.92	
Regional Center Partnership- 2008	3,161.75					3,161.75	
Regional Center Partnership - 2009	4,661.00			4,661.00			
Regional Center Partnership - 2010	2,790.87			2,790.87			
Regional Center Partnership - 2010	1,675.00					1,675.00	
Regional Center Partnership - 2011	20,000.00			20,000.00			
Regional Center Partnership - 2012		20,000.00					20,000.00
Sustainable Land Use Planning Grant		2,000.00		2,000.00			
Sustainable Land Use Planning Grant - Match		2,000.00		1,054.00	442.00		504.00
Municipal Alliance - Local Match		1,728.00		1,728.00			
	<u>\$ 810,077.24</u>	<u>\$ 339,241.11</u>	<u>\$ 216,661.17</u>	<u>\$ 245,629.91</u>	<u>\$ 503,291.59</u>	<u>\$ 7,232.50</u>	<u>\$ 609,825.52</u>

REF. A A-3 A-7 A-4 A-7 A-1 A

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	BALANCE DECEMBER 31, 2011	RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2012
Body Armor Replacement Fund	\$ 2,033.73	\$ 2,076.18	\$ 2,033.73	\$ 2,076.18
Drunk Driving Enforcement Fund		10,665.00		10,665.00
Alcohol Education Rehabilitation Fund	3,019.40	4,047.23	3,019.40	4,047.23
Recycling Tonnage Grant	5,616.12	5,428.86	5,616.12	5,428.86
Over the Limit Under Arrest	1,400.00		1,400.00	
Drive Sober or Get Pulled Over		3,761.66		3,761.66
	<u>\$ 12,069.25</u>	<u>\$ 25,978.93</u>	<u>\$ 12,069.25</u>	<u>\$ 25,978.93</u>
<u>REF.</u>	A	A-4	A-14	A

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>OTHER TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2011:							
Interfunds Receivable	A	\$ 482,429.41	\$ 474,102.31	\$ 1,254.28	\$ 7,072.82	\$	\$
Interfunds Payable	A	2,846.34				1,913.41	932.93
Receipts	A-4	2,524,546.96	62,616.25	189.91	24.00	319,596.06	2,142,120.74
Transfer		(16,272.30)	(20,395.00)		4,122.70		
Canceled	A-28	32,767.50	32,767.50				
Disbursements	A-4	<u>3,014,286.34</u>	<u>87,710.77</u>	<u>18.01</u>	<u>17.75</u>	<u>886,846.81</u>	<u>2,039,693.00</u>
Balance, December 31, 2012:							
Interfunds Receivable	A	\$ 1,023,643.32	\$ 446,034.33	\$ 1,082.38	\$ 11,189.27	\$ 565,337.34	\$
Interfunds Payable	A	<u>103,360.67</u>					<u>103,360.67</u>

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2011 (Due To)	A	\$	474,102.31
Increased by:			
Receipts	A-4		<u>87,710.77</u>
		\$	561,813.08
Decreased by:			
Disbursements	A-4	\$	62,616.25
Transfer	A-27		20,395.00
Canceled	A-27		<u>32,767.50</u>
			<u>115,778.75</u>
Balance, December 31, 2012 (Due To)	A	\$	<u><u>446,034.33</u></u>

"A-29"

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2011 (Due From)	A	\$ 2,146.50
Increased by:		
Disbursements	A-4	<u>181,781.06</u>
Balance, December 31, 2012 (Due From)	A	<u>\$ 183,927.56</u>

"A-30"

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2011 (Due to)	A	\$ 285,500.00
Decreased by:		
Disbursements	A-4	<u>510,500.00</u>
Balance, December 31, 2012 (Due from)	A	<u>\$ 225,000.00</u>

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

<u>DATE AUTHORIZED</u>	<u>PURPOSE</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>1/5th of NET AMOUNT AUTHORIZED</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>REDUCED IN 2012</u>
09-11-07	Recodification of Ordinances	\$ 30,000.00	\$ 6,000.00	\$ <u>6,000.00</u>	\$ <u>6,000.00</u>
			<u>REF.</u>	A	A-3

BOROUGH OF RARITANTRUST FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2010	B	\$ 17,992.60	\$ 14,329.02	\$ 747,619.74
Increased by Receipts:				
Assessments Receivable	B-3	\$ 162.53	\$	\$
Due Current Fund	B-11	18.01	17.75	886,846.81
Due State of New Jersey - Animal Control	B-12		594.00	
Reserve for Assessment Overpayments	B-22	27.38		
Reserve for Recreation Commission Deposits	B-15			22,895.94
Community Development Block Grants Receivable	B-8			55,000.00
Due Grant Fund - Community Development Block Grants	B-13			181,781.06
Reserve for Animal Control License Fees	B-10		4,186.00	
Reserve for Miscellaneous Trust Deposits	B-7			2,173,867.22
Reserve for State Unemployment Insurance	B-14			34,473.49
Reserve for Cooperative Affordable Housing Deposits	B-16			250.91
Reserve for Developer's Escrow Deposits	B-17			400.72
Reserve for Engineering Escrow Deposits	B-18			0.83
		\$ 207.92	\$ 4,797.75	\$ 3,355,516.98
		\$ 18,200.52	\$ 19,126.77	\$ 4,103,136.72
Decreased by Disbursements:				
Due Current Fund	B-11	\$ 189.91	\$ 24.00	\$ 319,596.06
Due State of New Jersey - Animal Control	B-12		589.80	
Reserve for Animal Control License Fees	B-10		355.70	
Reserve for Community Development Block Grants	B-9			40,659.00
Reserve for Miscellaneous Trust Deposits	B-7			2,102,754.84
Reserve for State Unemployment Insurance	B-14			2,383.22
Reserve for Recreation Commission Deposits	B-15			22,266.16
Reserve for Cooperative Affordable Housing Deposits	B-16			11,838.22
Reserve for Developer's Escrow Deposits	B-17			6,728.99
		\$ 189.91	\$ 969.50	\$ 2,506,226.49
Balance, December 31, 2011	B	\$ 18,010.61	\$ 18,157.27	\$ 1,596,910.23

BOROUGH OF RARITAN  
TRUST FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE

DATE OF ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF CONFIRMATION	ANNUAL INSTALLMENTS	DUE DATES	BALANCE DECEMBER 31, 2011	DECREASED	CANCELED	BALANCE DECEMBER 31, 2012	BALANCE PLEDGED TO	
									DUE GENERAL CAPITAL FUND	RESERVE
9/09/91	Curb and Sidewalk-Richard and Burns Street	2/9/93	10	2/9/02	\$ 2.18	\$	\$	2.18	2.18	\$
10/11/94	Curb and Sidewalks	7/23/02	10	7/23/09	1,244.37			1,244.37		1,244.37
11/28/95	Various Capital Improvements	7/23/02	10	7/23/09	69.16		69.16			
12/17/96	Curbs and Sidewalks	7/23/02	10	7/23/09	136.28	135.15		1.13		1.13
11/25/97	Various Local Improvements	12/17/02	10	12/17/09	93.00			93.00	93.00	
12/15/98	Roads, Curbs, Sidewalks - Rhine Blvd.	12/17/02	10	12/17/09	75.03	27.38	47.65			
					<u>\$ 1,620.02</u>	<u>\$ 162.53</u>	<u>\$ 116.81</u>	<u>\$ 1,340.68</u>	<u>\$ 95.18</u>	<u>\$ 1,245.50</u>
				<u>REF.</u>	B	B-2		B		
	Due General Capital Fund			B-19			\$ 47.65			
	Reserve for Assessments and Liens			B-6			<u>69.16</u>			
							<u>\$ 116.81</u>			

"B-4"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF ASSESSMENT LIENS

REF.

Balance, December 31, 2011 and December 31, 2012	B	\$ <u><u>3,393.63</u></u>
Pledged To:		
Reserve		\$ 520.00
Capital		<u>2,873.63</u>
		\$ <u><u>3,393.63</u></u>

"B-5"

ANALYSIS OF ASSESSMENT CASH

BALANCE  
DECEMBER  
31, 2012

Fund Balance	\$ 135.15
Due Current Fund	1,082.38
Due General Capital Fund	19,698.28
Cash Deficit	<u>(2,905.20)</u>
	\$ <u><u>18,010.61</u></u>

REF.

B

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>CURRENT BUDGET FOR DEFICIT</u>	<u>COLLECTIONS TO SURPLUS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2012</u>
Assessments Receivable:						
94-12	Curbs and Sidewalks	\$ 1,244.37	\$	\$	\$	\$ 1,244.37
96-10	Curbs and Sidewalks	69.16			69.16	
95-02	Curbs and Sidewalks	136.28		135.15		1.13
		<u>\$ 1,449.81</u>	<u>\$</u>	<u>\$ 135.15</u>	<u>\$ 69.16</u>	<u>\$ 1,245.50</u>
Assessment Liens:						
92-10	Curb Improvement-Various Streets	<u>\$ 520.00</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 520.00</u>
Prospective Assessment Funded:						
96-03	Curb Improvements	\$ 21,620.00	\$ 2,702.50	\$	\$	\$ 24,322.50
96-10	Various Capital Improvements	20,000.00	2,500.00			22,500.00
97-04	Various Capital and Curb Improvements	24,660.00	3,082.50			27,742.50
98-08	Various Capital Improvements	6,400.00	800.00			7,200.00
00-05	Various Improvements and Purposes	23,200.00	2,900.00			26,100.00
01-08	Various Improvements and Purposes	64,120.00	8,015.00			72,135.00
		<u>\$ 160,000.00</u>	<u>\$ 20,000.00</u>	<u>\$</u>	<u>\$</u>	<u>\$ 180,000.00</u>
		<u>\$ 161,969.81</u>	<u>\$ 20,000.00</u>	<u>\$ 135.15</u>	<u>\$ 69.16</u>	<u>\$ 181,765.50</u>

REF.

B

B-1

B-3

B

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	BALANCE DECEMBER 31, 2011	INCREASED	DECREASED	PRIOR YEAR ACCOUNTS PAYABLE	BALANCE DECEMBER 31, 2012
Parking Offense Adjudication Act	\$ 1,745.10	\$ 104.00	\$	\$	\$ 1,849.10
Public Defender	10,730.75	1,765.00			12,495.75
Uniform Fire Safety Fines and Penalties	18,147.87	3,627.64			21,775.51
Police D.A.R.E.	3,896.25	9,000.00	454.90		12,441.35
Police Donations	4,432.71	2,500.00	25.00	25.00	6,932.71
Police Found Money		3,896.00			3,896.00
Police Youth Services	18,045.08		2,943.97	150.95	15,252.06
Police Outside Overtime		133,374.08	111,973.51		21,400.57
Street Openings		886.00			886.00
Performance Bonds	39,904.23				39,904.23
Escrow Deposits	84,619.71	136,589.88	131,400.00	6,628.50	96,438.09
Willow Walk Credit	40,000.00				40,000.00
Nevious Street Bridge Project	0.50	8,900.00	7,271.90	501.50	2,130.10
Raritan River Fest		12,665.04	9,877.87		2,787.17
Mayor's Trust	32.72				32.72
Wollen Mills COAH	14,332.63				14,332.63
Meet Your Neighborhood Program	501.04		30.00		471.04
Cultural and Historic Club	540.00	410.00	275.00		675.00
Chamber Of Commerce	1,625.60				1,625.60
Public Assistance	10,000.00				10,000.00
Calendar Money	363.78	8,400.00	5,640.00		3,123.78
Implementation of Fair Housing	18,062.15				18,062.15
Law Enforcement Trust Fund	5,928.49	24.65	3,553.66		2,399.48
Municipal Court Credit Card Fees	50.75	1,500.00	1,328.18		222.57
Redemption of Outside Liens		37,543.99	37,543.99		
Tax Premiums	43,800.00	14,000.00			57,800.00
Lichtenstein Property Maintenance	750.23	0.37			750.60
Health Benefits		666.72	41.00		625.72
Payroll Agency	8,772.67	1,798,013.85	1,798,432.09		8,354.43
	<u>\$ 326,282.26</u>	<u>\$ 2,173,867.22</u>	<u>\$ 2,110,791.07</u>	<u>\$ 7,305.95</u>	<u>\$ 396,664.36</u>

REF. B B-2 B-20 B

Disbursements	B-2	\$ 2,102,754.84
Accounts Payable	B-20	<u>8,036.23</u>
		<u>\$ 2,110,791.07</u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

<u>PURPOSE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>2012 GRANTS</u>	<u>RECEIPTS</u>	<u>BALANCE DECEMBER 31, 2012</u>
2009 Police ADA Improvements	\$ 38,670.00	\$	\$	\$ 38,670.00
Improvements to Third Street - 2010	55,000.00		55,000.00	
Sanitary Sewer Rehabilitation - 2011	100,000.00			100,000.00
Sidewalk Improvements		100,000.00		100,000.00
	<u>\$ 193,670.00</u>	<u>\$ 100,000.00</u>	<u>\$ 55,000.00</u>	<u>\$ 238,670.00</u>
<u>REF.</u>	B	B-9	B-2	B

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

<u>PURPOSE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>2012 GRANTS</u>	<u>PRIOR YEAR ACCOUNTS PAYABLE</u>	<u>DISBURSEMENTS</u>	<u>ACCOUNTS PAYABLE</u>	<u>BALANCE DECEMBER 31, 2012</u>
2009 Police ADA Improvements	\$ 913.50	\$	\$ 36,135.00	\$ 36,523.50	\$ 525.00	\$
Sanitary Sewer Rehabilitation - 2011	100,000.00			4,135.50	80,671.63	15,192.87
Sidewalk Improvements		100,000.00			1,984.50	98,015.50
	<u>\$ 100,913.50</u>	<u>\$ 100,000.00</u>	<u>\$ 36,135.00</u>	<u>\$ 40,659.00</u>	<u>\$ 83,181.13</u>	<u>\$ 113,208.37</u>
<u>REF.</u>	B	B-8	B-20	B-2	B-20	B

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2011	B		\$ 7,254.40
Increased by:			
Dog License Fees Collected		\$ 3,561.00	
Cat License Fees Collected		<u>625.00</u>	
	B-2		<u>4,186.00</u>
			\$ <u>11,440.40</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-2	\$ 355.70	
Excess Reserve for Animal Control Expenditures	B-11	<u>4,122.70</u>	
			<u>4,478.40</u>
Balance, December 31, 2012	B		\$ <u><u>6,962.00</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2011	\$ 3,442.40
2010	<u>3,519.60</u>
	\$ <u><u>6,962.00</u></u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>ASSESSMENT FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>OTHER FUNDS</u>
Balance, December 31, 2011				
Due From	B	\$	\$	\$
Due To	B	1,254.28	7,072.82	1,913.41
Receipts	B-2	18.01	17.75	886,846.81
Excess Reserve for Animal Control Expenditures	B-10		4,122.70	
Disbursements	B-2	<u>189.91</u>	<u>24.00</u>	<u>319,596.06</u>
Balance, December 31, 2012				
Due To	B	<u>\$ 1,082.38</u>	<u>\$ 11,189.27</u>	<u>\$ 565,337.34</u>

"B-12"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
ANIMAL CONTROL FUND

	<u>REF.</u>		
Balance, December 31, 2011 (Due To)	B	\$	1.80
Increased by:			
Receipts	B-2		594.00
		\$	<u>595.80</u>
Decreased by:			
Disbursements	B-2		589.80
			<u>589.80</u>
Balance, December 31, 2012 (Due To)	B	\$	<u><u>6.00</u></u>

"B-13"

SCHEDULE OF DUE GRANT FUND - COMMUNITY DEVELOPMENT BLOCK GRANTS

Balance, December 31, 2011	B	\$	2,146.50
Increased by:			
Receipts	B-2		181,781.06
			<u>181,781.06</u>
Balance, December 31, 2012	B	\$	<u><u>183,927.56</u></u>

"B-14"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE FOR RESERVE FOR STATE UNEMPLOYMENT INSURANCE

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	13,627.62
Increased by:			
Receipts	B-2		<u>34,473.49</u>
		\$	<u>48,101.11</u>
Decreased by:			
Disbursements	B-2		<u>2,383.22</u>
Balance, December 31, 2012	B	\$	<u><u>45,717.89</u></u>

"B-15"

SCHEDULE OF RESERVE FOR RECREATION COMMISSION

Balance, December 31, 2011	B	\$	55,147.18
Increased by:			
Receipts	B-2		<u>22,895.94</u>
		\$	<u>78,043.12</u>
Decreased by:			
Disbursements	B-2	\$	22,266.16
Accounts Payable	B-20		<u>4,440.41</u>
			<u>26,706.57</u>
Balance, December 31, 2012	B	\$	<u><u>51,336.55</u></u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR COOPERATIVE AFFORDABLE HOUSING DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 253,756.96
Increased by:		
Receipts	B-2	<u>250.91</u>
		\$ <u>254,007.87</u>
Decreased by:		
Disbursements	B-2	<u>11,838.22</u>
Balance, December 31, 2012	B	\$ <u><u>242,169.65</u></u>
	Developer's Share	\$ 230,169.65
	Municipality's Share	<u>12,000.00</u>
		\$ <u><u>242,169.65</u></u>

"B-17"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 133,320.72
Increased by:		
Receipts	B-2	400.72
		<u>\$ 133,721.44</u>
Decreased by:		
Disbursements	B-2	<u>6,728.99</u>
Balance, December 31, 2012	B	<u><u>\$ 126,992.45</u></u>

Detail of Balance on File in Treasurer's Office

"B-18"

SCHEDULE OF RESERVE FOR ENGINEERING ESCROW DEPOSITS

Balance, December 31, 2011	B	\$ 14,567.46
Increased by:		
Receipts	B-2	<u>0.83</u>
Balance, December 31, 2012	B	<u><u>\$ 14,568.29</u></u>

"B-19"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND - ASSESSMENT TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	19,745.93
Decreased by:			
Canceled Assessments	B-3		<u>47.65</u>
Balance, December 31, 2012	B	\$	<u><u>19,698.28</u></u>

"B-20"

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

Balance, December 31, 2011	B	\$	43,440.95
Increased by:			
Miscellaneous Trust Deposits	B-7	\$	8,036.23
Community Development Block Grant	B-9		83,181.13
Recreation Commission	B-15		<u>4,440.41</u>
			<u>95,657.77</u>
		\$	<u>139,098.72</u>
Decreased by:			
Miscellaneous Trust Deposits	B-7	\$	7,305.95
Community Development Block Grant	B-9		<u>36,135.00</u>
			<u>43,440.95</u>
Balance, December 31, 2012	B	\$	<u><u>95,657.77</u></u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF ASSESSMENT SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING DECEMBER 31, 2012</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Assessment Bonds	2/01/04	\$ 200,000.00	08/01/13	\$ 20,000.00	Variable	\$ <u>40,000.00</u>	\$ <u>20,000.00</u>	\$ <u>20,000.00</u>
					<u>REF.</u>	B		B

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENT OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	36.23
Increased by:			
Receipts	B-2		<u>27.38</u>
Balance December 31, 2012	B	\$	<u><u>63.61</u></u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2012</u>
96-03	Curb Improvements	\$ 27,025.00
96-10	Various Capital Improvements	25,000.00
97-04	Various Capital and Curb Improvements	30,825.00
98-08	Various Capital Improvements	8,000.00
00-05	Various Improvements and Purposes	29,000.00
01-08	Various Improvements and Purposes	<u>80,150.00</u>
		<u>\$ 200,000.00</u>
	<u>REF.</u>	B

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 72,570.84
Increased by Receipts:			
Interfunds	C-6	\$ 2,550,240.65	
Refund - Improvement Authorization	C-9	29,349.40	
Capital Improvement Fund	C-8	55,000.00	
Bond Anticipation Note Payable	C-11	<u>2,019,694.00</u>	
			<u>4,654,284.05</u>
			\$ <u>4,726,854.89</u>
Decreased by Disbursements:			
Interfunds	C-6	\$ 2,142,120.74	
Contracts Payable	C-7	402,220.14	
Bond Anticipation Note Payable	C-11	2,019,693.00	
Revenue Anticipated - Current Fund	C-1	<u>20,000.00</u>	
			<u>4,584,033.88</u>
Balance, December 31, 2012	C		\$ <u><u>142,821.01</u></u>

"C-3"

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	BALANCE DECEMBER 31, 2012
Fund Balance	\$ 85,540.19
Capital Improvement Fund	108,880.62
Improvement Authorizations-Funded	108,684.88
Interfunds Receivable	(123,058.95)
Interfunds Advanced	225,000.00
Improvement Expenditures (Exhibit "C-5")	(962,699.62)
Unexpended Proceeds of Bond Anticipation Notes (Exhibit "C-5")	249,098.20
Cash On Hand To Pay Notes	77,819.31
Contracts Payable	<u>373,556.38</u>
	<u>\$ 142,821.01</u>

REF. C

"C-4"

SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION FUNDED

Balance, December 31, 2011	C	\$ 1,120,000.00
Decreased by:		
2012 Budget Appropriation to Pay Bonds	C-10	<u>280,000.00</u>
Balance, December 31, 2012	C	<u>\$ 840,000.00</u>

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	BUDGET APPROPRIATIONS	CANCELED	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE DECEMBER 31, 2012		
							BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
<u>General Improvements:</u>									
03-05	Various Capital Improvements	\$ 159,548.00	\$	\$ 5,318.26	\$ 287.34	153,942.40	\$ 153,942.40	\$	\$
04-09	Various Capital Improvements	108,045.00		3,815.15		104,229.85	104,229.85		
05-08	Various Capital Improvements	250,611.20		11,484.44	7,744.11	231,382.65	231,382.65		
06-16	Various Capital Improvements	252,314.76		7,837.52		244,477.24	244,477.24		
06-21	Various Improvements and Purposes	135,280.00		3,468.00	2,175.42	129,636.58	129,636.58		
06-22	Improvements to Elizabeth Avenue	81,230.00		2,585.63		78,644.37	78,644.37		
07-13	Various Improvements and Purposes	356,636.60				356,636.60	356,636.60		
08-13	Various Improvements and Purposes	275,925.00				275,925.00	200,925.00	75,000.00	
09-09	Various Improvements and Purposes	496,062.00				496,062.00		379,174.46	116,887.54
10-14	Various Improvements and Purposes	367,304.00				367,304.00		182,580.68	184,723.32
11-05	Various Capital Improvements	442,000.00				442,000.00	442,000.00		
12-07	Reconstruction of Orlando Drive		571,000.00			571,000.00		325,944.48	245,055.52
		<u>\$ 2,924,956.56</u>	<u>\$ 571,000.00</u>	<u>\$ 34,509.00</u>	<u>\$ 10,206.87</u>	<u>\$ 3,451,240.69</u>	<u>\$ 1,941,874.69</u>	<u>\$ 962,699.62</u>	<u>\$ 546,666.38</u>
	REF	C	C-9	C-11	C-9	C		C-3	
	Bond Anticipation Notes Payable	C-11					\$ 2,019,694.00		
	Less: Cash on Hand to Pay Notes	C-3					<u>77,819.31</u>		
							<u>\$ 1,941,874.69</u>		
	Improvement Authorization Unfunded	C-9							\$ 795,764.58
	Less: Unexpended Proceeds of Bond Anticipation Notes	C-3							<u>249,098.20</u>
									<u>\$ 546,666.38</u>

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND  
SCHEDULE OF INTERFUNDS

	<u>REF</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>	<u>ASSESSMENT TRUST FUND</u>
Balance, December 31, 2011 (Due From)	C	\$ 306,178.86	\$ 932.93	\$ 285,500.00	\$ 19,745.93
Increased by:					
Disbursements	C-2	<u>2,142,120.74</u>	<u>2,142,120.74</u>	<u>285,500.00</u>	<u>19,745.93</u>
		\$ 2,448,299.60	\$ 2,143,053.67	\$ 285,500.00	\$ 19,745.93
Decreased by:					
Receipts	C-2	<u>2,550,240.65</u>	<u>2,039,693.00</u>	<u>510,500.00</u>	<u>47.65</u>
Balance, December 31, 2012 (Due To)	C	\$ 225,000.00	\$	\$ 225,000.00	\$
Balance, December 31, 2012 (Due From)	C	<u>123,058.95</u>	<u>103,360.67</u>	<u>225,000.00</u>	<u>19,698.28</u>

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 277,970.57
Increased by:			
Various Capital Reserves	C-12	\$ 10,258.84	
Improvement Authorizations	C-9	<u>487,547.11</u>	
			<u>497,805.95</u>
			\$ <u>775,776.52</u>
Decreased by:			
Disbursements	C-2		<u>402,220.14</u>
Balance, December 31, 2012	C:C-3		\$ <u><u>373,556.38</u></u>

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 81,149.28
Increased by:			
2012 Budget Appropriation	C-2	\$ 55,000.00	
Improvement Authorizations Canceled	C-9	8,844.39	
Reserves Canceled	C-12	<u>3,145.79</u>	
			<u>66,990.18</u>
			\$ <u>148,139.46</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9	\$ 29,000.00	
Appropriated to Finance Capital Reserve	C-12	<u>10,258.84</u>	
			<u>39,258.84</u>
Balance, December 31, 2012	C		\$ <u><u>108,880.62</u></u>

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATIONS	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	CONTRACTS PAYABLE	ORDINANCES CANCELED	BALANCE DECEMBER 31, 2012	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
General Improvements:										
94-04	Various Capital Improvements	05/10/94	\$ 157,000.00	\$ 6,155.57	\$	\$	\$	\$	\$ 6,155.57	\$
95-08	Various Capital Improvements	11/28/95	342,650.00	19,658.00					19,658.00	
97-08	Various Capital Improvements	11/11/97	132,000.00	460.11					460.11	
98-05	Reconstruction of Vones Lane	03/24/98	38,000.00	10,169.20					10,169.20	
98-20	Various Capital Improvements	12/15/98	302,000.00	30,183.78					30,183.78	
99-10	Various Improvements and Purposes	12/14/99	200,000.00	5,697.82					5,697.82	
01-08	Various Capital Improvements	08/21/01	299,800.00	17,265.78				8,765.78	8,500.00	
03-05	Various Capital Improvements	07/22/03	289,000.00		4,184.95		1,209.37	287.34		2,688.24
04-09	Various Capital Improvements	06/22/04	122,000.00		10,212.23		9,062.23			1,150.00
05-08	Various Capital Improvements	07/19/05	343,000.00		9,343.28			7,744.11		1,599.17
06-16	Various Improvements and Purposes	06/13/06	284,000.00		5,648.13					5,648.13
06-21	Improvements to Elizabeth Avenue	09/26/06	150,000.00	9,395.42	135,280.00			2,175.42	12,863.42	129,636.58
07-13	Various Improvements and Purposes	08/21/07	392,000.00		12,514.58		7,888.39			4,626.19
08-13	Various Improvements and Purposes	09/09/08	290,450.00		95,008.87		9,755.02			85,253.85
09-08	Computer Equipment	12/15/09	15,115.00	78.61				78.61		
09-09	Various Improvements and Purposes	12/15/09	522,224.00		116,887.54					116,887.54
10-14	Various Improvements	11/09/10	386,636.00		199,751.10		15,027.78			184,723.32
11-05	Various Improvements	05/24/11	465,000.00		67,409.79		48,913.75			18,496.04
11-16	Renovation of Police Department	10/25/11	45,000.00	14,326.33			11,396.69		2,929.64	
12-07	Reconstruction of Orlando Drive	06/26/12	600,000.00			600,000.00	354,944.48			245,055.52
Local Improvements:										
93-11	Curb and Sidewalk Improvements - Gaston Avenue	10/12/93	21,000.00		7,498.80				7,498.80	
97-08	Various Capital Improvements	11/11/97	252,000.00		1,998.69				1,998.69	
98-20	Roads, Curbs and Sidewalks - Rhine Blvd.	12/15/99	145,000.00		2,569.85				2,569.85	
				\$ 125,457.96	\$ 656,240.47	\$ 600,000.00	\$ 458,197.71	\$ 19,051.26	\$ 108,684.88	\$ 795,764.58
				REF	C	C			C-C-3	C-C-5
	Deferred Charges to Future Taxation-Unfunded Capital Improvement Fund			C-5		\$ 571,000.00				
				C-8		29,000.00				
						\$ 600,000.00				
	Contract Payable Refunds			C-7			\$ 487,547.11			
				C-2			(29,349.40)			
							\$ 458,197.71			
	Capital Improvement Fund			C-8			\$ 8,844.39			
	Deferred Charges to Future Taxation-Unfunded			C-5			10,206.87			
							\$ 19,051.26			

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvements	02/01/04	\$ 2,800,000.00	08/01/13	\$ 280,000.00	3.25%	\$	\$	\$
			08/01/14	280,000.00	3.38%			
			08/01/15	280,000.00	3.50%			
						<u>1,120,000.00</u>	<u>280,000.00</u>	<u>840,000.00</u>
					<u>\$ 1,120,000.00</u>	<u>\$ 280,000.00</u>	<u>\$ 840,000.00</u>	
					<u>REF.</u>	<u>C</u>	<u>C-4</u>	<u>C</u>

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	ORIGINAL ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2011	INCREASED	DECREASED	BALANCE DECEMBER 31, 2012
03-05	Various Improvements	03/29/07	\$ 274,550.00	03/22/12	1.04%	\$ 159,548.00	\$	\$ 159,548.00	\$
04-09	Various Improvements	03/29/07	116,000.00	03/22/12	1.04%	108,045.00		108,045.00	
05-08	Various Improvements	03/29/07	325,850.00	03/22/12	1.04%	301,811.00		301,811.00	
06-16	Various Improvements	03/29/07	269,800.00	03/22/12	1.04%	252,963.00		252,963.00	
06-21	Improvements to Elizabeth Avenue	03/29/07	142,500.00	03/22/12	1.04%	135,280.00		135,280.00	
06-22	Various Improvements	03/29/07	86,450.00	03/22/12	1.04%	81,230.00		81,230.00	
07-13	Various Improvements	06/23/10	372,400.00	03/22/12	1.04%	372,400.00		372,400.00	
08-13	Various Improvements	06/23/10	275,925.00	03/22/12	1.04%	200,925.00		200,925.00	
11-05	Various Improvements	08/02/11	442,000.00	03/22/12	1.30%	442,000.00		442,000.00	
03-05	Various Improvements	03/29/07	274,550.00	03/21/13	0.79%		154,229.74		154,229.74
04-09	Various Improvements	03/29/07	116,000.00	03/21/13	0.79%		104,229.85		104,229.85
05-08	Various Improvements	03/29/07	325,850.00	03/21/13	0.79%		290,326.56		290,326.56
06-16	Various Improvements	03/29/07	269,800.00	03/21/13	0.79%		245,126.48		245,126.48
06-21	Improvements to Elizabeth Avenue	03/29/07	142,500.00	03/21/13	0.79%		131,812.00		131,812.00
06-22	Various Improvements	03/29/07	86,450.00	03/21/13	0.79%		78,644.37		78,644.37
07-13	Various Improvements	06/23/10	372,400.00	03/21/13	0.79%		372,400.00		372,400.00
08-13	Various Improvements	06/23/10	275,925.00	03/21/13	0.79%		200,925.00		200,925.00
11-05	Various Improvements	08/02/11	442,000.00	03/21/13	0.79%		442,000.00		442,000.00
						<u>\$ 2,054,202.00</u>	<u>\$ 2,019,694.00</u>	<u>\$ 2,054,202.00</u>	<u>\$ 2,019,694.00</u>
					REF.	C	C-2		C:C-5
	Disbursements				C-2			\$ 2,019,693.00	
	Paid by Budget Appropriations				C-5			<u>34,509.00</u>	
								<u>\$ 2,054,202.00</u>	

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL RESERVES

	BALANCE DECEMBER 31, 2011	<u>INCREASED</u>	<u>DECREASED</u>
Preliminary Expenses-Building Renovations of 16 Anderson Street	\$ 595.27	\$ 10,258.84	\$ 10,854.11
Preliminary Expenses-Building Renovations of the Municipal Building and Public Library	<u>2,550.52</u>	<u>                    </u>	<u>2,550.52</u>
	<u>\$ 3,145.79</u>	<u>\$ 10,258.84</u>	<u>\$ 13,404.63</u>
	<u>REF.</u>	<u>C</u>	<u>C-8</u>
Capital Improvement Fund	C-8		\$ 3,145.79
Contracts Payable	C-7		<u>10,258.84</u>
			<u>\$ 13,404.63</u>

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE, DECEMBER 31, 2012</u>	
		<u>CAPITAL FUND</u>	<u>ASSESSMENT TRUST FUND</u>
<u>General Improvements:</u>			
08-13	Various Improvements	\$ 75,000.00	\$
09-09	Various Improvements	496,062.00	
10-14	Various Improvements	367,304.00	
12-07	Reconstruction of Orlando Drive	571,000.00	
<u>Local Improvements:</u>			
91-09	Curbs and Sidewalks		2.18
91-09	Curbs and Sidewalks - Canceled Assessment		1,921.14
95-08	Various Local Improvements		2,901.07
95-08	Various Local Improvements - Assessment Liens		2,873.63
97-08	Various Local Improvements		1,842.50
98-20	Curbs and Sidewalks		2,245.67
		<u>\$ 1,509,366.00</u>	<u>\$ 11,786.19</u>

BOROUGH OF RARITAN

PART II

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

SCHEDULES OF EXPENDITURES OF FEDERAL  
AWARDS AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Raritan  
County of Somerset  
Raritan, New Jersey 08869

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Raritan, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated May 21, 2013. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Raritan prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

# SUPLEE, CLOONEY & COMPANY

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 21, 2013

BOROUGH OF RARITAN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2012

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL C.F.D.A. NUMBER</u>	<u>GRANTOR'S NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>GRANT PERIOD</u>		<u>2012 RECEIPTS</u>	<u>2012 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2012</u>
				<u>FROM</u>	<u>TO</u>			
<u>U.S. Department of Homeland Security</u>								
<u>PASS THROUGH FROM COUNTY OF SOMERSET</u>								
Disaster Assistance	97.048		\$ 1,116.80	01/01/11	12/31/11	\$ -0-	\$ -0-	\$ -0-
<u>U.S. Department of Justice</u>								
<u>PASS THROUGH FROM STATE OF NEW JERSEY</u>								
STOP Violence Against Women	16.588	15-404-0-1-754	\$ 20,000.00	01/01/01	12/31/01	\$	\$	\$ 18,116.94
Bulletproof Vest Partnership	16.607	N/A	2,229.50		Continuous		1,301.42	1,301.42
COPS in Shops	16.727	1400-100-066-014-YABC-6020	67,514.75		Continuous	1,011.04	3,797.31	66,577.79
						\$ 1,011.04	\$ 5,098.73	\$ 85,996.15
<u>U.S. Department of Housing and Urban Development</u>								
<u>PASS THROUGH FROM COUNTY OF SOMERSET</u>								
Community Development Block Grants:								
Police ADA Improvements	14.218	X1691-16	\$ 38,670.00	09/01/09	08/31/10	\$	\$ 913.50	\$ 38,670.00
Improvements to Third Street	14.218	U1601-16	55,000.00	09/01/10	08/31/11	55,000.00		55,000.00
Sanitary Sewer Rehabilitation - 2011	14.218	U1611-16	100,000.00	09/01/11	08/31/12		84,807.13	84,807.13
Sidewalk Improvements - 2012	14.218	U1621-16	100,000.00	09/01/12	08/31/13		1,984.50	1,984.50
						\$ 55,000.00	\$ 87,705.13	\$ 180,461.63
					<u>TOTAL</u>	\$ 56,011.04	\$ 92,803.86	\$ 266,457.78

BOROUGH OF RARITAN  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2012

<u>STATE GRANTOR DEPARTMENT/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>2012 RECEIPTS</u>	<u>2012 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2012</u>
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>					
Drunk Driving Enforcement Fund - 2010	6400-100-078-6400-YYYY	\$ 4,182.95	\$	\$ 2,604.05	\$ 2,675.38
Drunk Driving Enforcement Fund - 2011	6400-100-078-6400-YYYY	5,798.87			
Drunk Driving Enforcement Fund - Unappropriated	6400-100-078-6400-YYYY	10,665.00	10,665.00		
Over The Limit, Under Arrest	1160-100-166-1160-125-YHTS-6020	1,400.00		1,042.49	1,042.49
Body Armor Replacement Program - Prior	1020-718-066-1020-001-YCJS-6120	10,549.29			9,102.30
Body Armor Replacement Program - 2010	1020-718-066-1020-001-YCJS-6120	939.52			
Body Armor Replacement Program - 2011	1020-718-066-1020-001-YCJS-6120	1,840.40			
Body Armor Replacement Program - 2012	1020-718-066-1020-001-YCJS-6120	2,033.73			
Body Armor Replacement Program - Unappropriated	1020-718-066-1020-001-YCJS-6120	2,076.18	2,076.18		
Click-It or Ticket - 2008	1160-100-066-1160-113-YHTS-6020	2,800.00			
Drive Sober or Get Pulled Over - Unappropriated		3,761.66	3,761.66		
Alcohol Education Rehabilitation Fund	9735-760-098-Y9//001-X100-6020	3,518.27		2,398.87	2,398.87
Alcohol Education Rehabilitation Fund - Unappropriated	9735-760-098-Y9//001-X100-6020	4,047.23	4,047.23		
			<u>\$ 20,550.07</u>	<u>\$ 6,045.41</u>	<u>\$ 15,219.04</u>
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>					
Clean Communities Program	4900-765-042-4900-004-VCMC-6020	10,197.86	\$ 10,197.86	\$	\$
Recycling Tonnage Grant - 2011	4900-752-042-4900-001-V42Y-6020	17,899.67		5,616.12	10,255.50
Recycling Tonnage Grant - 2012	4900-752-042-4900-001-V42Y-6020	5,616.12			
Recycling Tonnage Grant - Unappropriated	4900-752-042-4900-001-V42Y-6020	5,428.86		5,428.86	
			<u>\$ 15,626.72</u>	<u>\$ 5,616.12</u>	<u>\$ 10,255.50</u>
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>					
Historic Preservation Trust - Relief Hose Co. No. 2	8049-734-022-8049-001-F000-6130	577,138.00	\$ 482,439.03	\$	\$ 577,138.00
Historical Library Grant		264,075.00		28,934.20	97,271.53
			<u>\$</u>	<u>\$ 28,934.20</u>	<u>\$ 674,409.53</u>
<u>DEPARTMENT OF TRANSPORTATION</u>					
<u>Transportation Trust - Municipal Aid Program</u>					
Loomis Street		117,000.00	\$	\$	\$ 94,066.20
Meehan Avenue		150,000.00			141,817.26
Wall Street		150,000.00			149,237.00
Thompson Street	08-480-078-6320-AJ3-6010	130,000.00			105,270.27
Johnson Drive	10-480-078-6320-AKN-6010	200,000.00	137,267.25	12,870.00	198,839.10
LaGrange Street Improvements	11-480-078-6320-AK3-6010	175,000.00	131,250.00	166,441.00	166,441.00
Orlando Drive		222,779.00		222,779.00	222,779.00
<u>Local Aid Infrastructure Fund Program</u>					
Reconstruction of Orlando Drive		51,800.00		51,800.00	51,800.00
			<u>\$ 268,517.25</u>	<u>\$ 453,890.00</u>	<u>\$ 1,130,249.83</u>
<b>TOTAL</b>			<u>\$ 304,694.04</u>	<u>\$ 494,485.73</u>	<u>\$ 1,830,133.90</u>

BOROUGH OF RARITAN

NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2012

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all federal and state financial assistance programs of the Borough of Raritan, County of Somerset, New Jersey. All federal and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial report.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. All of these amounts are reported in either the Grant Fund or the Trust Fund.

Receipts:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$1,011.04	\$304,694.04	\$607,111.37	\$912,816.45
Trust Fund	<u>55,000.00</u>	<u>                    </u>	<u>                    </u>	<u>55,000.00</u>
	<u>\$56,011.04</u>	<u>\$304,694.04</u>	<u>\$607,111.37</u>	<u>\$967,816.45</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$5,098.73	\$494,485.73	\$32,675.87	\$532,260.33
Trust Fund	<u>87,705.13</u>	<u>                    </u>	<u>                    </u>	<u>87,705.13</u>
	<u>\$92,803.86</u>	<u>\$494,485.73</u>	<u>\$32,675.87</u>	<u>\$619,965.46</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedules.

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PART III

BOROUGH OF RARITAN

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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

	YEAR 2012		YEAR 2011	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 990,000.00	3.27%	\$ 1,090,000.00	3.71%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,254,122.09	10.74%	2,394,323.46	8.15%
Collections of Delinquent Taxes and Tax Title Liens	329,603.50	1.09%	314,750.70	1.07%
Collections of Current Tax Levy	25,718,424.61	84.90%	25,596,071.77	87.07%
<u>Total Income</u>	<u>\$ 30,292,150.20</u>	<u>100.00%</u>	<u>\$ 29,395,145.93</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 9,847,212.96	33.71%	\$ 9,717,950.78	34.33%
Regional School Taxes	14,744,961.70	50.47%	14,500,835.88	51.22%
County Taxes	4,027,153.13	13.78%	4,085,886.77	14.43%
Other Expenditures	596,314.94	2.04%	6,231.84	0.02%
<u>Total Expenditures</u>	<u>\$ 29,215,642.73</u>	<u>100.00%</u>	<u>\$ 28,310,905.27</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,076,507.47		\$ 1,084,240.66	
Fund Balance, January 1	1,340,816.82		1,346,576.16	
	\$ 2,417,324.29		\$ 2,430,816.82	
Less: Utilization as Anticipated Revenue	990,000.00		1,090,000.00	
Fund Balance, December 31	<u>\$ 1,427,324.29</u>		<u>\$ 1,340,816.82</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$2.287</u>	<u>\$2.271</u>	<u>\$2.248</u>
Appointment of Tax Rate:			
Municipal	\$0.640	\$0.641	\$0.621
County	0.321	0.324	0.319
Open Space - County	0.033	0.035	0.037
Regional School	<u>1.293</u>	<u>1.271</u>	<u>1.271</u>

Assessed Valuation:

2012	\$ <u>1,140,777,311.00</u>		
2011		\$ <u>1,141,201,726.00</u>	
2010			\$ <u>1,140,949,392.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2011	\$26,090,423.04	\$25,718,424.61	98.57%
2011	\$25,951,691.41	\$25,596,071.77	98.62%
2010	\$25,675,260.80	\$25,353,185.15	98.74%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2012	\$80,545.94	\$329,761.29	\$410,307.23	1.57%
2011	\$59,204.45	\$334,842.80	\$394,047.25	1.52%
2010	\$55,314.23	\$315,673.47	\$370,987.70	1.44%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2012 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2012	\$1,235.00
2011	\$1,235.00
2010	\$1,235.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2012	\$1,427,324.29	\$1,040,000.00
	2011	1,340,816.82	990,000.00
	2010	1,346,576.16	1,090,000.00
	2009	1,414,597.94	990,000.00
	2008	1,427,095.55	900,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Jo-Ann Liptak	Mayor		
Stefanie Gara	President of Council		
Denise Carra	Councilwoman		
Paul Giraldi	Councilman		
Greg Lobell	Councilman		
Anthony Soriano	Councilman		
Donald Tozzi	Councilman		
Daniel Jaxel	Administrator and Officer for Searches for Municipal Improvements	\$20,000.00	Selective Risks Insurance Company
Karin Kneafsey	Certified Finance Officer	\$50,000.00	Selective Risks Insurance Company
Lisa Simonetti	Tax Collector, Tax Search Officer	\$150,000.00	Selective Risks Insurance Company
Rayna Harris	Borough Clerk/ Health License Clerk, Deputy Registrar	\$25,000.00	Selective Risks Insurance Company

OFFICIALS IN OFFICE AND SURETY BONDS (CONTINUED)

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
William T. Kelleher Jr.	Municipal Magistrate To April 3, 2012	**	
Robert Foley	Municipal Magistrate From April 3, 2012	**	
Linda Lella	Court Administrator	**	
Marina Balogh	Deputy Court Administrator	**	
Mark Anderson	Borough Attorney	*	
Lou Gara	Construction Code Official	*	
Stanley Schrek	Borough Engineer	*	
Connie Del Rocco	Registrar of Vital Statistics	*	
Michael Ciesla	Police Chief	*	
Glen Stives	Tax Assessor	*	
John Horensky	Health Officer	*	

\* Public Employees Dishonesty Blanket Position Bond in force covering each employee for \$25,000.00 (Selective Insurance Company).

\*\* Municipal Court Employees Faithful Performance Blanket Position Bond in force covering each Municipal Court employee for \$35,000.00 (Selective Insurance Company).

COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for the sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (c.40A:11-3), except by contract or agreement."

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$36,000.00. The governing body, on October 25, 2011 established a bid threshold of \$26,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$26,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Sanitary Sewer System	Reconstruction of LaGrange Street
Reconstruction of Orlando Drive	Elevator Subcode Inspection

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.

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

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" were awarded during 2012 for the following professional services:

- Borough Attorney
- Borough Auditor
- Borough Engineer
- Bond Counsel
- Borough Prosecutor
- Public Defender
- Architectural Services

## COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 2, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year. The rate of interest to be charged for delinquent sewer fees will be 12%.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Raritan, County of Somerset, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency. Furthermore, the Collector is directed to charge 12% interest for delinquent sewer fees.
2. Effective January 1, 2010 there will be a ten (10) day grace period on quarterly tax payments.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on November 20, 2012 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2012	4
2011	3
2010	3

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payments of 2013 Taxes	50
Payments of 2012 Taxes	50
Delinquent Taxes	25

## OTHER COMMENTS

### Interfund Balances

Reference to the various balance sheets show the interfund balances remaining at year end. Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus, creating interfund balances. As a general rule all interfund balances should be closed at the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

### General Ledger

A Current Fund General Ledger was not completely maintained in accordance with the Division of Local Government Services Technical Accounting Directive No. 85-3.

### Bank Reconciliations

Not all bank accounts were reconciled to the books of original entry on a timely basis.

### Other Departments

The audit of the condition of records maintained by the various departments of the Borough were designed to determine whether minimum levels of internal controls and accountability were maintained, that cash receipts were deposited or turned over to the Treasurer within 48 hours per N.J.S.A. 40A:5-15 and that the amounts collected were in accordance with various ordinances, statutes, contracts or agreements. Our audit revealed the following exceptions:

Funds collected by Borough Recreation., Police and Fire Marshall Departments were not always deposited within 48 hours.

### Purchasing

We noted that a Certification of Availability of Funds was not obtained from the Chief Financial Officer prior to the awarding of some contracts over the bid threshold.

We noted that not all contracts over the bid threshold were awarded with a definite amount or a not to exceed amount by resolution of the governing body.

## RECOMMENDATIONS

\*That a Current Fund General Ledger be completely maintained in accordance with Technical Accounting Directive No. 85-3.

That all bank accounts be reconciled to the books of original entry on a timely basis.

\*That all Borough funds collected by departments be deposited in the bank within 48 hours of receipt.

\*That a certification of funds be prepared for all Contracts awarded over the bid threshold.

\*That all purchases made over the bid threshold be awarded by resolution of the governing body with a definite amount or a not to exceed amount.

\*Unresolved 2011 Audit Recommendations

