

*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, 2017*



BOROUGH OF RARITAN

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BOROUGH OF RARITAN

PART I

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

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

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017 AND 2016



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017 and 2016, the related statements 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, 2017, 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 Borough of Raritan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Raritan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the 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, 2017 and 2016, 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, 2017.

### ***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, 2017 and 2016, 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, 2017 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.

# SUPLEE, CLOONEY & COMPANY

## **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, supplementary information and schedule of expenditures of state financial assistance and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 4, 2018 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. 419

May 4, 2018



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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, 2017, 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 4, 2018. 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 Borough of Raritan's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **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*.

## **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 Borough of Raritan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Raritan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 419

May 4, 2018

CURRENT FUND

BOROUGH OF RARITAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>ASSETS</u>			
Current Fund:			
Cash-Treasurer	A-4	\$ 5,860,529.76	\$ 4,891,290.72
Cash-Change Fund	A-6	400.00	400.00
Cash-Petty Cash Fund	A-5	300.00	
Due from State of NJ - Senior Citizen & Veteran Deductions	A-18	40,461.78	35,526.98
		<u>\$ 5,901,691.54</u>	<u>\$ 4,927,217.70</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 202,387.67	\$ 218,466.26
Tax Title Liens Receivable	A-9	44,850.87	38,143.83
Property Acquired for Taxes-Assessed Value	A-10	73,777.93	73,777.93
Revenue Accounts Receivable	A-11	42,725.78	23,082.62
Interfunds Receivable	A-14	320,253.46	150,950.80
Prepaid Regional School Taxes	A-20	29,792.38	
	A	<u>\$ 713,788.09</u>	<u>\$ 504,421.44</u>
		<u>\$ 6,615,479.63</u>	<u>\$ 5,431,639.14</u>
Grant Fund:			
Grants Receivable	A-21	<u>\$ 957,085.89</u>	<u>\$ 1,208,179.52</u>
		<u>\$ 957,085.89</u>	<u>\$ 1,208,179.52</u>
	A	<u>\$ 7,572,565.52</u>	<u>\$ 6,639,818.66</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, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-15	\$ 1,592,477.85	\$ 1,244,680.66
Accounts Payable	A-7	169,348.23	134,174.46
Prepaid Taxes	A-13	767,048.58	110,379.57
Tax Overpayments	A-12	71,483.20	117,049.31
Interfunds Payable	A-14		21,195.64
Reserve For:			
Sale of Municipal Assets	A-16	37,484.73	37,484.73
Tax Appeals	A-17	140,617.69	155,036.94
County Taxes Payable	A-19		1,050.46
Regional High School Tax Payable	A-20		89,931.64
		<u>\$ 2,778,460.28</u>	<u>\$ 1,910,983.41</u>
Reserve for Receivables and Other Assets	A	713,788.09	504,421.44
Fund Balance	A-1	<u>3,123,231.26</u>	<u>3,016,234.29</u>
		<u>\$ 6,615,479.63</u>	<u>\$ 5,431,639.14</u>
Grant Fund:			
Due Current Fund	A-24	\$ 242,239.25	\$ 144,405.69
Grants-Unappropriated	A-23	21,338.18	7,548.18
Grants-Appropriated	A-22	644,799.46	802,600.07
Accounts Payable	A-7	48,709.00	253,625.58
		<u>\$ 957,085.89</u>	<u>\$ 1,208,179.52</u>
	A	<u>\$ 7,572,565.52</u>	<u>\$ 6,639,818.66</u>

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

BOROUGH OF RARITANCURRENT FUNDSTATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2017</u>	<u>YEAR ENDED DECEMBER 31, 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,567,750.00	\$ 2,005,000.00
Miscellaneous Revenue Anticipated	A-2	1,812,166.71	1,716,513.68
Receipts From Delinquent Taxes	A-2	141,254.75	336,324.53
Receipts From Current Taxes	A-2	28,309,392.33	27,470,075.83
Non-Budget Revenue	A-2	321,985.29	346,964.62
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	1,123,603.78	927,971.26
Accounts Payable Canceled			12,561.24
Reserves Canceled		29,342.38	16,810.00
Reserve for Length of Service Award Canceled			2,000.00
Grant Reserves Canceled	A-22	0.80	6,006.70
Interfunds Returned			166,257.98
	<u>TOTAL INCOME</u>	<u>\$ 33,305,496.04</u>	<u>\$ 33,006,485.84</u>
<u>EXPENDITURES</u>			
Budget and Emergency Authorizations:			
Appropriations Within "CAPS":			
Operations	A-3	\$ 7,631,163.00	\$ 7,498,987.00
Deferred Charges and Statutory Expenditures	A-3	774,291.00	748,755.00
Appropriations Excluded From "CAPS":			
Operations	A-3	1,866,679.86	1,847,605.88
Capital Improvements	A-3	56,000.00	36,000.00
Municipal Debt Service	A-3	393,040.00	399,105.71
Deferred Charges	A-3		766.00
Judgements	A-3		650,000.00
County Taxes	A-19	4,417,626.63	4,352,202.09
Regional School Taxes	A-20	16,292,566.00	15,678,783.00
Prepaid School Tax		29,792.38	
Refund of Prior Year Revenue	A-4	287.54	149.73
Interfunds Advanced		169,302.66	
Accounts Receivable Canceled			104,473.45
	<u>TOTAL EXPENDITURES</u>	<u>\$ 31,630,749.07</u>	<u>\$ 31,316,827.86</u>
Excess in Revenue		\$ 1,674,746.97	\$ 1,689,657.98
Fund Balance, January 1	A	<u>3,016,234.29</u>	<u>3,331,576.31</u>
		\$ 4,690,981.26	\$ 5,021,234.29
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>1,567,750.00</u>	<u>2,005,000.00</u>
Fund Balance, December 31	A	<u>\$ 3,123,231.26</u>	<u>\$ 3,016,234.29</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, 2017

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,567,750.00		\$ 1,567,750.00	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-11	\$ 16,500.00	\$	\$ 20,375.00	\$ 3,875.00
Other Licenses	A-2	10,500.00		15,123.00	4,623.00
Fees and Permits:					
Construction Code Official	A-2	150,000.00		181,292.00	31,292.00
Other	A-2	110,000.00		84,117.57	(25,882.43)
Municipal Court - Fines and Costs	A-11	100,000.00		130,634.96	30,634.96
Interest and Costs on Taxes	A-11	55,000.00		62,300.26	7,300.26
Interest on Investments and Deposits	A-11	2,000.00		4,086.22	2,086.22
Parking Lot Revenues	A-2	110,000.00		129,321.29	19,321.29
Consolidated Municipal Property Tax Relief Aid	A-11	42,487.00		39,089.00	(3,398.00)
Energy Receipts Tax	A-11	619,949.00		623,347.00	3,398.00
Alcohol Education Rehabilitation Fund	A-21	966.90		966.90	
Clean Communities Program	A-21		13,265.16	13,265.16	
New Jersey DOT Municipal Aid Program	A-21		245,000.00	245,000.00	
Body Armor Replacement Fund	A-21	2,023.77		2,023.77	
Drunk Driving Enforcement Fund	A-21	4,557.51		4,557.51	
Uniform Fire Safety Act	A-11	19,000.00		22,370.74	3,370.74
Capital Fund Balance	A-11	10,000.00		10,000.00	
Sewer Use Charges Receivable	A-11	65,000.00		199,824.33	134,824.33
Fire Prevention Fees - Non Life Hazard Fees	A-11	15,000.00		24,472.00	9,472.00
<u>Sub-Total Miscellaneous Revenues</u>	A-1	\$ 1,332,984.18	\$ 258,265.16	\$ 1,812,166.71	\$ 220,917.37
Receipts From Delinquent Taxes	A-1	\$ 218,000.00		\$ 141,254.75	\$ (76,745.25)
Amount to be Raised by Taxes for Support of Municipal Budget: Local Tax for Municipal Purposes	A-8:A-2	\$ 7,779,234.52		\$ 8,034,199.70	\$ 254,965.18
<u>Budget Totals</u>		\$ 10,897,968.70	\$ 258,265.16	\$ 11,555,371.16	\$ 399,137.30
Non-Budget Revenues	A-1:A-2			321,985.29	321,985.29
		\$ 10,897,968.70	\$ 258,265.16	\$ 11,877,356.45	\$ 721,122.59
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, 2017

REF.

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

Revenue From Collections	A-1:A-8:A-17	\$	28,309,392.33
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Allocated To:

Regional School Taxes		\$	16,292,566.00
County Taxes			<u>4,417,626.63</u>
			<u>20,710,192.63</u>

Balance for Support of Municipal Budget

Appropriations		\$	7,599,199.70
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>435,000.00</u>

Amount for Support of Municipal Budget

Appropriations	A-2	\$	<u><u>8,034,199.70</u></u>
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Other Licenses:

Borough Clerk	A-11	\$	5,125.00
Registrar	A-11		168.00
Board of Health	A-11		<u>9,830.00</u>
	A-2	\$	<u><u>15,123.00</u></u>

Fees and Permits-Other:

Borough Clerk	A-11	\$	12,836.27
Registrar	A-11		10,283.00
Board of Health	A-11		2,173.00
Police Department	A-11		546.30
Fire Department	A-11		5,583.00
Construction Rental Registration	A-11		41,640.00
Construction Non UCC Fees	A-11		<u>11,522.00</u>

Less: Refunds

	A-4	\$	<u>466.00</u>
	A-2	\$	<u><u>84,117.57</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, 2017

	<u>REF.</u>		
Parking Lot Revenues	A-11	\$	130,005.29
Less: Refunds	A-4		<u>684.00</u>
	A-2	\$	<u><u>129,321.29</u></u>

ANALYSIS OF NON-BUDGET REVENUE

Senior Citizens' and Veterans' Administrative Fee		\$	1,015.95
Police Outside Services-Borough's Share			21,055.29
Cable TV Franchise Fees			54,820.00
Verizon TV			39,166.94
Corporate Car Wash			11,427.00
Auction			2,961.58
State Hotel Fees			2,253.54
Golf Range Fees			10,500.00
Miscellaneous			85,982.39
Miscellaneous - Tax Collector			9,648.23
LOSAP Reimbursement			11,620.58
Reimbursement of Costs			64,303.19
Police Reports-Car Fax			<u>3,875.00</u>
Excess Animal Control Reserve	A-4	\$	<u>318,629.69</u>
			<u>3,355.60</u>
	A-2	\$	<u><u>321,985.29</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, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 228,250.00	\$ 228,250.00	\$ 211,194.26	\$ 17,055.74	\$
Other Expenses	72,000.00	72,000.00	44,565.50	27,434.50	
Township Clerk:					
Salaries and Wages	70,510.00	70,510.00	62,688.99	7,821.01	
Other Expenses	34,500.00	34,500.00	22,604.27	11,895.73	
Elections:					
Other Expenses	2,300.00	2,300.00	1,823.06	476.94	
Financial Administration:					
Salaries and Wages	79,030.00	81,030.00	79,028.02	2,001.98	
Other Expenses	17,000.00	24,000.00	21,035.56	2,964.44	
Audit Services	56,125.00	56,125.00	55,300.00	825.00	
Assessment of Taxes:					
Salaries and Wages		28,000.00		28,000.00	
Other Expenses	69,420.00	41,420.00	38,231.37	3,188.63	
Collection of Taxes:					
Salaries and Wages	45,710.00	45,710.00	40,731.80	4,978.20	
Other Expenses	12,000.00	14,000.00	13,840.64	159.36	
Tax Sale:					
Other Expenses	900.00	900.00	881.26	18.74	
Liquidation of TTL's	200.00	200.00		200.00	
Legal Services and Costs:					
Other Expenses - Misc	150,000.00	150,000.00	105,940.63	44,059.37	
Other Expenses - Arbitration	15,000.00	15,000.00		15,000.00	
Municipal Court:					
Salaries and Wages	117,830.00	123,830.00	117,819.66	6,010.34	
Other Expenses	17,400.00	18,400.00	17,225.10	1,174.90	
Municipal Prosecutor:					
Other Expenses	13,500.00	13,500.00	8,333.28	5,166.72	
Municipal Public Defender:					
Other Expenses	7,250.00	7,250.00	5,729.13	1,520.87	
Engineering Services and Costs:					
Other Expenses	53,500.00	53,500.00	42,553.50	10,946.50	
Public Buildings:					
Salaries and Wages	29,920.00	29,920.00	24,166.85	5,753.15	
Other Expenses	80,500.00	80,500.00	76,780.13	3,719.87	
Public Grounds:					
Other Expenses	2,000.00	2,000.00	2,000.00		
Other Expenses - NJ Transit Corporation Lease	55,000.00	55,000.00	55,000.00		
<u>PUBLIC SAFETY</u>					
Planning Board:					
Other Expenses - Miscellaneous	25,000.00	25,000.00	22,806.99	2,193.01	
Other Expenses - Master Plan	15,500.00	15,500.00	7,744.74	7,755.26	
Environmental Commission:					
Salaries and Wages	1,220.00	1,220.00	1,219.40	0.60	
Other Expenses	1,000.00	1,000.00		1,000.00	
League of Municipalities:					
Other Expenses	5,000.00	5,000.00	2,214.00	2,786.00	
Industrial Commission:					
Other Expenses	25.00	25.00		25.00	
Insurance:					
Surety Bond Premiums	1,330.00	1,330.00	1,330.00		
Group Insurance for Employees	1,280,000.00	1,280,000.00	1,140,573.40	139,426.60	
Other Insurance	281,870.00	281,870.00	201,530.00	80,340.00	
Worker's Compensation Insurance	122,152.00	122,152.00	122,152.00		
Fire:					
Salaries and Wages	350.00	350.00		350.00	
Rent Fire House	13,000.00	13,000.00	13,000.00		
Other Expenses	66,200.00	66,200.00	65,696.87	503.13	
Uniform Fire Safety Act:					
Salaries and Wages	43,400.00	43,400.00	30,563.39	12,836.61	
Other Expenses	15,330.00	15,330.00	9,362.86	5,967.14	

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, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>PUBLIC SAFETY (CONTINUED)</u>					
Police:					
Salaries and Wages	\$ 1,998,240.00	\$ 1,998,240.00	\$ 1,724,950.16	\$ 273,289.84	\$
Other Expenses	176,330.00	176,330.00	163,459.63	12,870.37	
Contract with Regional School Board of Education for Transportation of Local Pupils	46,596.00	46,596.00	46,596.00		
Ambulance Services - Contractual	17,500.00	17,500.00	17,500.00		
Emergency Management Services:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Road Repairs and Maintenance:					
Salaries and Wages	279,660.00	279,660.00	223,641.74	56,018.26	
Other Expenses - Miscellaneous	40,040.00	40,040.00	33,306.74	6,733.26	
<u>STREETS AND ROADS</u>					
Snow Removal:					
Salaries and Wages	50,000.00	50,000.00	7,462.72	42,537.28	
Other Expenses	20,000.00	20,000.00	9,050.19	10,949.81	
Shade Tree:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Garbage and Trash:					
Salaries and Wages	504,260.00	504,260.00	398,877.80	105,382.20	
Other Expenses	429,200.00	406,400.00	354,974.24	51,425.76	
Board of Health:					
Salaries and Wages	1,220.00	1,220.00	1,220.00		
Other Expenses	71,110.00	71,110.00	68,759.97	2,350.03	
Dog Regulation:					
Other Expenses	20,000.00	20,000.00	17,040.00	2,960.00	
Vital Statistics:					
Salaries and Wages	12,560.00	13,360.00	12,921.44	438.56	
Other Expenses	3,000.00	3,000.00	892.48	2,107.52	
Aid to Association for Disabled Citizens	500.00	500.00		500.00	
Parks and Playgrounds:					
Salaries and Wages	62,500.00	62,500.00	56,445.31	6,054.69	
Other Expenses	28,675.00	28,675.00	22,281.47	6,393.53	
Other Expenses - Youth Services	1,000.00	1,000.00		1,000.00	
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses - Parade	24,000.00	24,000.00	20,636.05	3,363.95	
Contribution to Senior Citizens Center	6,000.00	6,000.00	6,000.00		
Historical Committee:					
Other Expenses	1,000.00	1,000.00	577.71	422.29	
Economic Development Committee:					
Other Expenses- Committee	500.00	500.00		500.00	
Other Expenses- Consultant	30,000.00	30,000.00	14,384.00	15,616.00	
State Uniform Construction Code:					
Construction Official:					
Salaries and Wages	95,440.00	95,440.00	89,528.09	5,911.91	
Other Expenses	10,000.00	10,000.00	9,597.47	402.53	
Property Maintenance Code Official:					
Salaries and Wages	82,720.00	82,720.00	73,324.43	9,395.57	
Other Expenses	10,000.00	10,000.00	9,521.61	478.39	
Unclassified:					
Gasoline	90,000.00	90,000.00	33,690.64	56,309.36	
Electricity	70,000.00	70,000.00	51,709.22	18,290.78	
Telephone, Telegraph and Pagers	45,000.00	45,000.00	39,891.98	5,108.02	
Natural Gas	15,000.00	15,000.00	4,696.89	10,303.11	
Heating Oil	22,000.00	22,000.00	7,175.05	14,824.95	
Street Lighting	123,000.00	123,000.00	97,981.18	25,018.82	
Fire Hydrant Services	110,000.00	110,000.00	108,000.00	2,000.00	
Water	11,000.00	11,000.00	10,526.55	473.45	
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, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 7,630,163.00	\$ 7,626,163.00	\$ 6,413,177.42	\$ 1,212,985.58	\$
<u>CONTINGENT</u>	5,000.00	5,000.00	793.19	4,206.81	
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	\$ 7,635,163.00	\$ 7,631,163.00	\$ 6,413,970.61	\$ 1,217,192.39	\$
Detail:					
Salaries and Wages	\$ 3,702,820.00	\$ 3,711,620.00	\$ 3,155,784.06	\$ 555,835.94	\$
Other Expenses	3,932,343.00	3,919,543.00	3,258,186.55	661,356.45	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Police and Firemen's Retirement System of New Jersey	\$ 417,490.00	\$ 417,490.00	\$ 417,490.00	\$	\$
Public Employment Retirement System of New Jersey	184,301.00	184,301.00	184,301.00		
Social Security System (O.A.S.I.)	167,300.00	170,300.00	153,076.04	17,223.96	
Defined Contribution Retirement Plan (DCRP)	1,200.00	2,200.00	1,572.31	627.69	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>	\$ 770,291.00	\$ 774,291.00	\$ 756,439.35	\$ 17,851.65	\$
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	\$ 8,405,454.00	\$ 8,405,454.00	\$ 7,170,409.96	\$ 1,235,044.04	\$
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Sewerage Authority - Share of Costs	\$ 1,153,900.00	\$ 1,153,900.00	\$ 825,730.16	\$ 328,169.84	\$
Maintenance of Free Public Library	412,147.52	412,147.52	403,645.18	8,502.34	
Length of Service Award (LOSAP)	18,000.00	18,000.00	5,434.37	12,565.63	
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 1,584,047.52	\$ 1,584,047.52	\$ 1,234,809.71	\$ 349,237.81	\$
<u>INTERLOCAL AGREEMENT CODE ENFORCEMENT</u>					
Regional Center Partnership/Plan Study					
Interlocal Bridgewater Electric Subcode	\$ 15,000.00	\$ 15,000.00	\$ 6,804.00	\$ 8,196.00	\$
<u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>	\$ 15,000.00	\$ 15,000.00	\$ 6,804.00	\$ 8,196.00	\$
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Clean Communities Program (N.J.S.A. 40A:4-87 +\$13,265.16)	\$	\$ 13,265.16	\$ 13,265.16	\$	\$
Drunk Driving Enforcement Fund	4,557.51	4,557.51	4,557.51		
Body Armor Replacement Fund	2,023.77	2,023.77	2,023.77		
NJDOT Thompson and Anderson (N.J.S.A. 40A:4-87 +\$245,000.00)		245,000.00	245,000.00		
Alcohol Education Rehabilitation Fund	966.90	966.90	966.90		
Municipal Alliance Grant	1,819.00	1,819.00	1,819.00		
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>	\$ 9,367.18	\$ 267,632.34	\$ 267,632.34	\$	\$
<u>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</u>	\$ 1,608,414.70	\$ 1,866,679.86	\$ 1,509,246.05	\$ 357,433.81	\$

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, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 56,000.00	\$ 56,000.00	\$ 56,000.00	\$	\$
<u>TOTAL CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"</u>	\$ 56,000.00	\$ 56,000.00	\$ 56,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 315,000.00	\$ 315,000.00	\$ 315,000.00	\$	\$
Interest on Bonds	78,100.00	78,100.00	78,040.00		60.00
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	\$ 393,100.00	\$ 393,100.00	\$ 393,040.00	\$	\$ 60.00
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	\$ 2,057,514.70	\$ 2,315,779.86	\$ 1,958,286.05	\$ 357,433.81	\$ 60.00
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	\$ 10,462,968.70	\$ 10,721,233.86	\$ 9,128,696.01	\$ 1,592,477.85	\$ 60.00
	435,000.00	435,000.00	435,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 10,897,968.70	\$ 11,156,233.86	\$ 9,563,696.01	\$ 1,592,477.85	\$ 60.00
<u>REF</u>	A-2		A-1	A:A-1	
Amendment by (N.J.S.A. 40A:4-87)	A-2	\$ 258,265.16			
Budget	A-3	10,897,968.70			
		\$ 11,156,233.86			
Reserve for Uncollected Taxes	A-2		\$ 435,000.00		
Reserve for Grants Appropriated	A-22		267,632.34		
Disbursements	A-4		9,008,769.81		
Accounts Payable	A-7		132,519.39		
			\$ 9,843,921.54		
Less: Refunds	A-4		280,225.53		
			\$ 9,563,696.01		

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

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TRUST FUND

BOROUGH OF RARITAN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>ASSETS</u>			
Assessment Fund:			
Prospective Assessments Funded	B-22	\$ 200,000.00	\$ 200,000.00
Assessments Receivable	B-3	1,247.68	1,340.68
Assessment Liens	B-4	<u>3,393.63</u>	<u>3,393.63</u>
	B	\$ <u>204,641.31</u>	\$ <u>204,734.31</u>
Animal Control Fund:			
Cash	B-2	\$ 10,710.10	\$ 10,982.46
Due Trust Other Fund	B-13	<u>                    </u>	<u>9.00</u>
	B	\$ <u>10,710.10</u>	\$ <u>10,991.46</u>
Other Funds:			
Cash	B-2	\$ 1,087,579.43	\$ 910,819.92
Due Current Fund	B-11	<u>                    </u>	<u>20,591.23</u>
Community Development Block Grants Receivable	B-8	<u>66,034.63</u>	<u>13,955.42</u>
	B	\$ <u>1,153,614.06</u>	\$ <u>945,366.57</u>
		\$ <u>1,368,965.47</u>	\$ <u>1,161,092.34</u>

BOROUGH OF RARITAN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Due Current Fund	B-11	\$ 2,677.05	\$ 2,770.05
Assessment Overpayments	B-20	63.61	63.61
Reserve for:			
Assessments and Liens	B-6	201,765.50	201,765.50
Fund Balance	B-1	<u>135.15</u>	<u>135.15</u>
	B	\$ <u>204,641.31</u>	\$ <u>204,734.31</u>
Animal Control Fund:			
Due Current Fund	B-11	\$ 3,361.30	\$ 3,775.06
Due State of New Jersey	B-12	1.20	
Reserve for Animal Control Fund Expenditures	B-10	<u>7,347.60</u>	<u>7,216.40</u>
	B	\$ <u>10,710.10</u>	\$ <u>10,991.46</u>
Other Funds:			
Due Current Fund	B-11	\$ 71,729.83	\$
Due Animal Control Fund	B-21		9.00
Accounts Payable	B-19	24,014.35	36,776.14
Reserve for:			
Community Development Block Grants	B-9	4,036.00	2,739.00
State Unemployment Insurance	B-14	45,390.05	71,693.29
Miscellaneous Trust Deposits	B-7	468,967.61	497,495.15
Developer's Escrow Deposits	B-17	433,514.13	230,661.10
Engineering Escrow Deposits	B-18	15,628.29	15,628.29
Recreation Deposits	B-15	90,333.80	83,883.99
Cooperative Affordable Housing Deposits	B-16	<u>6,480.61</u>	<u>6,480.61</u>
	B	\$ <u>1,153,614.06</u>	\$ <u>945,366.57</u>
		\$ <u>1,368,965.47</u>	\$ <u>1,161,092.34</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>	
Balance, December 31, 2017 and December 31, 2016	B	\$ <u>135.15</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, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 2,309,101.25	\$ 1,104,513.24
Deferred Charges to Future Taxation:			
Funded	C-4	3,258,000.00	3,573,000.00
Unfunded	C-5	3,409,199.09	1,512,935.09
Due Current Fund	C-6		604.41
		<u>\$ 8,976,300.34</u>	<u>\$ 6,191,052.74</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Contracts Payable	C-7	\$ 346,276.02	\$ 694,144.29
Capital Improvement Fund	C-8	81,117.62	124,920.62
Due Current Fund	C-6	246.03	
Improvement Authorizations:			
Funded	C-9	541,904.05	715,621.39
Unfunded	C-9	1,842,632.22	863,957.81
General Serial Bonds Payable	C-10	3,258,000.00	3,573,000.00
Bond Anticipation Notes Payable	C-11	2,815,204.00	
Reserve for Library Costs	C-12		2,389.43
Fund Balance	C-1	90,920.40	217,019.20
		<u>\$ 8,976,300.34</u>	<u>\$ 6,191,052.74</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, 2016	C		\$ 217,019.20
Increased by:			
Contract Payable Canceled	C-7	\$ 300.00	
Improvement Authorizations Canceled	C-9	10,430.20	
Premium on Bond Anticipation Notes	C-2	<u>23,171.00</u>	
			<u>33,901.20</u>
			\$ <u>250,920.40</u>
Decreased by:			
Revenue Anticipated - Current Fund	C-2	\$ 10,000.00	
Improvement Authorizations	C-9	<u>150,000.00</u>	
			<u>160,000.00</u>
Balance, December 31, 2017	C		\$ <u><u>90,920.40</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 SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>FIXED ASSETS</u>		
Land	\$ 7,479,000.00	\$ 7,479,000.00
Building	2,850,050.00	2,850,050.00
Machinery and Equipment	<u>5,503,279.00</u>	<u>5,486,101.00</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 15,832,329.00</u>	<u>\$ 15,815,151.00</u>
<u>RESERVE</u>		
Investment in General Fixed Assets	<u>\$ 15,832,329.00</u>	<u>\$ 15,815,151.00</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, 2017 AND 2016

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.

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 a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017:

	Change <u>Fund</u>	Cash in <u>Bank</u>	<u>Additions</u>	<u>Deletions</u>	Reconciled <u>Balance</u>
Current Fund	\$400.00	\$5,327,260.02	\$659,269.13	\$125,979.38	\$5,860,549.77
Animal Control Fund		10,711.30		1.20	10,710.10
Trust Other Fund		1,095,569.15	64.78	8,054.50	1,087,579.43
General Capital Fund		2,311,742.75		2,641.50	2,309,101.25
	<u>\$400.00</u>	<u>\$8,745,283.22</u>	<u>\$659,333.91</u>	<u>\$136,676.58</u>	<u>\$9,267,940.55</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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, 2017, 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 \$511,465.16 was covered by Federal Depository Insurance and \$8,233,818.06 was covered under the provisions of NJ GUDPA.

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 Local Government Services of the Department of Community Affairs for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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
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, 2017.

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 (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2017	<u>\$1,246,937,077.00</u>
3-1/2% of Equalized Valuation Basis (Municipal)	43,542,797.70
Net Debt	<u>6,678,985.28</u>
Remaining Borrowing Power	<u>\$36,863,812.42</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:

\$3,888,000.00 General Obligation Bonds of 2015 due in annual installments of \$315,000.00 to \$330,000.00 through 2029 at a variable interest rate \$3,258,000.00

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2017

<u>YEAR</u>	<u>GENERAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2018	\$320,000.00	\$71,740.00
2019	320,000.00	65,340.00
2020	325,000.00	58,940.00
2021	325,000.00	52,440.00
2022	325,000.00	45,940.00
2023	325,000.00	39,440.00
2024	330,000.00	32,940.00
2025	330,000.00	25,515.00
2026	330,000.00	18,090.00
2027	328,000.00	9,840.00
	<u>\$3,258,000.00</u>	<u>\$420,225.00</u>

NOTE 4: SHORT-TERM DEBT

The Borough had the following short-term debt:

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest</u> <u>Rate</u>	<u>Issue Date</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u>
Bond Anticipation Notes	2.25%	07/11/17	07/11/18	\$ <u>2,815,204.00</u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018, were as follows:

Current Fund	\$1,684,750.00
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NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and 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, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
Prepaid Taxes	<u>\$767,048.58</u>	<u>\$110,379.57</u>

## NOTE 7: PENSION PLANS

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

### Plan Descriptions

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

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

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

### Vesting and Benefit Provisions

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

NOTE 7: PENSIONS (CONTINUED)

Vesting and Benefit Provisions (Continued)

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

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2012 PERS provides for employee contributions of 6.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of PERS and PFRS pensions, which are based upon the annual billings received from the state, amounted to \$601,791.00 for 2017, \$584,551.48 for 2016 and \$562,081.00 for 2015.

The Borough's share for DCRP amounted to \$1,572.31 for 2017, \$3,828.51 for 2016 and \$3,106.81 for 2015.

All contributions were equal to the required contributions for each of the three years, respectively.

Borough employees are also covered by Federal Insurance Contribution Act.

NOTE 7: PENSIONS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2017

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$4,955,642.00 for the Borough of Raritan’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough’s proportion was 0.0212885846 percent, which was an increase of 0.0005809126 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$416,101.00 for the Borough of Raritan’s proportionate share of the total pension expense. The pension expense recognized in the Borough’s financial statement based on the April 1, 2017 billing was \$183,964.00.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$116,688.00
Changes of assumptions	\$994,731.00	998,391.00
Net difference between projected and actual earnings on pension plan investments		33,745.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>75,162.00</u>	<u>298,228.00</u>
	<u>\$1,069,893.00</u>	<u>\$1,447,052.00</u>

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

Year Ended <u>June 30</u>	<u>Amount</u>
2018	\$171,613.00
2019	224,202.00
2020	168,126.00
2021	(97,539.00)
2022	<u>(89,244.00)</u>
	<u>\$377,158.00</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age)		
Through 2026	1.65-4.15 Percent	1.65-4.40 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 percent

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

	<u>June 30, 2017</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$12,043,837.00	\$9,708,326.00	\$7,762,555.00

Pension plan fiduciary net position

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$8,145,268.00 for the Borough of Raritan's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0527609335 percent, which was an increase of 0.0015565652 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$822,077.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$417,490.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$47,806.00	\$52,842.00
Changes of assumptions	1,333,957.00	1,004,402.00
Net difference between projected and actual earnings on pension plan investments		155,431.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>243,414.00</u>	<u>543,075.00</u>
	<u>\$1,625,177.00</u>	<u>\$1,755,750.00</u>

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

Year Ended	
<u>June 30</u>	<u>Amount</u>
2018	\$160,021.00
2019	329,930.00
2020	58,599.00
2021	(281,567.00)
2022	<u>(136,409.00)</u>
	<u>\$130,574.00</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

	<u>2017</u>	<u>2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.10-8.98 Percent
Thereafter	3.10-9.98 Percent	3.10-9.98 Percent
Investment Rate of Return	7.00 Percent	7.65 Percent

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

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

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Long Term Debt

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30,2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the PFRS pension liability	\$11,442,393.00	\$8,684,386.00	\$6,418,369.00

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At June 30, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$972,724.00 and \$872,705.00 respectively.

At June 31, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$8,145,268.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>912,339.00</u>
	<u>\$9,057,607.00</u>

Pension plan fiduciary net position

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

NOTE 8: COMPENSATED ABSENCES

Under the existing policy of the 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, 2017.

NOTE 9: 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.

NOTE 10: 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, 2017, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2017 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 \$140,617.69 for these appeals in the event that the tax reductions are granted.

NOTE 12: 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 exceed this commercial coverage in any of the past three fiscal years.

NOTE 12: RISK MANAGEMENT (CONTINUED)

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>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$31.52		\$26,334.76	\$45,390.05
2016	50.97		2,673.00	71,693.29
2015	72.36	\$452.00	653.92	74,315.32

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 320,253.46	\$
Grant Fund		242,239.25
Assessment Trust Fund		2,677.05
Animal Control Trust Fund		3,361.30
Trust Other Fund		71,729.83
Capital Fund		246.03
	<u>\$ 320,253.46</u>	<u>\$ 320,253.46</u>

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

NOTE 14: 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 15: 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 \$6,934.37 in 2017 for 2016, \$8,000.00 in 2016 for 2015, and \$7,500.00 in 2015 for 2014.

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 16: GASB 45: OTHER POST-EMPLOYMENT 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 years ended December 31, 2017, 2016 and 2015 were \$1,140,783.20, \$1,231,205.01 and \$1,335,478.12 respectively, which equaled the required contributions for each year.

NOTE 17: SUBSEQUENT EVENTS

The Borough of Raritan has evaluated subsequent events occurring after the financial statement date through May 4, 2018 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

BOROUGH OF RARITAN

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2016	A	\$ 4,891,290.72	\$ -0-
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 318,629.69	\$
Taxes Receivable	A-8	28,212,489.89	
Revenue Accounts Receivable	A-11	1,547,503.37	
Refunds - 2017 Appropriations	A-3	280,225.53	
Grants Receivable	A-21		509,358.79
State of New Jersey-Senior Citizens and Veterans	A-18	50,797.25	
Tax Overpayments	A-12	97,319.35	
Prepaid Taxes	A-13	767,048.58	
Grants - Unappropriated	A-23		21,338.18
Interfund - Due Current Fund	A-24		99,651.76
Interfunds	A-14	402,229.54	
		<u>31,676,243.20</u>	<u>630,348.73</u>
		\$ 36,567,533.92	\$ 630,348.73
Decreased by Disbursements:			
2016 Appropriations	A-3	\$ 9,008,769.81	\$
2015 Appropriation Reserves	A-15	213,923.99	
Refund of Parking Lot Revenues	A-2	684.00	
Refund of Fees and Permits	A-2	466.00	
Refund of Prior Year Revenue	A-1	287.54	
Petty Cash Funds	A-5	300.00	
Reserve for Accounts Payable	A-7	4,498.51	
Reserve for State Tax Appeals	A-17	14,419.25	
Refund of Tax Overpayments	A-12	41,497.51	
County Taxes	A-19	4,418,677.09	
Regional School Taxes	A-20	16,412,290.02	
Grants - Appropriated	A-22		630,348.73
Interfunds	A-14	591,190.44	
		<u>30,707,004.16</u>	<u>630,348.73</u>
Balance, December 31, 2017	A	\$ 5,860,529.76	\$ -0-

"A-5"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF PETTY CASH FUNDS

	<u>ADVANCED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Administration	\$ 100.00	\$ 100.00
Police	100.00	100.00
Fire	100.00	100.00
	<u>300.00</u>	<u>300.00</u>
	\$ <u>300.00</u>	\$ <u>300.00</u>

REF. A-4 A

"A-6"

SCHEDULE OF CHANGE FUNDS

	<u>BALANCE DECEMBER 31, 2016 AND 2017</u>
Tax Collector	\$ 100.00
Clerk	100.00
Registrar / Vital Statistics	100.00
Municipal Court	100.00
	<u>400.00</u>
	\$ <u>400.00</u>

REF. A

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016			\$ 387,800.04
Increased by:			
2017 Appropriations	A-3	\$ 132,519.39	
2016 Appropriation Reserves	A-15	23,395.55	
Grants Appropriated	A-22	<u>48,709.00</u>	
			<u>204,623.94</u>
			\$ 592,423.98
Decreased by:			
Transfer to 2016 Appropriation Reserves	A-15	\$ 116,242.66	
Reserve for Grants Appropriated	A-22	253,625.58	
Disbursements	A-4	<u>4,498.51</u>	
			<u>374,366.75</u>
Balance, December 31, 2017			\$ <u><u>218,057.23</u></u>

ANALYSIS OF BALANCE

Current Fund	A	\$ 169,348.23
Grant Fund	A	<u>48,709.00</u>
		\$ <u><u>218,057.23</u></u>

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2016	2017 LEVY	ADDED	COLLECTIONS 2016	2017	CANCELLED	TRANSFER TO TAX TITLE LIENS	OVERPAYMENTS APPLIED	BALANCE DECEMBER 31, 2017
Prior	\$ 218,466.26	\$	\$ 4,250.00	\$	\$ 141,254.75	\$ 81,461.51	\$	\$	\$
	\$ 218,466.26	\$	\$ 4,250.00	\$	\$ 141,254.75	\$ 81,461.51	\$	\$	\$
2017		28,521,264.87		83,996.80	28,126,967.19	2,777.83	6,707.04	98,428.34	202,387.67
	\$ 218,466.26	\$ 28,521,264.87	\$ 4,250.00	\$ 83,996.80	\$ 28,268,221.94	\$ 84,239.34	\$ 6,707.04	\$ 98,428.34	\$ 202,387.67
	REF. A			A-2-A-13	A-2		A-9	A-2-A-12	A

Collector REF.  
 Due From State of N.J. per Ch. 20, P.L. 1971  
 A-4 \$ 28,212,489.89  
 A-18 55,732.05  
\$ 28,268,221.94

ANALYSIS OF 2017 PROPERTY TAX LEVY

TAX YIELD		
General Purpose Tax	\$	28,496,984.78
Added Taxes (54:4-63.1 et. seq.)		24,280.09
	\$	<u>28,521,264.87</u>
TAX LEVY		
Regional School Tax (Abstract)	A-20	\$ 16,292,566.00
County Taxes:		
County Tax	A-19	\$ 4,032,027.46
County Open Space Preservation Tax	A-19	381,979.12
County Added	A-19	3,620.05
		4,417,626.63
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 7,367,087.00
Add: Tax for Municipal Library Purposes (Abstract)	A-2	412,147.52
		\$ 7,779,234.52
Add: Additional Tax Levied		31,837.72
Local Tax for Municipal Purposes Levied		<u>7,811,072.24</u>
	\$	<u>28,521,264.87</u>

"A-9"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 38,143.83
Increased by:		
Transferred from Taxes Receivable	A-8	<u>6,707.04</u>
Balance, December 31, 2017	A	<u>\$ 44,850.87</u>

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2017 and December 31, 2016	A	<u>\$ 73,777.93</u>
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BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>ACCRUED IN 2017</u>	<u>COLLECTED BY TREASURER</u>	<u>BALANCE DECEMBER 31, 2017</u>
Clerk:					
Alcoholic Beverage Licenses	A-2	\$	20,375.00	\$ 20,375.00	\$
Other Licenses	A-2		5,125.00	5,125.00	
Fees and Permits	A-2		12,836.27	12,836.27	
Municipal Court: Fines and Costs	A-2	8,010.11	132,033.63	130,634.96	9,408.78
Board of Health:					
Other Licenses	A-2		9,830.00	9,830.00	
Fees and Permits	A-2		2,173.00	2,173.00	
Registrar of Vital Statistics:					
Other Licenses	A-2	3.00	168.00	168.00	3.00
Fees and Permits	A-2	619.51	10,251.49	10,283.00	588.00
Police:					
Fees and Permits	A-2		546.30	546.30	
Fire Safety:					
Fees and Permits	A-2		5,583.00	5,583.00	
Uniform Construction Code Official	A-2	13,406.00	199,453.00	181,292.00	31,567.00
Construction:					
Rental Registration Fees	A-2		41,640.00	41,640.00	
Non UCC Fees and Permits	A-2	1,044.00	11,637.00	11,522.00	1,159.00
Interest and Costs on Taxes	A-2		62,300.26	62,300.26	
Interest on Investments and Deposits	A-2		4,086.22	4,086.22	
Parking Lot Revenues	A-2		130,005.29	130,005.29	
Consolidated Municipal Property Tax Relief Aid	A-2		39,089.00	39,089.00	
Energy Receipts Tax	A-2		623,347.00	623,347.00	
Uniform Fire Safety Act	A-2		22,370.74	22,370.74	
Capital Fund Balance	A-2		10,000.00	10,000.00	
Sewer Use Charges Receivable	A-2		199,824.33	199,824.33	
Fire Prevention Fees - Non-Life Hazard Fees	A-2		24,472.00	24,472.00	
		\$ 23,082.62	\$ 1,567,146.53	\$ 1,547,503.37	\$ 42,725.78

REF.

A

A-4

A

"A-12"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 117,049.31
Increased by:			
Overpayments in 2017 - Receipts	A-4		97,319.35
			<u>\$ 214,368.66</u>
Decreased by:			
Refunds	A-4	\$ 41,497.51	
Applied to Taxes	A-8	98,428.34	
Canceled	A-1	<u>2,959.61</u>	
			<u>142,885.46</u>
Balance, December 31, 2017	A		<u><u>\$ 71,483.20</u></u>

"A-13"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2016 (2017 Taxes)	A		\$ 110,379.57
Increased by:			
Collections of 2018 Taxes	A-4		767,048.58
			<u>\$ 877,428.15</u>
Decreased by:			
Application to Taxes Receivable	A-8	\$ 83,996.80	
Canceled	A-4	<u>26,382.77</u>	
			<u>110,379.57</u>
Balance, December 31, 2017 (2018 Taxes)	A		<u><u>\$ 767,048.58</u></u>

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, 2016:							
Interfunds Receivable	A	\$ 150,950.80	\$ 144,405.69	\$ 2,770.05	\$ 3,775.06	\$ 20,591.23	\$ 604.41
Interfunds Payable	A	21,195.64					
Receipts	A-4	402,229.54		93.00	3,775.06	397,011.48	1,350.00
Grants Receivable	A-24	265,813.34	265,813.34				
Excess Animal Control Reserve		3,355.60			3,355.60		
Canceled Grants Reserve	A-24	0.80	0.80				
Grants Reserve	A-24	267,632.34	267,632.34				
Disbursements	A-4	591,190.44	99,651.76		5.70	489,332.54	2,200.44
Balance, December 31, 2017:							
Interfunds Receivable	A	\$ 320,253.46	\$ 242,239.25	\$ 2,677.05	\$ 3,361.30	\$ 71,729.83	\$ 246.03

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN "CAPS"</u>				
Salaries and Wages:				
Administrative and Executive	\$ 31,301.06	\$ 31,301.06	\$	\$ 31,301.06
Borough Clerk	7,198.15	7,198.15		7,198.15
Financial Administration	4.05	4.05		4.05
Collection of Taxes	2,658.29	2,658.29		2,658.29
Municipal Court	1,008.28	1,008.28		1,008.28
Public Buildings	3,491.26	3,491.26		3,491.26
Planning Board	4,600.00	4,600.00		4,600.00
Fire	350.00	350.00		350.00
Uniform Fire Safety Act	10,680.39	10,680.39		10,680.39
Police	95,853.52	95,853.52		95,853.52
Road Repair and Maintenance	1,435.56	1,435.56		1,435.56
Snow Removal	29,945.45	29,945.45		29,945.45
Garbage and Trash Removal	57,547.95	57,547.95		57,547.95
Board of Health	2.00	2.00		2.00
Vital Statistics	11.96	11.96		11.96
Parks and Playgrounds	3,586.72	3,586.72		3,586.72
Construction Official	1,023.36	1,023.36		1,023.36
Property Maintenance Code Official	743.56	743.56		743.56
Other Expenses:				
Administrative and Executive	21,405.07	23,395.55	2,170.21	21,225.34
Borough Clerk	22,377.83	22,997.38	619.55	22,377.83
Elections	13.44	13.44		13.44
Financial Administration	3,053.21	3,166.89	2,489.80	677.09
Audit Services	1,000.00	1,000.00		1,000.00
Assessment of Taxes	7,865.48	7,865.48		7,865.48
Collection of Taxes	2,076.13	2,363.13	287.00	2,076.13
Tax Sale	235.04	335.04	100.00	235.04
Liquidation of TTL'S & Foreclosed Property	200.00	200.00		200.00
Legal Services and Costs- Misc.	111,203.01	97,503.01	8,840.50	88,662.51
Legal Services and Costs- Arbitration.	15,000.00	15,000.00		15,000.00
Municipal Court	255.62	5,826.62	5,571.00	255.62
Municipal Prosecutor	1,329.97	1,329.97	666.67	663.30
Municipal Public Defender	645.00	645.00		645.00
Engineering Services and Costs	16,719.55	16,844.55	5,494.50	11,350.05
Public Buildings	5,265.58	12,553.59	7,794.81	4,758.78
Public Grounds	140.26	753.15	612.89	140.26
Planning Board	3,530.62	4,655.62	2,188.25	2,467.37
Environmental Commission	1,000.00	1,000.00		1,000.00
Industrial Commission	25.00	25.00		25.00
League of Municipalities	2,500.00	2,500.00		2,500.00
Insurance - Group Insurance for Employees	1,594.99	1,594.99	209.80	1,385.19
Other Insurance	80,991.00	80,991.00		80,991.00
Fire	9,645.46	40,182.84	35,797.97	4,384.87
Uniform Fire Safety	11,200.49	13,127.13	2,151.64	10,975.49
Police	46,011.53	67,404.04	36,816.63	30,587.41
Emergency Management Services	4,776.17	4,911.17	135.00	4,776.17
Road Repair and Maintenance	10,337.82	17,187.37	7,837.53	9,349.84
Contract With Reg. School BOE For Trans.	0.40	0.40		0.40
Snow Removal	13,304.16	13,664.17	150.36	13,513.81
Shade Tree	5,000.00	5,000.00		5,000.00
Garbage and Trash Removal	98,734.00	124,615.97	60,792.93	63,823.04
Board of Health	3,322.80	3,383.60	60.80	3,322.80
Dog Regulation	1,880.00	1,880.00		1,880.00
Vital Statistics	2,275.01	2,275.01	18.30	2,256.71
Aid to Associations for Disabled Citizens	500.00	500.00		500.00

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
Other Expense (Continued):				
Parks and Playgrounds	\$ 10.83	\$ 2,682.89	\$ 2,672.06	\$ 10.83
Parks and Playgrounds - Youth Services	1,000.00	1,000.00		1,000.00
Celebration of Public Events, Parade	4,106.25	4,106.25		4,106.25
Celebration of Public Events, Volunteer Awards	400.00	400.00		400.00
Historical Committee	261.94	301.94	40.00	261.94
Economic Development Committee	500.00	500.00		500.00
Economic Development Committee - Consultant	23,711.00	23,711.00		23,711.00
Construction Code Official	6,820.92	8,200.34	1,866.24	6,334.10
Property Code Official	6,801.39	6,801.39		6,801.39
Gasoline	52,081.58	52,081.58	7,681.99	44,399.59
Electricity	16,601.70	18,900.12	6,238.30	12,661.82
Telephone and Telegraph	4,029.89	4,029.89	1,086.41	2,943.48
Natural Gas	10,379.53	10,379.53	693.84	9,685.69
Heating Oil	21,232.12	21,232.12	908.36	20,323.76
Street Lighting	25,986.63	35,170.63	18,715.78	16,454.85
Fire Hydrant Service	2,028.54	11,028.54	9,000.00	2,028.54
Water	1,331.00	1,723.29	1,629.38	93.91
Contingent	3,520.10	3,520.10	2,521.04	999.06
Social Security System (O.A.S.I.)	622.66	622.66		622.66
Public Employees' Retirement System	0.74	0.74		0.74
Defined Contribution Retirement (DCRP)	1,200.00	1,200.00		1,200.00
Police & Fireman's Retirement System of N.J.	2.78	2.78		2.78
Sewerage Authority Share of Costs	286,524.05	286,524.05		286,524.05
Maintenance of Free Public Library	9,646.81	9,646.81		9,646.81
Length of Service Award (LOSAP)	1,500.00	1,500.00	1,500.00	
Interlocal Agreement - Township of Bridgewater	7,524.00	7,524.00	1,960.00	5,564.00
	<u>1,244,680.66</u>	<u>1,360,923.32</u>	<u>237,319.54</u>	<u>1,123,603.78</u>
<u>TOTAL</u>	<u>\$ 1,244,680.66</u>	<u>\$ 1,360,923.32</u>	<u>\$ 237,319.54</u>	<u>\$ 1,123,603.78</u>
	REF.	A:A-15		A-1
Balance, December 31, 2016	A:A-15	\$ 1,244,680.66		
Accounts Payable	A-7	<u>116,242.66</u>		
		<u>\$ 1,360,923.32</u>		
Disbursements	A-4		\$ 213,923.99	
Accounts Payable	A-7		<u>23,395.55</u>	
			<u>\$ 237,319.54</u>	

"A-16"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2017 and December 31, 2016	A	\$ <u>37,484.73</u>

"A-17"

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

Balance, December 31, 2016	A	\$ 155,036.94
Decreased by: Disbursements	A-4	<u>14,419.25</u>
Balance, December 31, 2017	A	\$ <u>140,617.69</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, 2016 (Due From)	A		\$ 35,526.98
Increased by:			
Senior Citizen Deductions Per Tax Billings		\$ 13,500.00	
Veteran Deductions Per Tax Billings		38,250.00	
Senior Citizens' Deduction Allowed by Tax Collector		<u>6,905.35</u>	
			\$ <u>58,655.35</u>
			\$ <u>94,182.33</u>
Decreased by:			
Receipts	A-4	\$ 50,797.25	
Senior Citizens' Deduction Disallowed by Tax Collector		<u>2,923.30</u>	
			<u>53,720.55</u>
Balance, December 31, 2017 (Due From)	A		\$ <u><u>40,461.78</u></u>

CALCULATION OF STATE'S SHARE OF  
2017 SENIOR CITIZENS DEDUCTIONS  
ALLOWED BY COLLECTOR (CHAPTER 20, P.L. 1971)

Senior Citizens Deductions Per Tax Billings		\$ 13,500.00
Veterans Deductions Per Tax Billings		38,250.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector		<u>6,905.35</u>
		\$ <u>58,655.35</u>
Less: Senior Citizens and Veterans Disallowed by Tax Collector		<u>2,923.30</u>
	A-8	\$ <u><u>55,732.05</u></u>

"A-19"

BOROUGH OF RARITAN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 1,050.46
2017 Tax Levy:			
County Tax	A-8	\$ 4,032,027.46	
County Open Space Preservation Tax	A-8	381,979.12	
County Added	A-8	<u>3,620.05</u>	
	A-1		<u>4,417,626.63</u>
			\$ <u>4,418,677.09</u>
Decreased by:			
Payments	A-4		<u>4,418,677.09</u>

"A-20"

SCHEDULE OF REGIONAL SCHOOL TAXES PAYABLE

Balance, December 31, 2016	A		\$ 89,931.64
Increased by:			
2017 Tax Levy - Calendar Year	A-1:A-8		<u>16,292,566.00</u>
			\$ <u>16,382,497.64</u>
Decreased by:			
Disbursements	A-4		<u>16,412,290.02</u>
Balance, December 31, 2017 (Receivable)	A		<u><u>29,792.38</u></u>

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2016	ACCRUED 2017	RECEIPTS	UNAPPROPRIATED RESERVE APPLIED	BALANCE DECEMBER 31, 2017
2013 Municipal Aid Program - Orlando Drive Phase II	\$ 200,000.00	\$	\$ 200,000.00	\$	253,742.00
2014 Municipal Aid Program - Orlando Drive Phase III	253,742.00				43,750.00
2015 Municipal Aid Program - Bell Avenue	175,000.00		131,250.00		66,156.37
2016 Municipal Aid Program - Sherman Avenue	223,500.00		157,343.63		245,000.00
2017 Municipal Aid Program - Thompson and Anderson Streets		245,000.00			
Body Armor Replacement Fund		2,023.77		2,023.77	
Drunk Driving Enforcement Fund		4,557.51		4,557.51	
Alcohol Education Rehabilitation Fund		966.90		966.90	
Clean Communities Program		13,265.16	13,265.16		
Historic Preservation Trust - Relief Hose Co. No. 2 (\$577,138.00 grant)	50,717.14				50,717.14
NJ Historical Preservation - Library	136,428.38				136,428.38
County of Somerset Historic Preservation Grant 2009	87,792.00				87,792.00
2009 Historic Preservation - Relief Hose Company No. 2 2009	73,500.00				73,500.00
Regional Center Partnership of Somerset County - 2015	7,500.00		7,500.00		
	<u>\$ 1,208,179.52</u>	<u>\$ 265,813.34</u>	<u>\$ 509,358.79</u>	<u>\$ 7,548.18</u>	<u>\$ 957,085.89</u>

REF.

A

A-2

A-4

A-23

A

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	BALANCE DECEMBER 31, 2016	TRANSFERRED FROM 2017 BUDGET	TRANSFERRED FROM ACCOUNTS PAYABLE	PAID OR CHARGED	ACCOUNTS PAYABLE	CANCELED	BALANCE DECEMBER 31, 2017
Federal- Violence Against Women	\$ 1,883.06	\$	\$	\$ 928.08	\$ 424.05	\$	1,883.06
Federal - Bulletproof Vest Grant	4,258.33		20.00		20.00		2,906.20
DOT - LaGrange Street				5,196.00			
2014 Municipal Aid Program - Orlando Drive Phase III	253,742.00			175,000.00			248,546.00
2015 Municipal Aid Program - Bell Avenue	175,000.00			222,540.99			
2016 Municipal Aid Program - Sherman Avenue	223,500.00	245,000.00			959.01		245,000.00
2017 Municipal Aid Program - Thompson and Anderson Streets		4,557.51		1,879.88			34,157.69
Drunk Driving Enforcement Fund	31,480.06			483.46			
Body Armor Replacement Program	483.46			19.56			
Body Armor Replacement Program	630.44				424.05		186.83
Body Armor Replacement Program	2,018.32						2,018.32
Body Armor Replacement Program	2,099.69						2,099.69
Body Armor Replacement Program	3,460.44	2,023.77		3,488.62			2,023.77
2014 Alcohol Education Rehabilitation Fund			28.18	60.26			
2015 Alcohol Education Rehabilitation Fund			60.26	825.06			
2016 Alcohol Education Rehabilitation Fund			825.06	539.56			
2017 Alcohol Education Rehabilitation Fund		966.90		11,735.16			
Clean Communities Program - Prior	20,285.97		1,530.00		1,530.00		427.34
Clean Communities Program - 2016							8,550.81
Clean Communities Program - 2017		13,265.16					13,265.16
Recycling Tonnage Grant	13,260.29						13,260.29
2013 Recycling Tonnage Grant	5,428.86						5,428.86
2016 Recycling Tonnage Grant	6,320.05						6,320.05
Historic Preservation Trust - Relief Hose Co. No. 2	4,951.45				3,951.63		4,951.45
EDIP - Anderson and Thompson Streets			4,762.06		4,762.06		
Historical Library Grant	2,548.61		2,557.12		2,729.38		
Historic Preservation Trust - Raritan Library	680.00			680.00			2,376.35
Historic Preservation Trust - Raritan Library	5,555.23		1,338.26				5,555.23
Historic Preservation Trust - Raritan Library	645.19			486.00			1,497.45
Historic Site Management - Match	16,667.00		73,456.23	16,667.00	7,938.82		16,643.84
County of Somerset Historic Preservation - Firehouse 2009			6,381.85	48,873.57			
County of Somerset Historic Preservation Grant 2009			155,744.93	6,381.85			
County Historic Preservation - Relief Hose Company No. 2 - 2009	19,839.07		2,970.00	132,744.93	23,000.00		19,839.07
2008 Recreation Grant/Upgrades to Riverfront and Canal Parks					2,970.00		
County of Somerset Regional Center Partnership	7,862.00	1,819.00		1,818.75			7,862.00
Municipal Alliance - Local Match	0.55					0.80	
	\$ 802,600.07	\$ 267,632.34	\$ 253,625.58	\$ 630,348.73	\$ 48,709.00	\$ 0.80	\$ 644,799.46

REF.

A

A-3

A-4

A-7

A-7

A-7

A-7

A-7

A-7

A-7

A

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	BALANCE DECEMBER 31, 2016	RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2017
Body Armor Replacement Fund	\$ 2,023.77	\$ 2,026.56	\$ 2,023.77	\$ 2,026.56
Federal Bulletproof Vest		2,522.95		2,522.95
Recycling Tonnage		12,955.49		12,955.49
Alcohol Education Rehabilitation Fund	966.90		966.90	
Drunk Driving Enforcement Fund	4,557.51	3,833.18	4,557.51	3,833.18
	<u>\$ 7,548.18</u>	<u>\$ 21,338.18</u>	<u>\$ 7,548.18</u>	<u>\$ 21,338.18</u>

REF.

A

A-4

A-21

A

BOROUGH OF RARITAN

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2016 (Due To)	A		\$ 144,405.69
Increased by:			
Receipts	A-4	\$ 99,651.76	
Grants Receivable	A:14	265,813.34	
Canceled Reserve	A-14	<u>0.80</u>	
			<u>365,465.90</u>
			\$ 509,871.59
Decreased by:			
Grants Reserve	A-14		<u>267,632.34</u>
Balance, December 31, 2017 (Due To)	A		<u><u>\$ 242,239.25</u></u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2016	B	\$ _____	\$ <u>10,982.46</u>	\$ <u>910,819.92</u>
Increased by Receipts:				
Assessments Receivable	B-3	\$ 93.00	\$	\$
Due Current Fund	B-11		5.70	489,332.54
Due Trust Other Fund	B-13		9.00	
Due State of New Jersey - Animal Control	B-12		532.20	
Reserve for Recreation Deposits	B-15			29,346.00
Community Development Block Grants Receivable	B-8			11,215.79
Reserve for Animal Control License Fees	B-10		3,672.80	
Reserve for Miscellaneous Trust Deposits	B-7			1,702,867.17
Reserve for State Unemployment Insurance	B-14			31.52
Reserve for Cooperative Affordable Housing Deposits	B-16			9.66
Reserve for Developer's Escrow Deposits	B-17			275,435.91
		\$ <u>93.00</u>	\$ <u>4,219.70</u>	\$ <u>2,508,238.59</u>
		\$ <u>93.00</u>	\$ <u>15,202.16</u>	\$ <u>3,419,058.51</u>
Decreased by Disbursements:				
Due Current Fund	B-11	\$ 93.00	\$ 3,775.06	\$ 397,011.48
Due Animal Control Trust Fund	B-21			9.00
Due State of New Jersey - Animal Control	B-12		531.00	
Reserve for Animal Control Expenditures	B-10		186.00	
Reserve for Community Development Block Grants	B-9			66,112.87
Reserve for Miscellaneous Trust Deposits	B-7			1,732,381.71
Reserve for State Unemployment Insurance	B-14			26,334.76
Reserve for Recreation Deposits	B-15			25,028.88
Reserve for Cooperative Affordable Housing Deposits	B-16			12,017.50
Reserve for Developer's Escrow Deposits	B-17			72,582.88
		\$ <u>93.00</u>	\$ <u>4,492.06</u>	\$ <u>2,331,479.08</u>
Balance, December 31, 2017	B	\$ <u>-0-</u>	\$ <u>10,710.10</u>	\$ <u>1,087,579.43</u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>DATE OF ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF CONFIRMATION</u>	<u>ANNUAL INSTALLMENTS</u>	<u>DUE DATES</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE PLEDGED TO RESERVE</u>
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
12/17/96	Curbs and Sidewalks	7/23/02	10	7/23/09	1.13		1.13	1.13
11/25/97	Various Local Improvements	12/17/02	10	12/17/09	93.00	93.00		
					<u>\$ 1,340.68</u>	<u>93.00</u>	<u>\$ 1,247.68</u>	<u>\$ 1,247.68</u>
	<u>REF.</u>				B	B-2	B	

"B-4"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF ASSESSMENT LIENS

REF.

Balance, December 31, 2017  
and December 31, 2016

B

\$ 3,393.63

Pledged To:

Reserve

\$ 520.00

Capital

2,873.63

\$ 3,393.63

"B-5"

ANALYSIS OF ASSESSMENT CASH

BALANCE  
DECEMBER  
31, 2017

Fund Balance  
Due Current Fund  
Cash Deficit

\$ 135.15

2,770.05

(2,905.20)

\$ -0-

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u> <u>AND 2017</u>
Assessments Receivable:		
94-12	Curbs and Sidewalks	\$ 1,244.37
95-02	Curbs and Sidewalks	1.13
		<u>\$ 1,245.50</u>
Assessment Liens:		
92-10	Curb Improvement-Various Streets	<u>\$ 520.00</u>
Prospective Assessment Funded:		
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	80,150.00
		<u>\$ 200,000.00</u>
		<u>\$ 201,765.50</u>

REF.

B

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Parking Offense Adjudication Act	\$ 283.10	\$ 56.00		\$ 339.10
Public Defender	15,806.25			15,806.25
Uniform Fire Penalties - Fire Marshall	7,965.74	575.00		8,540.74
Uniform Fire Penalties - Fire Dept	17,355.01	575.00	10,667.61	7,262.40
Police D.A.R.E.	18,259.29		850.08	17,409.21
Police Donations	12,048.23	2,030.91		14,079.14
Police Youth Services	9,461.51		1,172.80	8,288.71
Police Outside Overtime	8,798.50	215,434.38	201,219.38	23,013.50
Street Openings	3,916.00			3,916.00
Performance Bonds	39,904.23			39,904.23
Escrow Deposits	111,536.74	79,008.17	63,336.20	127,208.71
Willow Walk Credit	40,000.00			40,000.00
Nevious Street Bridge Project	138.95			138.95
Raritan River Fest	1,721.61	555.00	890.35	1,386.26
Mayor's Trust	32.72			32.72
Wollen Mills COAH	14,332.63			14,332.63
Public Assistance	10,000.00			10,000.00
Calendar Money	232.48	4,200.00	3,842.00	590.48
Cultural & Historic Club	595.15	105.00		700.15
Chamber Of Commerce	1,625.60			1,625.60
Implementation of Fair Housing	16,127.65			16,127.65
Law Enforcement Trust Fund	5,646.55	2.83		5,649.38
Municipal Court Credit Card Fees	423.49	4,600.00	3,292.46	1,731.03
Redemption of Outside Liens	9,789.90	264,141.08	273,930.98	
Tax Premiums	88,600.00	12,500.00	52,300.00	48,800.00
Rent Receivership	753.25	0.38		753.63
Payroll Agency	62,140.57	1,120,625.42	1,121,434.85	61,331.14
	<u>\$ 497,495.15</u>	<u>\$ 1,704,409.17</u>	<u>\$ 1,732,936.71</u>	<u>\$ 468,967.61</u>

REF. B B

Receipts	B-2	\$ 1,702,867.17	
Accounts Payable	B-19	<u>1,542.00</u>	
		<u>\$ 1,704,409.17</u>	
Disbursements	B-2		\$ 1,732,381.71
Accounts Payable	B-19		<u>555.00</u>
			<u>\$ 1,732,936.71</u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

<u>PURPOSE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>2017 GRANTS</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Sanitary Sewer - York, Orlando and Canal Manhole Rehabilitation	\$ 13,955.42	\$ 63,295.00	\$ 11,215.79	\$ 2,739.63
	<u>\$ 13,955.42</u>	<u>\$ 63,295.00</u>	<u>\$ 11,215.79</u>	<u>\$ 66,034.63</u>

REF.

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, 2016</u>	<u>2017 GRANTS</u>	<u>PRIOR YEAR ACCOUNTS PAYABLE</u>	<u>DISBURSEMENTS</u>	<u>ACCOUNTS PAYABLE</u>	<u>BALANCE DECEMBER 31, 2017</u>
Sanitary Sewer Rehabilitation - 2011	\$	\$	4,114.87	4,114.87	\$	\$
Raritan 5th Street Sidewalk Improvements - 2013	2,739.00		2,802.38	552.00	2,802.38	2,187.00
Sanitary Sewer - York, Orlando and Canal Manhole Rehabilitation		63,295.00		61,446.00		1,849.00
	<u>\$ 2,739.00</u>	<u>\$ 63,295.00</u>	<u>\$ 6,917.25</u>	<u>\$ 66,112.87</u>	<u>\$ 2,802.38</u>	<u>\$ 4,036.00</u>

REF.

B

B-8

B-19

B-2

B-19

B

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2016	B		\$ 7,216.40
Increased by:			
Dog License Fees Collected		\$ 2,893.80	
Dog Late Fees		246.00	
Cat License Fees Collected		469.00	
Cat Late Fees		64.00	
	B-2	<u>        </u>	<u>3,672.80</u>
			\$ <u>10,889.20</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-2	\$ 186.00	
Excess Reserve for Animal Control Expenditures	B-11	<u>3,355.60</u>	
			<u>3,541.60</u>
Balance, December 31, 2017	B		\$ <u><u>7,347.60</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2016	\$ 3,609.20
2015	<u>3,738.40</u>
	\$ <u><u>7,347.60</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, 2016				
Due From	B	\$	\$	\$ 20,591.23
Due To	B	2,770.05	3,775.06	
Receipts	B-2		5.70	489,332.54
Excess Reserve for Animal Control Expenditures	B-10		3,355.60	
Disbursements	B-2	<u>93.00</u>	<u>3,775.06</u>	<u>397,011.48</u>
Balance, December 31, 2017				
Due To	B	<u>\$ 2,677.05</u>	<u>\$ 3,361.30</u>	<u>\$ 71,729.83</u>

"B-12"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
ANIMAL CONTROL FUND

	<u>REF.</u>	
Increased by:		
Receipts	B-2	\$ 532.20
Decreased by:		
Disbursements	B-2	<u>531.00</u>
Balance, December 31, 2017 (Due To)	B	<u>\$ 1.20</u>

"B-13"

SCHEDULE OF DUE TRUST OTHER FUND - ANIMAL CONTROL FUND

Balance, December 31, 2016 (Due From)	B	\$ <u>9.00</u>
Decreased by:		
Receipts	B-2	<u>\$ 9.00</u>

"B-14"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE FOR RESERVE FOR STATE UNEMPLOYMENT INSURANCE

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	71,693.29
Increased by:			
Receipts	B-2		<u>31.52</u>
		\$	<u>71,724.81</u>
Decreased by:			
Disbursements	B-2		<u>26,334.76</u>
Balance, December 31, 2017	B	\$	<u><u>45,390.05</u></u>

"B-15"

SCHEDULE OF RESERVE FOR RECREATION DEPOSITS

Balance, December 31, 2016	B	\$	83,883.99
Increased by:			
Receipts	B-2	\$	29,346.00
Prior Year Accounts Payable	B-19		<u>4,589.39</u>
			<u>33,935.39</u>
		\$	<u>117,819.38</u>
Decreased by:			
Disbursements	B-2	\$	25,028.88
Accounts Payable	B-19		<u>2,456.70</u>
			<u>27,485.58</u>
Balance, December 31, 2017	B	\$	<u><u>90,333.80</u></u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR COOPERATIVE AFFORDABLE HOUSING DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2016	B		\$ 6,480.61
Increased by:			
Receipts	B-2	\$ 9.66	
Prior Year Accounts Payable	B-19	<u>23,727.50</u>	
			<u>23,737.16</u>
			<u>30,217.77</u>
Decreased by:			
Disbursements	B-2	\$ 12,017.50	
Accounts Payable	B-19	<u>18,200.27</u>	
			\$ <u><u>30,217.77</u></u>

"B-17"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	230,661.10
Increased by:			
Receipts	B-2		<u>275,435.91</u>
		\$	<u>506,097.01</u>
Decreased by:			
Disbursements	B-2		<u>72,582.88</u>
Balance, December 31, 2017	B	\$	<u><u>433,514.13</u></u>

Detail of Balance on File in Treasurer's Office

"B-18"

SCHEDULE OF RESERVE FOR ENGINEERING ESCROW DEPOSITS

Balance, December 31, 2017 and December 31, 2016	B	\$	<u><u>15,628.29</u></u>
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BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	B		\$ 36,776.14
Increased by:			
Miscellaneous Trust Deposits	B-7	\$ 555.00	
Community Development Block Grant	B-9	2,802.38	
Recreation Deposits	B-15	2,456.70	
Cooperative Affordable Housing Trust	B-16	<u>18,200.27</u>	
			<u>24,014.35</u>
			\$ <u>60,790.49</u>
Decreased by:			
Miscellaneous Trust Deposits	B-7	\$ 1,542.00	
Community Development Block Grant	B-9	6,917.25	
Recreation Deposits	B-15	4,589.39	
Cooperative Affordable Housing Trust	B-16	<u>23,727.50</u>	
			<u>36,776.14</u>
Balance, December 31, 2017	B		\$ <u><u>24,014.35</u></u>

"B-20"

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENT OVERPAYMENTS

	<u>REF.</u>	
Balance, December 31, 2017 and December 31, 2016	B	\$ <u>63.61</u>

"B-21"

SCHEDULE OF DUE ANIMAL CONTROL FUND - TRUST OTHER FUND

Balance, December 31, 2016 (Due To)	B	\$ <u>9.00</u>
Decreased by: Disbursements	B-2	\$ <u>9.00</u>

BOROUGH OF RARITAN

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2017</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, 2016	C		\$ 1,104,513.24
Increased by Receipts:			
Due Current Fund	C-6	\$ 2,200.44	
Bond Anticipation Notes Payable	C-11	2,815,204.00	
Premium of Bond Anticipation Notes	C-1	23,171.00	
Capital Improvement Fund	C-8	<u>56,000.00</u>	
			<u>2,896,575.44</u>
			\$ <u>4,001,088.68</u>
Decreased by Disbursements:			
Due Current Fund	C-6	1,350.00	
Reserve for Library Costs	C-12	2,389.43	
Contracts Payable	C-7	1,678,248.00	
Revenue Anticipated - Current Fund	C-1	<u>10,000.00</u>	
			<u>1,691,987.43</u>
Balance, December 31, 2017	C		\$ <u><u>2,309,101.25</u></u>

"C-3"

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

		BALANCE DECEMBER 31, 2017
Fund Balance		\$ 90,920.40
Capital Improvement Fund		81,117.62
Improvement Authorizations-Funded		541,904.05
Interfunds Payable		246.03
Unfunded Improvement Expended (Exhibit "C-5")		(110,884.36)
Unexpended Proceeds of Bond Anticipation Notes (Listed on C-5)		1,359,521.49
Contracts Payable		<u>346,276.02</u>
		\$ <u>2,309,101.25</u>
	<u>REF.</u>	C

"C-4"

SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION FUNDED

Balance, December 31, 2016	C	\$ 3,573,000.00
Decreased by:		
2017 Budget Appropriation to Pay Bonds	C-10	<u>315,000.00</u>
Balance, December 31, 2017	C	\$ <u>3,258,000.00</u>

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2017				
		BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	BALANCE DECEMBER 31, 2017	BOND ANTICIPATION NOTES	EXPENDITURES
<u>General Improvements:</u>						
06-21	Various Improvements and Purposes	\$ 118,995.09	\$	\$ 118,995.09	\$	\$ 118,995.09
15-06	Various Capital Improvements	800,000.00		800,000.00	800,000.00	
16-10	Various Capital Improvements	593,940.00		593,940.00	593,940.00	
17-09	Various Capital Improvements		1,421,264.00	1,421,264.00	1,421,264.00	
17-17	Reconstruction of Sanitary and Storm Sewers		475,000.00	475,000.00		364,115.64
		<u>\$ 1,512,935.09</u>	<u>\$ 1,896,264.00</u>	<u>\$ 3,409,199.09</u>	<u>\$ 2,815,204.00</u>	<u>\$ 110,884.36</u>
		C	C-9	C	C-11	C-3
		<u>REF.</u>				
	Improvement Authorization Unfunded					\$ 1,842,632.22
	Less: Unexpended Proceeds of Bond Anticipation Notes					<u>1,369,521.49</u>
						<u>\$ 483,110.73</u>

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2016 (Due From)	C	\$ 604.41
Increased by:		
Disbursements	C-2	1,350.00
		<u>\$ 1,954.41</u>
Decreased by:		
Receipts	C-2	<u>2,200.44</u>
Balance, December 31, 2017 (Due To)	C	<u><u>\$ 246.03</u></u>

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	C		\$ 694,144.29
Increased by:			
Improvement Authorizations	C-9		<u>1,330,679.73</u>
			\$ <u>2,024,824.02</u>
Decreased by:			
Disbursements	C-2	\$ 1,678,248.00	
Canceled	C-1	<u>300.00</u>	
			<u>1,678,548.00</u>
Balance, December 31, 2017	C:C-3		\$ <u><u>346,276.02</u></u>

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 124,920.62
Increased by:		
2017 Budget Appropriation	C-2	56,000.00
		<u>\$ 180,920.62</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>99,803.00</u>
Balance, December 31, 2017	C	<u><u>\$ 81,117.62</u></u>

BOROUGH OF RARITAN  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATIONS	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2016		2017 AUTHORIZATIONS	CONTRACTS PAYABLE	ORDINANCES CANCELED	BALANCE DECEMBER 31, 2017	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
General Improvements:										
98-05	Reconstruction of Yones Lane	03/24/88	\$ 38,000.00	\$ 10,169.20	\$	\$	\$	\$ 10,169.20	\$	\$
04-09	Various Capital Improvements	06/22/04	122,000.00	261.00				261.00		
06-21	Improvements to Elizabeth Avenue	09/26/06	150,000.00	23,504.91	118,995.09					23,504.91
07-13	Various Improvements and Purposes	08/21/07	392,000.00	669.84						669.84
08-13	Various Improvements and Purposes	09/09/08	290,450.00	51,335.71						51,335.71
09-09	Various Improvements and Purposes	12/15/09	522,224.00	19,216.00						19,216.00
10-14	Various Improvements	11/09/10	386,636.00	128,775.81			57,379.64			71,396.17
11-05	Various Improvements	05/24/11	465,000.00	4,746.00						4,746.00
11-16	Renovation of Police Department	10/25/11	45,000.00	2,929.64						2,929.64
12-07	Reconstruction of Orlando Drive	06/26/12	600,000.00	29,176.22			552.00			28,624.22
13-08	Various Improvements	07/23/13	321,000.00	70,498.00						70,498.00
14-04	Various Capital Improvements	07/08/14	524,700.00	369,187.06			105,355.50			263,831.56
15-06	Various Capital Improvements	06/23/15	842,000.00	842,000.00			135,130.49			59,976.99
16-06	Improvements to Public Library	05/10/16	30,912.00	5,152.00						5,152.00
16-10	Various Capital Improvements	08/23/16	625,200.00	549,855.24			224,528.51			325,326.73
17-04	Various Capital Improvements		150,000.00	150,000.00		150,000.00	50,000.00			100,000.00
17-09	Various Capital Improvements		1,496,067.00	1,496,067.00		1,496,067.00	521,849.23			974,217.77
17-17	Various Capital Improvements		500,000.00	500,000.00		500,000.00	135,884.36			364,115.64
				<u>\$ 715,621.39</u>	<u>\$ 863,957.81</u>	<u>\$ 2,146,067.00</u>	<u>\$ 1,330,679.73</u>	<u>\$ 10,430.20</u>	<u>\$</u>	<u>\$ 541,904.05</u>
				C	C		C-7			C-C-3
										C-C-5

Deferred Charges to Future Taxation-Unfunded  
Capital Improvement Fund  
Fund Balance

\$ 1,896,264.00  
99,803.00  
150,000.00  
\$ 2,146,067.00

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, 2016</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
General Improvements	09/15/15	\$ 3,888,000.00	9/15/18-9/15/19 9/15/20-9/15/23 9/15/24-9/15/25 09/15/26 09/15/27	2.00% 2.00% 2.25% 2.50% 3.00%	\$ 3,573,000.00	\$ 315,000.00	\$ 3,258,000.00
					<u>\$ 3,573,000.00</u>	<u>\$ 315,000.00</u>	<u>\$ 3,258,000.00</u>

REF.

C

C-4

C

C

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
15-06	Various Capital Improvements	07/11/17	\$ 800,000.00	07/11/18	2.250%	\$ 800,000.00	\$ 800,000.00
16-10	Various Capital Improvements	07/11/17	593,940.00	07/11/18	2.250%	593,940.00	593,940.00
17-09	Various Capital Improvements	07/11/17	1,421,264.00	07/11/18	2.250%	1,421,264.00	1,421,264.00
						\$ 2,815,204.00	\$ 2,815,204.00

REF.

C-2

C:C-5

BOROUGH OF RARITAN

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR LIBRARY COSTS

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ <u>2,389.43</u>
Decreased by:		
Disbursements	C-2	\$ <u><u>2,389.43</u></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, 2017</u>	
		<u>CAPITAL FUND</u>	<u>ASSESSMENT TRUST FUND</u>
<u>General Improvements:</u>			
06-21	Improvements to Elizabeth Avenue	\$ 118,995.09	\$
17-10	Reconstruction of Sanitary and Storm Sewers	475,000.00	
<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>\$ 593,995.09</u>	<u>\$ 11,786.19</u>

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PART II  
BOROUGH OF RARITAN  
STATISTICAL DATA  
LIST OF OFFICIALS  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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

	YEAR 2017		YEAR 2016	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,567,750.00	4.71%	\$ 2,005,000.00	6.07%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,287,098.96	9.87%	3,195,085.48	9.68%
Collections of Delinquent Taxes and				
Tax Title Liens	141,254.75	0.42%	336,324.53	1.02%
Collections of Current Tax Levy	<u>28,309,392.33</u>	<u>85.00%</u>	<u>27,470,075.83</u>	<u>83.23%</u>
<u>Total Income</u>	<u>\$ 33,305,496.04</u>	<u>100.00%</u>	<u>\$ 33,006,485.84</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 10,721,173.86	33.89%	\$ 11,181,219.59	35.70%
Regional School Taxes	16,292,566.00	51.51%	15,678,783.00	50.07%
County Taxes	4,417,626.63	13.97%	4,352,202.09	13.90%
Other Expenditures	<u>199,382.58</u>	<u>0.63%</u>	<u>104,623.18</u>	<u>0.33%</u>
<u>Total Expenditures</u>	<u>\$ 31,630,749.07</u>	<u>100.00%</u>	<u>\$ 31,316,827.86</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,674,746.97		\$ 1,689,657.98	
Fund Balance, January 1	<u>3,016,234.29</u>		<u>3,331,576.31</u>	
	\$ 4,690,981.26		\$ 5,021,234.29	
Less: Utilization as Anticipated Revenue	<u>1,567,750.00</u>		<u>2,005,000.00</u>	
Fund Balance, December 31	<u>\$ 3,123,231.26</u>		<u>\$ 3,016,234.29</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$2.386</u>	<u>\$2.370</u>	<u>\$2.241</u>
Appointment of Tax Rate:			
Municipal	\$0.651	\$0.650	\$0.649
County	0.338	0.366	0.322
Open Space - County	0.032	0.032	0.031
Regional School	<u>1.365</u>	<u>1.322</u>	<u>1.239</u>

Assessed Valuation:

2017	\$ <u>1,194,341,357.00</u>
2016	\$ <u>1,186,551,270.00</u>
2015	\$ <u>1,184,865,308.00</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>
2017	\$28,521,264.87	\$28,309,392.33	99.95%
2016	\$27,777,343.43	\$27,470,075.83	98.89%
2015	\$26,639,105.22	\$26,300,887.58	98.73%

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>
2017	\$44,850.87	\$202,387.67	\$247,238.54	0.87%
2016	\$38,143.83	\$218,466.26	\$256,610.09	0.92%
2015	\$74,742.54	\$343,729.80	\$418,472.34	1.57%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$73,777.93
2016	\$73,777.93
2015	\$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	2017	\$3,123,231.26	\$1,684,750.00
	2016	3,016,234.29	1,567,750.00
	2015	3,331,576.31	2,005,200.00
	2014	3,247,211.62	1,172,200.00
	2013	1,546,026.56	1,100,000.00

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>
Charles McMullin	Mayor		
Denise Carra	President of Council		
Zachary Bray	Councilman		
Nicholas Cara	Councilman		
James Foohey	Councilman		
Paul Giraldi	Councilman		
Robert McGinley	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
Karin Kneafsey	Tax Collector, Tax Search Officer to September 12, 2017	\$150,000.00	Selective Risks Insurance Company
Rossana Gutierrez	Tax Collector, Tax Search Officer from September 13, 2017	\$175,000.00	Selective Risks Insurance Company
Eric Colvin	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>
Katherine E. Howes	Municipal Magistrate	**	
Linda Lella	Court Administrator	**	
Richard Wenner	Borough Attorney	*	
Lou Gara	Construction Code Official	*	
Stanley Schrek	Borough Engineer	*	
Connie Del Rocco	Registrar of Vital Statistics	*	
Kenneth McCormick	Police Chief to February 1, 2017	*	
Raymond Nolte	Police Chief from February 15, 2017	*	
Glen Stives Borough of Manville Shared Service	Tax Assessor to August 25, 2017		
Anthony DiRado	Tax Assessor from August 26, 2017	*	
Paul L. Masaba	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 July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 was increased to \$40,000.00 by resolution of the governing body.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the 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 Manhole Repairs  
Reconstruction of Bell and Sherman Avenues  
Milling and Overlay of Various Streets  
Route 28 Pump Station

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 2017 for the following professional services:

Borough Attorney	Borough Architect
Special Counsel	Registered Municipal Accountant
Borough Engineer	Bond Counsel
Borough Prosecutor	Public Defender

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, 2017 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.

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.
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 August 30, 2017 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>
2017	3
2016	3
2015	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 2018 Taxes	50
Payments of 2017 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.

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 that Borough funds in fire safety and recreation departments were not always deposited with 48 hours. In addition, the recreation department records were not available for audit.

## RECOMMENDATIONS

That all Borough funds in the fire safety and recreation departments be deposited within 48 hours of receipt.

That original books of entry be maintained by the recreation department and be made available for audit.



