

Report of Audit

on the

Financial Statements

of the

Township of Warren

in the

County of Somerset
New Jersey

for the

Year Ended
December 31, 2018

TOWNSHIP OF WARREN

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TOWNSHIP OF WARREN

PART I

INDEPENDENT AUDITOR'S REPORT ON
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
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SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2018 AND 2017



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Warren
County of Somerset
Warren, New Jersey 07059

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Warren, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Warren as of December 31, 2018 and 2017, 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, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account group as of December 31, 2018 and 2017, 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, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

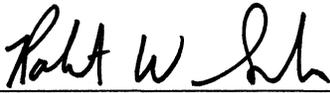
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Warren's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services,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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2019 on our consideration of the Township of Warren's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Warren's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 24, 2019



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

The Honorable Mayor and Members
of the Township Committee
Township of Warren
County of Somerset
Warren, New Jersey 07059

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Warren, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated July 24, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Warren prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township of Warren'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 Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 24, 2019

CURRENT FUND

TOWNSHIP OF WARREN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>			
Current Fund:			
Cash-Treasurer	A-4	\$ 5,740,021.28	\$ 18,525,302.65
Cash-Change Fund	A-6	625.00	625.00
State of New Jersey-Chapter 20 P.L. 1971	A-18	22,887.21	26,980.46
		<u>\$ 5,763,533.49</u>	<u>\$ 18,552,908.11</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 607,137.96	\$ 646,228.46
Tax Title Liens Receivable	A-9	81,354.28	70,671.18
Property Acquired for Taxes-Assessed Value	A-10	900,149.00	900,149.00
Revenue Accounts Receivable	A-11	14,034.91	18,801.56
Sewerage Authority Receivable- Payroll	A-12	43,975.08	12,568.14
Interfunds Receivable	A-29	27.76	8,012.06
	A	<u>\$ 1,646,678.99</u>	<u>\$ 1,656,430.40</u>
Deferred Charges	A-39	\$ 10,000.00	\$ 20,000.00
		<u>\$ 7,420,212.48</u>	<u>\$ 20,229,338.51</u>
Grant Fund:			
Grants Receivable	A-14	\$ 129,836.42	\$ 297,882.00
Due Current Fund	A-28	220,327.17	157,832.49
		<u>\$ 350,163.59</u>	<u>\$ 455,714.49</u>
		<u>\$ 7,770,376.07</u>	<u>\$ 20,685,053.00</u>

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

TOWNSHIP OF WARREN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-15	\$ 661,409.15	\$ 962,348.13
Accounts Payable	A-7	537,403.84	643,882.27
Prepaid Taxes	A-23	754,054.65	11,490,657.21
Tax Overpayments	A-22	24,306.41	125,599.73
Interfunds Payable	A-29	278,171.21	1,076,364.76
Reserve For:			
Sale of Municipal Assets	A-16	33,896.77	46,746.77
Premium on Tax Sale	A-24	447,700.00	712,800.00
Redemption of Outside Liens	A-25		2,370.47
Due Police Outside Overtime	A-13	24,518.75	11,593.75
Due State of New Jersey- Marriage Licenses	A-32	375.00	375.00
Due State of New Jersey- Construction DCA Fees	A-33	10,482.00	11,546.00
Retirement	A-30	98,745.00	98,745.00
State Tax Appeals	A-17	223,334.68	223,334.68
Due Somerset County- 5% PILOT	A-31	7,882.85	1,733.18
Due Sewerage Authority- Collections	A-34	32,707.18	53,077.55
Sewer Overpayments	A-35		746.37
FEMA - Fire Department	A-38	2,002.28	16,246.28
FEMA - Rescue Squad	A-37		4,933.75
FEMA - Sewerage Authority	A-36		83,764.17
		\$ 3,136,989.77	\$ 15,566,865.07
Reserve for Receivables and Other Assets	A	1,646,678.99	1,656,430.40
Fund Balance	A-1	2,636,543.72	3,006,043.04
		\$ 7,420,212.48	\$ 20,229,338.51
Grant Fund:			
Grants-Unappropriated	A-27	\$	\$ 22,906.00
Grants-Appropriated	A-26	286,083.59	362,991.73
Accounts Payable	A-7	64,080.00	69,816.76
		\$ 350,163.59	\$ 455,714.49
		\$ 7,770,376.07	\$ 20,685,053.00

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

TOWNSHIP OF WARREN

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER <u>31, 2018</u>	YEAR ENDED DECEMBER <u>31, 2017</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,500,000.00	\$ 1,440,579.88
Miscellaneous Revenue Anticipated	A-2	4,128,072.60	3,803,563.87
Receipts From Delinquent Taxes	A-2	643,878.98	558,748.85
Receipts From Current Taxes	A-2	91,863,788.09	90,782,854.88
Non-Budget Revenue	A-2	123,063.39	303,326.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	240,112.50	282,785.48
Grant Reserves Canceled	A-26	38,912.38	6,541.75
Reserves Canceled			28,000.00
Accounts Payable Canceled	A-7	26,192.20	16,725.96
Tax Overpayments Canceled	A-22	7,313.67	22,134.74
Interfunds Returned		7,984.30	
		<u>\$ 98,579,318.11</u>	<u>\$ 97,245,261.41</u>
<u>EXPENDITURES</u>			
Budget and Emergency Authorizations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	\$ 7,864,800.00	\$ 7,634,300.00
Other Expenses	A-3	6,573,615.00	6,648,145.00
Deferred Charges and Statutory Expenditures	A-3	1,922,600.00	1,804,946.00
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	23,000.00	
Other Expenses	A-3	682,960.55	391,723.33
Capital Improvements	A-3	120,000.00	155,000.00
Municipal Debt Service	A-3	1,330,798.56	1,521,420.97
Deferred Charges and Statutory Expenditures	A-3	201,000.00	10,000.00
County Taxes	A-19	18,285,594.67	18,382,999.63
Local District School Tax	A-20	39,878,534.00	39,439,688.00
Regional High School Tax	A-21	19,565,617.00	19,161,182.00
Municipal Open Space Tax	A-8	930,762.08	920,171.19
Grants Receivable Canceled	A-14	30,323.20	6,541.75
Accounts Receivable Canceled		31,406.94	794.23
Interfunds Advanced			8,012.06
Refund of Prior Year Revenue		7,805.43	3,084.86
		<u>\$ 97,448,817.43</u>	<u>\$ 96,088,009.02</u>
Excess in Revenue		\$ 1,130,500.68	\$ 1,157,252.39
Fund Balance, January 1	A	<u>3,006,043.04</u>	<u>3,289,370.53</u>
		\$ 4,136,543.72	\$ 4,446,622.92
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>1,500,000.00</u>	<u>1,440,579.88</u>
Fund Balance, December 31	A	<u>\$ 2,636,543.72</u>	<u>\$ 3,006,043.04</u>

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

TOWNSHIP OF WARREN

CURRENT FUND

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

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,500,000.00		\$ 1,500,000.00	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-11	\$ 24,000.00	\$	\$ 24,822.00	\$ 822.00
Fees and Permits:					
Construction Code Official	A-11	555,000.00		697,881.00	142,881.00
Other	A-2	174,000.00		166,390.59	(7,609.41)
Municipal Court - Fines and Costs	A-11	214,000.00		195,406.95	(18,593.05)
Interest and Costs on Taxes	A-11	177,000.00		172,625.16	(4,374.84)
Interest on Investments and Deposits	A-11	50,000.00		135,628.54	85,628.54
Energy Receipts Tax	A-11	1,321,130.00		1,321,130.00	
Warren Township Sewerage Authority Shared Service	A-11	42,000.00		42,000.00	
Watchung Hills-Municipal Alliance Contribution	A-11	8,349.94		8,349.94	
Somerset County Turf Field	A-14	375,000.00		375,000.00	
Alcohol Education Rehabilitation Fund	A-14		3,588.39	3,588.39	
Clean Communities Program	A-14		39,096.39	39,096.39	
Recycling Tonnage Grant	A-14	22,906.00		22,906.00	
Drunk Driving Enforcement Fund	A-14		3,310.07	3,310.07	
Safety Award Garden State JIF	A-14		1,000.00	1,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-14	33,399.76		33,399.76	
Somerset County Youth Services Program	A-14	5,000.00	9,160.00	14,160.00	
National Crime Statistics Exchange	A-14		43,500.00	43,500.00	
Chelsea Donation - OEM	A-14	500.00		500.00	
Police Donation	A-14		150.00	150.00	
Shared Services - School Officer	A-14	119,000.00		119,000.00	
Cable T.V. Franchise Fee - Cablevision	A-11	134,190.00		134,190.00	
Cable T.V. Franchise Fee - Verizon	A-11	116,254.65		116,254.65	
Rental of Property - Cell Towers - Wagner Farms	A-11	88,000.00		91,348.31	3,348.31
Uniform Fire Safety Act	A-11	37,000.00		31,999.85	(5,000.15)
Reserve for Open Space - Contribution of Open Space Debt Service	A-11	79,493.75		79,493.75	
Hotel and Motel Occupancy Fees	A-11	42,000.00		6,105.57	(35,894.43)
P.I.L.O.T. - Warren Crossing	A-11	100,000.00		149,774.20	49,774.20
Sale of Municipal Assets	A-16	25,000.00		25,000.00	
Warren Township Sewerage Authority:					
Property and Casualty Insurance	A-11	55,000.00		48,831.00	(6,169.00)
Health Insurance	A-11	23,000.00		25,230.48	2,230.48
<u>Sub-Total Miscellaneous Revenues</u>	A-1	\$ 3,821,224.10	\$ 99,804.85	\$ 4,128,072.60	\$ 207,043.65
Receipts From Delinquent Taxes	A-1	\$ 645,000.00		\$ 643,878.98	\$ (1,121.02)
Amount to be Raised by Taxes for Support of Municipal Budget: Local Tax for Municipal Purposes	A-8:A-2	\$ 13,605,946.60		\$ 14,153,280.34	\$ 547,333.74
<u>Budget Totals</u>		\$ 19,572,170.70	\$ 99,804.85	\$ 20,425,231.92	\$ 753,256.37
Non-Budget Revenues	A-1:A-2			123,063.39	123,063.39
		\$ 19,572,170.70	\$ 99,804.85	\$ 20,548,295.31	\$ 876,319.76
REF.		A-3	A-3		

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

TOWNSHIP OF WARREN

CURRENT FUND

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

	<u>REF.</u>		
<u>ANALYSIS OF REALIZED REVENUES</u>			
Allocation of Current Tax Collections:			
Revenue From Collections	A-1:A-8	\$	91,863,788.09
Allocated To:			
Local District School Taxes		\$	39,878,534.00
Regional High School Taxes			19,565,617.00
County Taxes			18,285,594.67
Municipal Open Space	A-4:A-8		<u>930,762.08</u>
			<u>78,660,507.75</u>
Balance for Support of Municipal Budget Appropriations		\$	13,203,280.34
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>950,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>14,153,280.34</u></u>
Fees and Permits-Other:			
Board of Health	A-11	\$	32,378.60
Registrar	A-11		4,917.00
Township Clerk	A-11		894.81
Engineering Department	A-11		2,110.00
Escrow/Inspection Fees	A-11		39,692.02
Planning Board	A-11		8,460.00
Board of Adjustment	A-11		7,675.00
Police Department	A-11		3,212.16
Fire Prevention	A-11		29,471.00
Smoke Detector	A-11		12,350.00
Street Openings/Other	A-11		9,000.00
Mini-Dump	A-11		7,380.00
Zoning	A-11		<u>8,850.00</u>
	A-2	\$	<u><u>166,390.59</u></u>

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

TOWNSHIP OF WARREN

CURRENT FUND

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

REF.

ANALYSIS OF NON-BUDGET REVENUE

Senior Citizens' and Veterans' Administrative Fee	\$	1,676.85
Police Outside Services-Township's Share		45,001.04
Recreation - Field Use, Stand and Lights		3,500.00
PERS Employer - Sewerage Authority		5,781.35
Miscellaneous		32,511.66
Reimbursement of Prior Year Costs		21,206.31
Miscellaneous - Tax Collector		1,225.37
Interest on Assessments		7,433.32
2% Administrative Fee- PILOT Program		3,217.49
Miscellaneous Reimbursements		<u>1,510.00</u>
A-2:A-4	\$	<u><u>123,063.39</u></u>

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

TOWNSHIP OF WARREN
CURRENT FUND

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

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS":						
GENERAL GOVERNMENT						
Administrative and Executive:						
Salaries and Wages	393,500.00	391,500.00	386,548.02	\$	4,951.98	\$
Other Expenses	190,100.00	178,100.00	175,943.75		2,156.25	
Township Clerk:						
Salaries and Wages	173,000.00	164,000.00	159,251.82		4,748.18	
Other Expenses	42,175.00	47,175.00	41,888.47		5,286.53	
Financial Administration:						
Salaries and Wages	161,500.00	164,500.00	158,134.25		6,365.75	
Other Expenses	26,100.00	28,100.00	26,815.30		1,284.70	
Audit Services:						
Other Expenses	7,000.00	7,000.00	1,150.00		5,850.00	
Township Committee:						
Salaries and Wages	41,000.00	42,000.00	41,074.80		925.20	
Other Expenses	13,550.00	19,550.00	13,834.27		5,715.73	
Assessment of Taxes:						
Salaries and Wages	129,500.00	130,000.00	129,551.39		448.61	
Other Expenses	49,850.00	49,850.00	49,484.35		365.65	
Collection of Taxes:						
Salaries and Wages	103,500.00	103,500.00	101,953.72		1,546.28	
Other Expenses	31,990.00	26,990.00	25,070.15		1,919.85	
Municipal Land Use Law:						
Salaries and Wages	31,000.00	31,000.00	29,736.05		1,263.95	
Other Expenses	37,900.00	29,900.00	23,619.92		6,280.08	
Zoning Costs-Board of Adjustment:						
Salaries and Wages	23,000.00	25,500.00	24,865.17		634.83	
Other Expenses	9,075.00	10,075.00	2,632.86		7,442.14	
Zoning Enforcement:						
Salaries and Wages	53,000.00	53,000.00	44,716.87		8,283.13	
Other Expenses	45,250.00	45,250.00	37,143.75		8,106.25	
Environmental Commission (R.S. 40:56A-1 et seq.):						
Other Expenses	3,200.00	3,200.00	2,350.00		850.00	
Cable T.V. Advisory Committee:						
Other Expenses	12,800.00	12,800.00	9,495.00		3,305.00	
Vehicle and Pedestrian Traffic Advisory Committee:						
Other Expenses	4,000.00	4,000.00	1,550.00		2,450.00	
Open Space Advisory Committee:						
Other Expenses	8,000.00	4,000.00			4,000.00	
Green Team:						
Other Expenses	4,500.00	4,500.00	335.69		4,164.31	
Insurance:						
Other Insurance Premiums	270,000.00	265,000.00	258,012.60		6,987.40	
Consultant	10,000.00	10,000.00	9,600.00		400.00	
New Jersey Disability	5,000.00	5,000.00	4,284.85		705.15	
Group Insurance Plan for Employees	1,335,000.00	1,290,000.00	1,250,365.19		39,634.81	
Surety Bond Premiums	1,000.00	1,000.00			1,000.00	
Worker's Compensation	128,000.00	128,000.00	128,000.00			

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

TOWNSHIP OF WARREN
CURRENT FUND

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

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS" (CONTINUED)						
PUBLIC SAFETY						
Fire:						
Salaries and Wages	\$ 71,000.00	\$ 77,000.00	\$ 73,707.89	\$ 3,292.11	\$	
Miscellaneous	286,350.00	286,350.00	284,264.75	2,085.25		
Bureau of Fire Prevention:						
Salaries and Wages	44,500.00	57,000.00	49,202.44	7,797.56		
Fire Hydrant Service	450,000.00	450,000.00	437,350.79	12,649.21		
Other Expenses	4,275.00	4,275.00	2,714.27	1,560.73		
Police:						
Salaries and Wages	3,524,000.00	3,559,000.00	3,503,788.07	55,211.93		
Other Expenses	344,400.00	344,400.00	330,376.61	14,023.39		
First Aid Organization Contributions	43,000.00	43,000.00	39,525.00	3,475.00		
Police Dispatch:						
Salaries and Wages	364,000.00	358,000.00	341,516.08	16,483.92		
Other Expenses	5,700.00	5,700.00	3,311.86	2,388.14		
Municipal Court:						
Salaries and Wages	199,000.00	199,000.00	197,290.51	1,709.49		
Other Expenses	22,800.00	22,800.00	18,872.66	3,927.34		
Municipal Prosecutor:						
Other Expenses	40,000.00	40,000.00	34,090.00	5,910.00		
Emergency Management Service:						
Salaries and Wages	7,000.00	7,000.00	6,225.12	774.88		
Other Expenses	12,000.00	12,000.00	1,621.94	10,378.06		
Legal Services and Costs:						
Salaries and Wages	29,000.00	29,000.00	27,485.04	1,514.96		
Other Expenses	270,000.00	255,000.00	249,382.34	5,617.66		
Engineering Services and Costs:						
Salaries and Wages	164,500.00	169,500.00	167,624.34	1,875.66		
Other Expenses	90,450.00	90,450.00	81,581.76	8,868.24		
Public Defender:						
Other Expenses	21,000.00	21,000.00	18,788.92	2,211.08		
Public Buildings and Grounds:						
Salaries and Wages	242,000.00	277,000.00	272,484.15	4,515.85		
Other Expenses- Misc	139,200.00	148,700.00	147,822.49	877.51		
Other Expenses- Maintenance of Wagner Farm Property	30,000.00	30,000.00	29,955.59	44.41		
Other Expenses- Maintenance of Municipal Property	140,000.00	135,000.00	50,399.32	84,600.68		
Street and Roads:						
Road Repairs and Maintenance:						
Salaries and Wages	1,022,000.00	972,000.00	928,980.75	43,019.25		
Other Expenses	1,258,300.00	1,323,300.00	1,284,705.62	38,594.38		
Utility Expenses:						
Street Lighting	25,000.00	25,000.00	24,331.56	668.44		
Electricity	118,900.00	118,900.00	112,603.85	6,296.15		
Telephone	114,500.00	114,500.00	112,112.10	2,387.90		
Water	19,500.00	16,500.00	13,372.73	3,127.27		
Fuel Oil	39,000.00	16,000.00	7,051.13	8,948.87		
Gasoline	95,000.00	95,000.00	92,971.73	2,028.27		
Natural Gas	36,000.00	36,000.00	33,603.43	2,396.57		

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

TOWNSHIP OF WARREN
CURRENT FUND

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

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
<u>PUBLIC SAFETY (CONTINUED)</u>						
Solid Waste Recycling:						
Other Expenses	\$ 134,000.00	\$ 134,000.00	\$ 129,958.64	\$ 4,041.36	\$	
Maintenance of Township Vehicles and Equip:						
Salaries and Wages	279,000.00	254,000.00	232,810.72	21,189.28		
Miscellaneous	256,300.00	276,300.00	274,264.42	2,035.58		
Maintenance of Fire Equipment	55,000.00	55,000.00	35,730.64	19,269.36		
Community Services Act:	20,000.00	20,000.00	12,573.16	7,426.84		
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Salaries and Wages	132,300.00	132,300.00	129,824.76	2,475.24		
Other Expenses	140,950.00	138,950.00	129,454.84	9,495.16		
Alliance to Prevent Alcoholism and Drug Abuse:						
Other Expenses	1,500.00	1,500.00	1,500.00			
Animal Control:						
Salaries and Wages	10,000.00	10,000.00	10,000.00			
Other Expenses	15,000.00	13,000.00	7,656.00	5,344.00		
<u>RECREATION AND EDUCATION (R.S.40:12-1)</u>						
Board of Recreation Commissioners:						
Salaries and Wages	130,000.00	109,000.00	94,862.93	14,137.07		
Other Expenses	30,100.00	30,100.00	25,310.38	4,789.62		
Celebration of Public Events, Anniversary or Holidays:						
Historic Sites Committee:	20,000.00	10,000.00	2,746.26	7,253.74		
Senior Citizens Committee:	5,900.00	5,900.00	250.00	5,650.00		
Other Expenses	13,200.00	13,200.00	10,609.95	2,590.05		
Therapeutic Recreation:						
Other Expenses	3,000.00	3,000.00	2,455.00	545.00		
Public Monuments:						
Other Expenses	8,000.00	8,000.00	1,295.00	6,705.00		
Senior Citizen Bus:						
Other Expenses	17,000.00	17,000.00	10,261.76	6,738.24		
<u>STATE UNIFORM CONSTRUCTION CODE</u>						
<u>CONSTRUCTION OFFICIAL:</u>						
Salaries and Wages	503,000.00	550,000.00	549,065.99	934.01		
Other Expenses	37,300.00	33,300.00	26,834.94	6,465.06		
Other Expenses - 3rd Party Inspection Fees	1,000.00	1,000.00		1,000.00		
UNCLASSIFIED:						
Interest on Tax Appeal Refunds:						
Retain	5,000.00	5,000.00		5,000.00		
Salary Adjustment Account	10,000.00					
<u>TOTAL OPERATIONS WITHIN "CAPS":</u>	\$ 14,443,415.00	\$ 14,433,415.00	\$ 13,803,998.47	\$ 629,416.53	\$	
<u>CONTINGENT</u>	5,000.00	5,000.00		5,000.00		
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS":</u>	\$ 14,448,415.00	\$ 14,438,415.00	\$ 13,803,998.47	\$ 634,416.53	\$	
Detail:						
Salaries and Wages	\$ 7,830,300.00	\$ 7,864,800.00	\$ 7,660,700.88	\$ 204,099.12	\$	
Other Expenses	6,618,115.00	6,573,615.00	6,143,297.59	430,317.41		

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

TOWNSHIP OF WARREN
CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	\$ 463,600.00	\$ 463,600.00	\$ 463,587.90	\$ 12.10	\$
Social Security System (O.A.S.I.)	565,000.00	575,000.00	567,040.83	7,959.17	
Police and Firemen's Retirement System of NJ	863,000.00	863,000.00	862,757.00	243.00	
Firemen's Widow Pension	4,000.00	4,000.00	2,000.00	2,000.00	
State Unemployment Insurance	1,000.00	1,000.00	1,000.00		
DCRP - Employers Share	15,000.00	15,000.00	14,958.70	41.30	
Flex Spending Plan	1,000.00	1,000.00		1,000.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 1,912,600.00	\$ 1,922,600.00	\$ 1,911,344.43	\$ 11,255.57	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 16,361,015.00	\$ 16,361,015.00	\$ 15,715,342.90	\$ 645,672.10	\$
OPERATIONS EXCLUDED FROM "CAPS"					
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
WARREN TOWNSHIP SEWERAGE AUTHORITY- Shared Services:					
Tax Collector:					
Salaries & Wages	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 3,974.08	\$
Other Expenses	10,000.00	10,000.00	6,025.92		
Buildings and Grounds:					
Salaries & Wages	3,000.00	3,000.00		3,000.00	
Other Expenses	2,000.00	2,000.00		2,000.00	
Administration:					
Other Expenses	5,000.00	5,000.00	3,000.00	2,000.00	
Utilities:					
Other Expenses	2,000.00	2,000.00		2,000.00	
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	\$ 42,000.00	\$ 42,000.00	\$ 29,025.92	\$ 12,974.08	\$

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

TOWNSHIP OF WARREN
CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PUBLIC AND PRIVATE PROGRAMS					
OFF-SET BY REVENUES					
County Aid	\$ 33,399.76	\$ 33,399.76	\$ 33,399.76	\$	
Local Match	8,349.94	8,349.94	8,349.94		
Clean Communities Program (N.J.S.A. 40A: 4-87 +\$39,096.39)		39,096.39	39,096.39		
Recycling Tomtag Grant	22,906.00	22,906.00	22,906.00		
Drunk Driving Enforcement Fund (N.J.S.A. 40A: 4-87 +\$3,310.07)		3,310.07	3,310.07		
Somerseset County Youth Services Grant	5,000.00	14,160.00	14,160.00		
Shared Services - School Officer	119,000.00	119,000.00	119,000.00		
GARDEN STATE JIF GRANT (N.J.S.A. 40A: 4-87 +\$1,000.00)		1,000.00	1,000.00		
Somerseset County Turf Field Grant	375,000.00	375,000.00	375,000.00		
Alcohol Education Rehabilitation Fund (N.J.S.A. 40A: 4-87 +\$3,588.39)		3,588.39	3,588.39		
Chelsea Donation - OEM	500.00	500.00	500.00		
NAT'L CRIME STATISTICS EXCHANGE (N.J.S.A. 40A: 4-87 +\$43,500.00)		43,500.00	43,500.00		
Donations- Police Department (N.J.S.A. 40A: 4-87 +\$150.00)		150.00	150.00		
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 606,155.70	\$ 705,960.55	\$ 692,986.47	\$ 12,974.08	\$
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
DOWN PAYMENT ON IMPROVEMENTS:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Overlay and Drainage Improvements	100,000.00	100,000.00	100,000.00		
Purchase of Office Equipment	10,000.00	10,000.00	7,237.03	2,762.97	
TOTAL CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"	\$ 120,000.00	\$ 120,000.00	\$ 117,237.03	\$ 2,762.97	\$

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

TOWNSHIP OF WARREN
CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS" Payment of Bond Principal	\$ 965,000.00	\$ 965,000.00	\$ 965,000.00	\$	\$
Interest on Notes	297,000.00	297,000.00	293,798.56		3,201.44
Interest on Bonds	72,000.00	72,000.00	72,000.00		
TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"	\$ 1,334,000.00	\$ 1,334,000.00	\$ 1,330,798.56	\$	\$ 3,201.44
DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS" Special Emergency Authorizations- 5 Years (N.J.S.A. 40A: 4-55) Deferred Charges to Future Taxation Unfunded - Ordinance #2015-21	\$ 10,000.00	10,000.00	10,000.00	\$	\$
	191,000.00	191,000.00	191,000.00		
TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"	\$ 201,000.00	\$ 201,000.00	\$ 201,000.00	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 2,261,155.70	2,360,960.55	2,342,022.06	15,737.05	3,201.44
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	\$ 18,622,170.70	18,721,975.55	18,057,364.96	661,409.15	3,201.44
	950,000.00	950,000.00	950,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 19,572,170.70	\$ 19,671,975.55	\$ 19,007,364.96	\$ 661,409.15	\$ 3,201.44
REF.	A-2		A-1	A-A-1	
Amendment by (NUSA 40A-4-87)	\$	99,804.85			
Budget		19,572,170.70			
		<u>19,671,975.55</u>			
Reserve for Uncollected Taxes	A-2	\$	950,000.00		
Reserve for Grants Appropriated	A-26		663,960.55		
Deferred Charges	A-39		10,000.00		
Disbursements	A-4		17,441,540.58		
Accounts Payable	A-7		526,485.36		
Less: Refunds	A-4		19,591,986.49		
			584,621.53		
			<u>19,007,364.96</u>		

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

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TRUST FUND

TOWNSHIP OF WARREN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE DECEMBER 31, 2017</u>
Assessment Fund:			
Assessment Receivable	B-3	\$ 171,060.74	\$ 218,157.59
Prospective Assessment	B-16	430,000.00	
		<u>\$ 601,060.74</u>	<u>\$ 218,157.59</u>
Animal Control Fund:			
Cash	B-2	<u>\$ 22,953.92</u>	<u>\$ 29,324.23</u>
Other Funds:			
Cash	B-2	\$ 10,293,531.91	\$ 8,893,273.67
Due Current Fund	B-13	13,204.35	918,532.27
		<u>\$ 10,306,736.26</u>	<u>\$ 9,811,805.94</u>
	B	<u>\$ 10,930,750.92</u>	<u>\$ 10,059,287.76</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Due General Capital Fund	B-15	\$ 63,748.74	\$ 218,157.59
Reserve for Assessment Debt - Geiger/Krausche	B-17	107,312.00	
Assessment Bonds Payable	B-18	430,000.00	
		<u>\$ 601,060.74</u>	<u>\$ 218,157.59</u>
Animal Control Fund:			
Due Current Fund	B-4	\$ 27.76	\$ 1,257.23
Due State of New Jersey	B-5	21.60	
Reserve for Animal Control Fund Expenditures	B-6	21,973.56	25,442.00
Prepaid Licenses	B-7	931.00	2,625.00
		<u>\$ 22,953.92</u>	<u>\$ 29,324.23</u>
Other Funds:			
Reserve for:			
Miscellaneous Trust Deposits	B-10	\$ 3,206,232.78	\$ 2,853,134.85
Open Space Trust Deposits	B-8	3,268,815.95	3,199,255.84
State Unemployment Compensation Insurance	B-9	195,422.36	198,393.51
Affordable Housing Developer's Fees	B-11	3,586,367.46	3,523,318.51
Law Enforcement Forfeitures	B-12	49,897.71	37,703.23
		<u>\$ 10,306,736.26</u>	<u>\$ 9,811,805.94</u>
	B	<u>\$ 10,930,750.92</u>	<u>\$ 10,059,287.76</u>

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

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 2,314,993.93	\$ 1,485,162.32
Deferred Charges to Future Taxation:			
Funded	C-4	12,839,000.00	6,784,000.00
Unfunded	C-5	1,190,610.48	7,992,587.15
Due Assessment Trust Fund	C-11	63,748.74	218,157.59
Grants Receivable	C-14	32,766.48	80,871.14
Due Current Fund	C-6	44,639.69	
		<u>\$ 16,485,759.32</u>	<u>\$ 16,560,778.20</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Contracts Payable	C-7	\$ 94,871.85	\$ 884,393.22
Capital Improvement Fund	C-8	317,496.37	206,642.11
Due Current Fund	C-6		6,754.83
Improvement Authorizations:			
Funded	C-9	1,300,126.92	973,201.90
Unfunded	C-9	1,174,336.14	775,616.72
General Serial Bonds Payable	C-10	12,839,000.00	6,784,000.00
Bond Anticipation Note	C-12		6,450,000.00
Various Capital Reserves	C-13	542,977.83	410,994.73
Fund Balance	C-1	216,950.21	69,174.69
		<u>\$ 16,485,759.32</u>	<u>\$ 16,560,778.20</u>

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

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 69,174.69
Increased by:			
Receipts	C-2	\$ 175,733.00	
Various Capital Reserves - Cancelled	C-13	<u>27,042.52</u>	
			\$ <u>202,775.52</u>
			\$ <u>271,950.21</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9		<u>55,000.00</u>
Balance, December 31, 2018	C		\$ <u><u>216,950.21</u></u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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TOWNSHIP OF WARREN

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
<u>FIXED ASSETS</u>		
Land	\$ 18,974,463.00	\$ 18,974,463.00
Buildings	16,907,181.00	16,907,181.00
Machinery and Equipment	<u>9,439,950.70</u>	<u>9,472,484.06</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 45,321,594.70</u>	<u>\$ 45,354,128.06</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 45,321,594.70</u>	<u>\$ 45,354,128.06</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF WARREN

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Warren is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of 5 elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Warren include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Warren, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Warren do not include the operations of the regional and local boards of education, inasmuch as their activities are administered by separate boards or the Warren Township Sewerage Authority.

B. Description of Funds

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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.

GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer 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. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

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.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued) - 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 OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Current Fund	\$625.00	\$5,764,039.40	\$121,411.68	\$145,429.80	\$5,740,021.28
Animal Control Fund		23,495.25		541.33	22,953.92
Trust Other Fund		10,363,382.78	594.48	70,445.35	10,293,531.91
General Capital Fund		2,326,615.43		11,621.50	2,314,993.93
	<u>\$625.00</u>	<u>\$18,477,532.86</u>	<u>\$122,006.16</u>	<u>\$228,037.98</u>	<u>\$18,371,501.04</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$750,000.00 was covered by Federal Depository Insurance and \$17,727,532.86 was covered by NJ GUDPA.

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS

B. Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4): or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 (C.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

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

NOTE 2: CASH AND CASH EQUIVALENTS

B. Investments (Continued)

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

NOTE 3: LONG-TERM DEBT

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

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2018</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
Issued:			
General:			
Bonds and Notes	\$ <u>13,269,000.00</u>	\$ <u>13,234,000.00</u>	\$ <u>13,639,000.00</u>
Debt Issued	\$ 13,269,000.00	\$ 13,234,000.00	\$ 13,639,000.00
Less:			
Funds Temporarily Held to			
Pay Notes	<u>60,162.85</u>	<u>27,042.52</u>	<u> </u>
Net Debt Issued	\$ <u>13,208,837.15</u>	\$ <u>13,206,957.48</u>	\$ <u>13,639,000.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ <u>1,190,610.48</u>	\$ <u>1,542,587.15</u>	\$ <u>3,050,842.00</u>
 TOTAL BONDS AND NOTES ISSUED AND AUTHORIZED <u>BUT NOT ISSUED</u>	 <u>\$ 14,399,447.63</u>	 <u>\$ 14,749,544.63</u>	 <u>\$ 16,689,842.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF REGULATORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .313%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional High School District Debt	\$ 17,762,886.03	\$ 17,762,886.03	\$
General Debt	<u>14,459,610.48</u>	<u>60,162.85</u>	<u>14,399,447.63</u>
	<u>\$ 32,222,496.51</u>	<u>\$ 17,823,048.88</u>	<u>\$ 14,399,447.63</u>

NET DEBT \$14,399,447.63 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, \$4,594,246,429.33 EQUALS .313%.

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

Equalized Valuation Basis* - December 31, 2018	\$ <u>4,594,246,429.33</u>
3-1/2% of Equalized Valuation Basis	\$ 160,798,625.03
Net Debt	<u>14,399,447.63</u>
Remaining Borrowing Power	\$ <u>146,399,177.40</u>

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

NOTE 3: LONG-TERM DEBT (CONTINUED)

	Amount Outstanding <u>December 31, 2018</u>
General Serial Bonds:	
\$3,358,000.00 General Improvement Bonds of 2006 due in annual installments of \$130,000.00 to \$260,000.00 through February 2021 at an interest rate of 3.50% to 3.875%	\$778,000.00
\$900,000.00 Open Space Bonds of 2006 due in annual installments of \$35,000.00 to \$70,000.00 through February 2021 at an interest rate of 3.50% to 3.875%	210,000.00
\$4,364,000.00 General Improvement Bonds of 2009 due in annual installments of \$180,000.00 to \$360,000.00 through May 15, 2024 at an interest rate of 2.75% to 4.00%	2,159,000.00
\$3,572,000.00 General Improvement Bonds of 2014 due in annual installments of \$200,000.00 to \$350,000.00 through December 15, 2026 at an interest rate 2.00% to 3.00%	2,672,000.00
\$7,020,000.00 General Improvement Bonds of 2018 due in annual installments of \$275,000.00 to \$520,000.00 through February 1, 2033 at an interest rate of 2.00% to 4.00%	7,020,000.00
\$430,000.00 Special Assessment Bonds of 2018 due in annual installments of \$25,000.00 to \$30,000.00 through February 1, 2033 at an interest rate of 2.00% to 4.00%	<u>430,000.00</u>
	<u>\$13,269,000.00</u>

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

General Capital Fund	<u>\$ 1,190,610.48</u>
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NOTE 3: LONG-TERM DEBT (CONTINUED)

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

CALENDAR YEAR	GENERAL		TOTAL
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2019	\$ 1,290,000.00	\$ 369,226.25	\$ 1,659,226.25
2020	1,315,000.00	200,250.00	1,515,250.00
2021	1,338,000.00	263,040.00	1,601,040.00
2022	1,235,000.00	257,497.50	1,492,497.50
2023	1,235,000.00	225,172.50	1,460,172.50
2024	1,234,000.00	189,792.50	1,423,792.50
2025	900,000.00	158,175.00	1,058,175.00
2026	872,000.00	130,525.00	1,002,525.00
2027	550,000.00	107,250.00	657,250.00
2028	550,000.00	90,750.00	640,750.00
2029	550,000.00	74,250.00	624,250.00
2030	550,000.00	57,750.00	607,750.00
2031	550,000.00	41,250.00	591,250.00
2032	550,000.00	24,750.00	574,750.00
2033	<u>550,000.00</u>	<u>8,250.00</u>	<u>558,250.00</u>
	\$ <u>13,269,000.00</u>	\$ <u>2,197,928.75</u>	\$ <u>15,466,928.75</u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2018, which was appropriated and included as anticipated revenue in the introduced budget in its own respective fund for the year ending December 31, 2019, were as follows:

Current Fund	<u>\$1,325,000.00.</u>
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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 payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local and Regional High School Districts. The collections and remittance of county and school taxes are accounted for in the current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

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

	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
Prepaid Taxes	<u>\$754,054.65</u>	<u>\$11,490,657.21</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 Firemen'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.

NOTE 7: PENSION PLANS

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

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

Vesting and Benefit Provisions

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

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest 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 vested 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 vested.

NOTE 7: PENSION PLANS

Vesting and Benefit Provisions

However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

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

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

Certain portions of the costs are contributed by the employees. The Township's share of PERS and Police and Firemen's pension, which is based upon the annual billings received from the state, amounted to \$1,326,344.90 for 2018, \$1,218,846.00 for 2017 and \$1,244,507.63 for 2016.

The Township's share for DCRP amounted to \$14,958.70 for 2018, \$10,306.71 for 2017 and \$10,455.43 for 2016.

Certain Township employees are also covered by the Federal Insurance Contribution Act.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

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

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

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$10,235,631.00 for the Township of Cranford’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township’s proportion of the net pension liability was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township’s proportion was 0.05198852200 percent, which was an increase of 0.0022140214 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$691,341.00 for the Township of Cranford’s proportionate share of the total pension expense. The pension expense recognized in the Township’s financial statement based on the April 1, 2018 billing was \$461,077.00.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 52,778.00	\$ 195,195.00
Changes of assumptions	3,272,810.00	1,686,662.00
Net difference between projected and actual earnings on pension plan investments	96,011.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>220,294.00</u>	<u>595,059.00</u>
	<u>\$ 3,641,893.00</u>	<u>\$ 2,476,916.00</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$145,994.00
2020	(\$23,404.00)
2021	(\$630,344.00)
2022	(\$536,409.00)
2023	<u>(\$120,814.00)</u>
	<u><u>(\$1,164,977.00)</u></u>

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

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

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 (Continued)

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

Discount Rate

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

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

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

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$10,235,631.00 for the Township of Warren's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township's proportion was 0.05198852200 percent, which was an increase of 0.0022140214 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$691,341.00 for the Township of Warren's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2018 billing was \$461,077.00.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

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

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 55,303.00	\$ 135,961.00
Changes of assumptions	3,424,952.00	1,147,116.00
Net difference between projected and actual earnings on pension plan investments	73,113.00	
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>197,252.00</u>	<u>570,981.00</u>
	<u>\$ 3,750,620.00</u>	<u>\$ 1,854,058.00</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>Amount</u>
<u>June 30</u>		
2019	\$	189,677.80
2020		(312,683.20)
2021		(1,009,137.20)
2022		(621,032.20)
2023		<u>(143,387.20)</u>
	\$	<u>(1,896,562.00)</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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions:

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

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

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

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

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

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

Discount Rate

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

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Discount Rate (Continued)

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

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

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

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Township's proportionate share of the PFRS pension liability	\$17,608,118.00	\$13,363,960.00	\$9,876,902.00

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 Township 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 non-employer contributing entity. Since the Township 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 Township related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,815,273.00 and \$1,685,698.00 respectively.

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

Township's Proportionate Share of Net Pension Liability	\$13,363,960.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>1,815,273.00</u>
	<u>\$15,179,233.00</u>

Pension plan fiduciary net position

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

NOTE 8: COMPENSATED ABSENCES

Under the existing policy of the Township, employees, other than sworn police officers, are allowed to accumulate unused sick pay over the life of their working careers in accordance with contractual agreements and/or personnel policy as applicable.

Those individuals who are full time employees may accumulate up to 120 days of sick time. The accumulated sick time will remain "in the bank" and would be available to an employee for long term sickness but will not be compensated upon separation.

Employees would be paid at the conclusion of each calendar year, after accumulation of 120 sick days, one day's pay for every two days of unused sick time over 120 days for a maximum of 7.5 days. Each employee would receive his/her allotment of nine sick days per year for up to five years of employment, and fifteen sick days per year for employees employed over five years. The Township annually appropriates the amounts that are required to be paid in that year's budget.

Full-time police officers shall be entitled to unlimited sick/injury leave time up to a period of one (1) year, to be granted by the Township Committee, for cause, when needed, in three (3) month periods. However, policer officers are not compensated for unused sick time at separation.

NOTE 9: DEFERRED COMPENSATION PLAN

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

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

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

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

NOTE 10: LITIGATION

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

NOTE 11: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2018 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from current tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Township has established a reserve for this purpose in the Current Fund, the balance of which is \$223,334.68 at December 31, 2018.

NOTE 12: CONTINGENT LIABILITIES

The Township participated in several financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2018, the Township does not believe that any material liabilities will result from such audits.

NOTE 13: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage through a Joint Insurance Fund covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 13: RISK MANAGEMENT (CONTINUED)

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

<u>Year</u>	Township Share/Interest <u>Earned</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2018	\$ 3,640.13	\$ 6,611.28	\$ 195,422.36
2017	11,817.63	7,222.29	198,393.51
2016	594.94	6,912.09	193,798.17

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
Current Fund	\$ 8,012.06	\$ 1,076,364.76
Grant Fund	157,832.49	
Assessment Fund		218,157.59
Animal Control Fund		1,257.23
Trust Other Fund	918,532.27	
General Capital Fund	<u>218,157.59</u>	<u>6,754.83</u>
	\$ <u>1,302,534.41</u>	\$ <u>1,302,534.41</u>

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Township for the special funding situation is \$10,496,363.98 and \$15,307,144.00 respectively.

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

Township's proportionate share of the OPEB Liability	\$-0-
State of New Jersey's proportionate share of OPEB Liability associated with the Township	<u>10,496,363.98</u>
	<u><u>\$10,496,363.98</u></u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation rate	2.50%	2.50%
Salary increases*		
Through 2026	1.65% to 8.98%	1.65% to 8.98%
Thereafter	2.65% to 9.98%	2.65% to 9.98%

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan — the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

At December 31, 2018, the Township had the following deferred charge shown on the balance sheet:

	<u>BALANCE DECEMBER 31, 2018</u>	<u>2019 BUDGET APPROPRIATION</u>
Current Fund: Special Emergency Authorization (40A:4-53)	\$10,000.00	\$10,000.00

NOTE 17: COMMITMENTS

The Township has entered into an agreement with Chasbob Inc. to extend the affordability controls on sixty low and moderate income residential units located in Whispering Hills. This agreement began in 2012 and runs for a period of 30 years. As part of the agreement, the Township will pay quarterly rental assistance payments of \$50,000.00 to Chasbob Inc. These payments began in 2013 and will continue for the 30 years of the agreement.

NOTE 18: SUBSEQUENT EVENTS

The Township of Warren has evaluated subsequent events occurring after the financial statement date through July 24, 2019 which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that no subsequent events needed to be disclosed.

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TOWNSHIP OF WARREN
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF WARREN
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2017	A	\$ 18,525,302.65	\$ -0-
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 123,063.39	\$
Petty Cash Funds	A-5	1,000.00	
Appropriation Refunds	A-3	584,621.53	
Appropriation Reserve Refunds	A-15	13,253.17	
Taxes Receivable	A-8	80,916,648.98	
Revenue Accounts Receivable	A-11	3,447,461.99	
Township of Warren Sewerage Authority	A-12	145,784.41	
Reserve for Outside Police Services	A-13	407,884.49	
Reserve for Sale of Municipal Assets	A-16	12,150.00	
Grants Receivable	A-14		770,426.99
State of New Jersey-Senior Citizens and Veterans	A-18	84,662.47	
Tax Overpayments	A-22	722,359.17	
Prepaid Taxes	A-23	754,054.65	
Reserve for Premium on Tax Sale	A-24	177,400.00	
Reserve for Redemption of Outside Liens	A-25	593,092.37	
Interfunds Returned	A-29	280,078.89	
Due Somerset County - 5% PILOT	A-31	7,882.85	
Reserve for Marriage Licenses Due State of New Jersey	A-32	2,075.00	
Reserve for Construction DCA Fees Due State of New Jersey	A-33	49,500.00	
Due Sewerage Authority Collections	A-34	4,543,775.84	
Reserve for Sewer Overpayments	A-35	43,231.46	
		<u>92,909,980.66</u>	<u>770,426.99</u>
		\$ 111,435,283.31	\$ 770,426.99
Decreased by Disbursements:			
2018 Appropriations	A-3	\$ 17,441,540.58	\$
2017 Appropriation Reserves	A-15	1,341,509.39	
Municipal Open Space Taxes	A-2	930,762.08	
Petty Cash Funds	A-5	1,000.00	
Refund of Prior Year Revenue	A-1	7,805.43	
Reserve for Accounts Payable	A-7	751.00	
Township of Warren Sewerage Authority	A-12	177,191.35	
Reserve for Outside Police Services	A-13	394,959.49	
County Taxes	A-19	18,285,594.67	
Local District School Tax	A-20	39,878,534.00	
Regional High School Tax	A-21	19,565,617.00	
Refund of Tax Overpayments	A-22	796,547.16	
Reserve for Premium on Tax Sale	A-24	442,500.00	
Reserve for Redemption of Outside Liens	A-25	595,462.84	
Due Somerset County - 5% PILOT	A-31	1,733.18	
Reserve for FEMA - Fire Department	A-38	14,244.00	
Reserve for FEMA - Rescue Squad	A-37	4,933.75	
Reserve for FEMA - Sewerage Authority	A-36	83,764.17	
Grants - Appropriated - Returned to Other Trust- Municipal Alliance	A-26		37,700.67
Grants - Appropriated	A-26		669,992.40
Reserve for Marriage Licenses Due State of New Jersey	A-32	2,075.00	
Reserve for Construction DCA Fees Due State of New Jersey	A-33	50,564.00	
Due Sewerage Authority Collections	A-34	4,564,146.21	
Reserve for Sewer Overpayments	A-35	43,977.83	
Interfunds Advanced	A-29	1,070,048.90	
Interfund - Due Current Fund	A-28		62,733.92
		<u>105,695,262.03</u>	<u>770,426.99</u>
Balance, December 31, 2018	A	\$ <u>5,740,021.28</u>	\$ <u>-0-</u>

"A-5"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF PETTY CASH FUNDS

	<u>ADVANCED</u>	<u>REIMBURSED</u>
Administration	\$ 250.00	\$ 250.00
Historic Sites Committee	250.00	250.00
Police Chief	500.00	500.00
	<u>1,000.00</u>	<u>1,000.00</u>
	\$ <u>1,000.00</u>	\$ <u>1,000.00</u>
<u>REF.</u>	A-4	A-4

"A-6"

SCHEDULE OF CHANGE FUNDS

Balance, December 31, 2017 and December 31, 2018	A	\$ <u>625.00</u>
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DETAIL

Tax Collector	\$ 125.00
Public Works - Mini Dump	50.00
Municipal Court	200.00
Engineering	20.00
Township Clerk	50.00
Board of Health	50.00
Fire Safety	50.00
Recreation	50.00
Police	30.00
	<u>625.00</u>
	\$ <u>625.00</u>

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017			\$ 713,699.03
Increased by:			
2018 Appropriations	A-3	\$ 526,485.36	
2017 Appropriation Reserves	A-15	9,575.03	
Grants Appropriated	A-26	<u>64,080.00</u>	
			600,140.39
			\$ <u>1,313,839.42</u>
Decreased by:			
Transfer to 2017 Appropriation Reserves	A-15	\$ 615,595.62	
Reserve for Grants Appropriated	A-26	69,816.76	
Disbursements	A-4	751.00	
Canceled	A-1	<u>26,192.20</u>	
			<u>712,355.58</u>
Balance, December 31, 2018			\$ <u><u>601,483.84</u></u>

ANALYSIS OF BALANCE

Current Fund	A	\$ 537,403.84
Grant Fund	A	<u>64,080.00</u>
		\$ <u><u>601,483.84</u></u>

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	BALANCE DECEMBER 31, 2017	2018 LEVY	ADDED	<u>COLLECTIONS</u>		TRANSFERRED TO TAX TITLE LIENS	CANCELED	OVERPAYMENTS APPLIED	BALANCE DECEMBER 31, 2018
				2017	2018				
Prior	\$ 646,228.46	\$	\$ 6,821.28	\$ 552,772.34	\$ 646,796.61	\$ 205.34	\$ 6,003.52	\$	\$ 44.27
	\$ 646,228.46	\$	\$ 6,821.28	\$ 552,772.34	\$ 646,796.61	\$ 205.34	\$ 6,003.52	\$	\$ 44.27
2018		92,490,271.74		11,490,657.21	80,353,339.22	10,376.58	9,013.38	19,791.66	607,093.69
	\$	92,490,271.74	\$	12,043,429.55	\$ 81,000,135.83	\$ 10,581.92	\$ 15,016.90	\$	607,137.96
<u>REF.</u>	A			A-2:A-23	A-2	A-9		A-2:A-22	A

REF.

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

\$ 80,916,648.98
83,486.85
\$ 81,000,135.83

ANALYSIS OF 2018 PROPERTY TAX LEVY

TAX YIELD		
General Purpose Tax	\$	92,229,389.28
Added Taxes (54:4-63.1 et. seq.)		<u>260,882.46</u>
	\$	<u>92,490,271.74</u>
TAX LEVY		
Local District School Tax (Abstract)	A-20	39,878,534.00
Regional High School Tax (Abstract)	A-21	19,565,617.00
County Taxes:		
County Tax	A-19	14,672,931.76
County Library Tax	A-19	2,176,325.92
County Open Space Preservation Tax	A-19	1,388,096.15
County Added	A-19	<u>48,240.84</u>
		18,285,594.67
Local Tax for Municipal Purposes (Abstract)	A-2	13,605,946.60
Municipal Open Space Tax (Including Added)	A-1:A-2	930,762.08
Add: Additional Tax Levied		<u>223,817.39</u>
Local Tax for Municipal Purposes Levied		<u>14,760,526.07</u>
	\$	<u>92,490,271.74</u>

"A-9"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2017	A		\$ 70,671.18
Increased by:			
Transferred from Taxes Receivable	A-8	\$ 10,581.92	
Interest and Cost on Tax Sale		<u>101.18</u>	
			<u>10,683.10</u>
Balance, December 31, 2018	A		\$ <u><u>81,354.28</u></u>

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2017 and December 31, 2018	A		\$ <u><u>900,149.00</u></u>
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TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>ACCRUED IN 2018</u>	<u>COLLECTED BY TREASURER</u>	<u>BALANCE DECEMBER 31, 2018</u>
Licenses:					
Alcoholic Beverage Licenses	A-2	\$	24,822.00	\$ 24,822.00	\$
Fees and Permits	A-2		166,390.59	166,390.59	
Municipal Court: Fines and Costs	A-2	16,801.56	192,640.30	195,406.95	14,034.91
Interest and Costs on Taxes	A-2		172,625.16	172,625.16	
Interest on Investments and Deposits	A-2		135,628.54	135,628.54	
Energy Receipts Tax	A-2		1,321,130.00	1,321,130.00	
Uniform Construction Code Official	A-2		697,881.00	697,881.00	
Warrant Township Sewerage Authority			42,000.00	42,000.00	
Uniform Fire Safety Act	A-2		31,999.85	31,999.85	
Due From Warren Township Sewerage Authority:					
Property and Casualty Insurance	A-2		48,831.00	48,831.00	
Health Insurance	A-2		25,230.48	25,230.48	
Cable TV Franchise Fee - Cablevision	A-2		134,190.00	134,190.00	
Watchung Hills Municipal Alliance Contribution	A-2		8,349.94	8,349.94	
Reserve for Open Space - Contribution of Open Space Debt Service	A-2		79,493.75	79,493.75	
Hotel and Motel Occupancy Fees	A-2		6,105.57	6,105.57	
Rental of Property - Cell Towers - Wagner Farm	A-2		91,348.31	91,348.31	
Cable TV Franchise Fee - Verizon	A-2		116,254.65	116,254.65	
P.I.L.O.T - Warren Crossing	A-2		149,774.20	149,774.20	
		<u>\$ 16,801.56</u>	<u>\$ 3,444,695.34</u>	<u>\$ 3,447,461.99</u>	<u>\$ 14,034.91</u>
<u>REF.</u>		A		A-4	A

"A-12"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF SEWERAGE AUTHORITY RECEIVABLE- PAYROLL

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	12,568.14
Increased by:			
Disbursements	A-4		<u>177,191.35</u>
		\$	189,759.49
Decreased by:			
Receipts	A-4		<u>145,784.41</u>
Balance, December 31, 2018	A	\$	<u><u>43,975.08</u></u>

"A-13"

SCHEDULE OF RESERVE FOR OUTSIDE POLICE SERVICES

Balance, December 31, 2017	A	\$	11,593.75
Increased by:			
Receipts	A-4		<u>407,884.49</u>
		\$	419,478.24
Decreased by:			
Disbursements	A-4		<u>394,959.49</u>
Balance, December 31, 2018	A	\$	<u><u>24,518.75</u></u>

TOWNSHIP OF WARREN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2017	ACCRUED 2018	RECEIPTS	UNAPPROPRIATED RESERVE APPLIED	CANCELED	BALANCE DECEMBER 31, 2018
Watchung Hills Municipal Alliance for Prevention of Drug and Alcohol Abuse	\$ 28,090.00	\$ 33,399.76	\$ 30,468.39	\$	\$ 9,323.20	\$ 21,698.17
Shared Services - School Officer	31,200.00	119,000.00	129,200.00		21,000.00	
OEM Generator	73,349.00		73,349.00			
Somerset County Youth Services Program		14,160.00	14,160.00			
Chelsea Donation - OEM	43,013.00	500.00	500.00			
FEIMA- Alert Radio System			39,489.75			3,523.25
Recycling Tonnage Grant		22,906.00		22,906.00		
Clean Communities Program		39,096.39	39,096.39			
NJ State Police - National Crime Statistics Exchange		43,500.00				43,500.00
Alcohol Education Rehabilitation Program		3,588.39	3,588.39			
Somerset County Turf Field Grant		375,000.00	375,000.00			
Private Donation - Police Department Canine		150.00	150.00			
Joint Insurance Fund - Safety Grant		1,000.00	1,000.00			
Somerset County - Mt Bethel Meeting House	122,230.00	1,000.00	61,115.00			61,115.00
Drunk Driving Enforcement Fund		3,310.07	3,310.07			
	<u>\$ 297,882.00</u>	<u>\$ 655,610.61</u>	<u>\$ 770,426.99</u>	<u>\$ 22,906.00</u>	<u>\$ 30,323.20</u>	<u>\$ 129,836.42</u>
REF:	A	A-2	A-4	A-27	A-1	A

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>OPERATIONS WITHIN "CAPS"</u>				
Salaries and Wages:				
Administrative and Executive	\$ 6,167.17	\$ 667.17	\$ 667.17	\$
Township Clerk	3,834.44	1,834.44	290.21	1,544.23
Financial Administration	2,418.65	2,418.65	1,686.21	732.44
Township Committee	1,849.20	349.20		349.20
Assessment of Taxes	2,211.06	711.06	711.06	
Collection of Taxes	14,993.92	993.92	993.92	
Municipal Land Use Law (N.J.S. 4:550-1)	5,145.13	1,145.13	1,145.13	
Zoning Costs - Board of Adjustment	284.47	284.47	115.19	169.28
Zoning Enforcement	8,641.58	641.58		641.58
Fire	7,574.03	574.03	574.03	
Bureau of Fire Prevention	2,690.69	690.69		690.69
Police	164,937.52	54,937.52	2,552.40	52,385.12
Police Dispatch	24,500.11	500.11		500.11
Municipal Court	1,452.44	1,452.44	1,232.64	219.80
Emergency Management Service	914.80	914.80		914.80
Legal Services and Costs	220.00	220.00		220.00
Engineering Services and Costs	2,116.69	116.69	116.69	
Public Buildings and Grounds	208.14	208.14		208.14
Road Repairs and Maintenance	58,710.52	6,710.52	890.63	5,819.89
Maintenance of Township Vehicles and Equipment	5,600.12	600.12		600.12
Board of Health	7,607.72	607.72	607.72	
Animal Control	1,044.88	1,044.88		1,044.88
Board of Recreation Commissioners	1,534.71	1,534.71	532.92	1,001.79
Construction Official	40,765.31	5,765.31	5,765.31	
Other Expenses:				
Administrative and Executive	9.57	10,653.58	9,236.14	1,417.44
Township Clerk	11,283.90	29,535.62	29,440.83	94.79
Audit Services	3,800.00	73,800.00	65,400.00	8,400.00
Financial Administration	1,452.29	3,199.04	1,731.76	1,467.28
Township Committee	3,231.92	1,593.88	1,371.96	221.92
Assessment of Taxes	5,102.95	19,576.00	19,547.95	28.05
Collection of Taxes	7,172.42	5,276.17	5,212.00	64.17
Municipal Land Use Law (N.J.S. 40:550-1)	11,547.49	4,985.38	2,780.39	2,204.99
Zoning Costs - Board of Adjustment	4,760.12	1,852.95	118.33	1,734.62
Zoning Enforcement	1,019.15	8,469.15	3,065.00	5,404.15
Environmental Commission (R.S. 40:56A-1 et. seq.)	1,600.00	1,600.00		1,600.00
Cable TV Advisory Committee	5,430.74	5,430.74	5,400.00	30.74
Vehicle and Pedestrian Traffic Advisory Committee	1,866.00	1,866.00		1,866.00
Open Space Advisory Committee	13,890.00	3,890.00		3,890.00
Green Team	2,965.39	2,986.70	21.31	2,965.39
Other Insurance Premiums	11,148.40	20,963.40	20,900.00	63.40
Consultant	5,000.00	1,000.00		1,000.00
New Jersey Disability	1,722.51	1,722.51		1,722.51
Group Insurance Plan for Employees	31,167.36	1,167.36		1,167.36
Surety Bond Premiums	1,000.00	1,000.00		1,000.00
Fire Hydrant Services	9,281.43	36,647.21	36,365.78	281.43
Fire - Miscellaneous	32,280.91	68,082.24	68,070.03	12.21
Bureau of Fire Prevention	179.92	543.28	363.36	179.92
Police	13,623.38	74,060.71	69,204.24	4,856.47
Police Dispatch	2,649.21	4,089.21	1,438.78	2,650.43
Municipal Court	1,475.92	3,743.91	2,267.99	1,475.92
Municipal Prosecutor	4,150.00	150.00		150.00
Emergency Management Services	6,478.33	7,514.44	7,512.69	1.75
Legal Services and Costs	37,188.43	22,822.09	17,153.08	5,669.01
Engineering Services and Costs	17,408.50	5,447.12	5,038.62	408.50
Public Defender	2,829.20	2,829.20		2,829.20
Public Buildings and Grounds	3,042.62	23,024.95	20,914.35	2,110.60

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
Other Expenses (Continued):				
Maintenance of Municipal Property	\$ 61,570.62	\$ 89,170.62	\$ 89,156.00	\$ 14.62
Maintenance of Wagner Farm Property	14,857.29	17,050.37	16,993.08	57.29
Road Repairs and Maintenance	4,534.61	259,209.94	258,354.98	854.96
Street Lighting	2,549.49	4,545.09	1,995.60	2,549.49
Electricity	11,512.85	10,471.95	5,959.10	4,512.85
Telephone	8,306.03	20,402.99	12,073.50	8,329.49
Water	4,445.75	2,416.87	971.12	1,445.75
Fuel Oil	22,698.71	21,098.71	19,029.25	2,069.46
Gasoline	1,595.92	1,595.92		1,595.92
Natural Gas	7,990.66	5,940.37	4,278.04	1,662.33
Solid Waste Recycling	7,993.64	35,495.23	32,501.59	2,993.64
Maintenance of Township's Vehicles and Equipment	44,722.27	86,377.42	85,869.48	507.94
Maintenance of Fire Equipment	10,484.97	13,768.32	10,683.33	3,084.99
Community Services Act	23,786.14	25,112.51	10,173.72	14,938.79
Board of Health	6,820.90	4,789.40	992.00	3,797.40
Animal Control	8,420.98	1,420.98		1,420.98
Board of Recreation Commissioners	1,270.59	7,263.42	6,694.10	569.32
Celebration of Public Events	10,186.14	886.14	700.00	186.14
Historical Sites Committee	4,518.17	5,184.00	5,165.83	18.17
Senior Citizens Committee	2,077.68	2,077.68	345.08	1,732.60
Therapeutic Recreation	555.00	555.00		555.00
Public Monuments	10,000.00	10,000.00	10,000.00	
Senior Citizen Bus	7,635.80	6,340.12	3,704.32	2,635.80
Construction Code Misc.	3,461.39	7,416.29	3,782.51	3,633.78
3rd Party Inspection Fees	2,000.00	2,000.00		2,000.00
Interest on Tax Appeal Refunds	5,000.00	5,000.00		5,000.00
Salary Adjustment	10,000.00	10,000.00		10,000.00
Contingent	5,000.00	5,000.00		5,000.00
Social Security System (O.A.S.I.)	25,966.98	25,966.98		25,966.98
Firemen's Widow Pension	1,256.00	1,256.00		1,256.00
State Unemployment Insurance	1,000.00	1,000.00	1,000.00	
DCRP - Employer's Share	4,693.29	4,693.29		4,693.29
Flexible Spending	1,000.00	1,000.00		1,000.00
Police & Firemen's Retirement System of NJ	100.00	100.00		100.00
Purchase of Police Equipment	3,154.90	28,392.00	26,472.80	1,919.20
Capital Improvement Fund		320,500.00	320,500.00	
<u>TOTAL</u>	<u>\$ 962,348.13</u>	<u>\$ 1,577,943.75</u>	<u>\$ 1,337,831.25</u>	<u>\$ 240,112.50</u>

REF. A A-1

Balance, December 31, 2017	A:A-15	\$ 962,348.13
Accounts Payable	A-7	<u>615,595.62</u>
		<u>\$ 1,577,943.75</u>

Disbursements	A-4	\$ 1,341,509.39
Accounts Payable	A-7	<u>9,575.03</u>
		<u>\$ 1,351,084.42</u>
Less: Refunds	A-4	<u>13,253.17</u>
		<u>\$ 1,337,831.25</u>

"A-16"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 46,746.77
Increased by:		
Receipts	A-4	<u>12,150.00</u>
		\$ <u>58,896.77</u>
Decreased by:		
Anticipated Revenue Realized	A-2	<u>25,000.00</u>
Balance, December 31, 2018	A	\$ <u><u>33,896.77</u></u>

"A-17"

SCHEDULE OF RESERVE FOR STATE TAX APPEALS

Balance, December 31, 2017 and, December 31, 2018	A	\$ <u><u>223,334.68</u></u>
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TOWNSHIP OF WARREN

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2017	A		\$ 26,980.46
Increased by:			
Deductions Per Tax Billings	A-18	\$ 84,500.00	
2018 Senior Citizens' Deduction Allowed by Tax Collector	A-18	<u>1,250.00</u>	
			<u>85,750.00</u>
			\$ <u>112,730.46</u>
Decreased by:			
Receipts	A-4	84,662.47	
2017 Senior Citizens' Deduction Disallowed by Collector		2,917.63	
2018 Senior Citizens' Deduction Disallowed by Collector	A-18	<u>2,263.15</u>	
			<u>89,843.25</u>
Balance, December 31, 2018	A		\$ <u><u>22,887.21</u></u>

CALCULATION OF STATE'S SHARE OF
2018 SENIOR CITIZENS DEDUCTIONS
ALLOWED BY COLLECTOR (CHAPTER 20, P.L. 1971)

Senior Citizens Deductions Per Tax Billings	A-18		\$ 7,750.00
Veterans Deductions Per Tax Billings	A-18		76,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector	A-18		<u>1,250.00</u>
			\$ <u>85,750.00</u>
Less:			
Senior Citizens' Deduction Disallowed by Collector	A-18		<u>2,263.15</u>
	A-8		\$ <u><u>83,486.85</u></u>

"A-19"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
2018 Tax Levy:			
County Tax	A-8	\$ 14,672,931.76	
County Library Tax	A-8	2,176,325.92	
County Open Space Preservation Tax	A-8	1,388,096.15	
County Added	A-8	<u>48,240.84</u>	
	A-1		\$ <u>18,285,594.67</u>
Decreased by:			
Payments	A-4		\$ <u><u>18,285,594.67</u></u>

"A-20"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Increased by:			
2018 Tax Levy - Calendar Year	A-1:A-8		\$ <u>39,878,534.00</u>
Decreased by:			
Payments	A-4		\$ <u><u>39,878,534.00</u></u>

"A-21"

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

Increased by:			
2018 Tax Levy - Calendar Year	A-1:A-8		\$ <u>19,565,617.00</u>
Decreased by:			
Payments	A-4		\$ <u><u>19,565,617.00</u></u>

"A-22"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2017	A		\$ 125,599.73
Increased by:			
Overpayments in 2018 - Receipts	A-4		<u>722,359.17</u>
			\$ <u>847,958.90</u>
Decreased by:			
Refunds	A-4	\$ 796,547.16	
Applied to Taxes Receivable	A-8	19,791.66	
Canceled	A-1	<u>7,313.67</u>	
			<u>823,652.49</u>
Balance, December 31, 2018	A		\$ <u><u>24,306.41</u></u>

"A-23"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2017 (2018 Taxes)	A		\$ 11,490,657.21
Increased by:			
Collections of 2019 Taxes	A-4		<u>754,054.65</u>
			\$ <u>12,244,711.86</u>
Decreased by:			
Applied to Taxes Receivable	A-8		<u>11,490,657.21</u>
Balance, December 31, 2018 (2019 Taxes)	A		\$ <u><u>754,054.65</u></u>

"A-24"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 712,800.00
Increased by:		
Receipts	A-4	177,400.00
		<u>\$ 890,200.00</u>
Decreased by:		
Disbursements	A-4	<u>442,500.00</u>
Balance, December 31, 2018	A	<u><u>\$ 447,700.00</u></u>

"A-25"

SCHEDULE OF RESERVE FOR REDEMPTION OF OUTSIDE LIENS

Balance, December 31, 2017	A	\$ 2,370.47
Increased by:		
Receipts	A-4	<u>593,092.37</u>
		<u>\$ 595,462.84</u>
Decreased by:		
Disbursements	A-4	<u><u>\$ 595,462.84</u></u>

TOWNSHIP OF WARREN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	BALANCE DECEMBER 31, 2017	TRANSFERRED FROM 2018 BUDGET	PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2018
Alcohol Education Rehabilitation Fund	\$ 9,645.73	\$ 3,588.39	\$ 2,643.60	\$	\$ 10,590.52
Drunk Driving Enforcement Fund		3,310.07	3,310.07		
Shared Services - School Officer	31,200.00	119,000.00	129,200.00	21,000.00	
Municipal Alliance Program	42,519.08	33,399.76	35,275.19	15,851.68	24,791.97
Municipal Alliance Program - Match	39,260.27	8,349.94	6,228.83	37,700.67	3,680.71
Chelsea Donation - OEM	1,214.07	500.00	(0.94)		1,715.01
Police K-9 - Private Donation	1,061.00	150.00			1,211.00
Somerset County Youth Services Program	5,000.00	14,160.00	5,000.00		14,160.00
Somerset County Turf Field Grant		375,000.00	375,000.00		
Body Armor Replacement Program	7,637.97		4,065.22		3,572.75
Federal Bulletproof Vest Partnership	2,277.00		2,245.34		31.66
Clean Communities Program	75,087.72	39,096.39	25,078.33		89,105.78
Recycling Tonnage Program	19,661.94	22,906.00	(4,000.00)		46,567.94
NJ State Police - National Crime Statistics Exchange	122,230.00	43,500.00	43,500.00		
Somerset County- Mt Bethel Meeting House	4,136.25	1,000.00	36,200.00		86,030.00
Safety Grant - Garden State JIF	2,060.70		510.00		4,626.25
Sustainable NJ Planning Grant				2,060.70	
	<u>\$ 362,991.73</u>	<u>\$ 663,960.55</u>	<u>\$ 664,255.64</u>	<u>\$ 76,613.05</u>	<u>\$ 286,083.59</u>
REF.	A	A-3			A
Budget Operations				\$ 38,912.38	
Due Other Trust Fund- Municipal Alliance Trust				<u>37,700.67</u>	
				<u>\$ 76,613.05</u>	
Disbursements			\$ 669,992.40		
Accounts Payable			64,080.00		
			<u>734,072.40</u>		
Less: Prior Year Accounts Payable			69,816.76		
			<u>664,255.64</u>		

TOWNSHIP OF WARREN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	BALANCE DECEMBER 31, 2017	APPLIED TO RECEIVABLE
Recycling Tonnage Grant	\$ <u>22,906.00</u>	\$ <u>22,906.00</u>
	\$ <u><u>22,906.00</u></u>	\$ <u><u>22,906.00</u></u>
<u>REF.</u>	A	A-14

TOWNSHIP OF WARREN

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2017 (Due From)	A		\$ 157,832.49
Increased by:			
Disbursements	A-4	\$ 62,733.92	
Transfer	A-29	663,960.55	
Canceled Receivable	A-14	<u>30,323.20</u>	
			<u>757,017.67</u>
			\$ 914,850.16
Decreased by:			
Transfer	A-28	\$ 655,610.61	
Canceled Reserve	A-26	<u>38,912.38</u>	
			<u>694,522.99</u>
Balance, December 31, 2018 (Due From)	A		\$ <u><u>220,327.17</u></u>

TOWNSHIP OF WARREN

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, 2017	A	\$ 8,012.06	\$	\$	\$ 1,257.23	\$	\$ 6,754.83
Interfunds Receivable	A	1,076,364.76	157,832.49			918,532.27	
Interfunds Payable							
Receipts	A-4	280,078.89	62,733.92	47,096.85	1,257.23	115,139.21	53,851.68
Transfer	A-28	663,960.55	663,960.55				
Canceled Receivable	A-28	30,323.20	30,323.20				
Disbursements	A-4	1,070,048.90		47,096.85	27.76	1,020,467.13	2,457.16
Transfer	A-28	655,610.61	655,610.61				
Canceled Reserve	A-28	38,912.38	38,912.38				
Balance, December 31, 2018:							
Interfunds Receivable	A	\$ 27.76	\$	\$	\$ 27.76	\$	\$
Interfunds Payable	A	278,171.21	220,327.17			13,204.35	44,639.69

"A-30"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF RESERVE FOR RETIREMENT

	<u>REF.</u>	
Balance, December 31, 2017 and, December 31, 2018	A	\$ <u>98,745.00</u>

"A-31"

SCHEDULE OF DUE SOMERSET COUNTY - 5% PILOT

Balance, December 31, 2017	A	\$ 1,733.18
Increased by:		
Receipts	A-4	<u>7,882.85</u>
		\$ <u>9,616.03</u>
Decreased by:		
Disbursements	A-4	<u>1,733.18</u>
Balance, December 31, 2018	A	\$ <u>7,882.85</u>

"A-32"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF RESERVE FOR MARRIAGE LICENSES DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 375.00
Increased by:		
Receipts	A-4	<u>2,075.00</u>
		\$ 2,450.00
Decreased by:		
Disbursements	A-4	<u>2,075.00</u>
Balance, December 31, 2017	A	<u><u>\$ 375.00</u></u>

"A-33"

SCHEDULE OF RESERVE FOR CONSTRUCTION DCA FEES DUE STATE OF NEW JERSEY

Balance, December 31, 2017	A	\$ 11,546.00
Increased by:		
Receipts	A-4	<u>49,500.00</u>
		\$ 61,046.00
Decreased by:		
Disbursements	A-4	<u>50,564.00</u>
Balance, December 31, 2018	A	<u><u>\$ 10,482.00</u></u>

"A-34"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF DUE SEWERAGE AUTHORITY - COLLECTIONS

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 53,077.55
Increased by:		
Receipts	A-4	<u>4,543,775.84</u>
		\$ 4,596,853.39
Decreased by:		
Disbursements	A-4	<u>4,564,146.21</u>
Balance, December 31, 2018	A	<u><u>\$ 32,707.18</u></u>

"A-35"

SCHEDULE OF RESERVE FOR SEWER OVERPAYMENTS

Balance, December 31, 2017	A	\$ 746.37
Increased by:		
Overpayments in 2018- Receipts	A-4	<u>43,231.46</u>
		\$ 43,977.83
Decreased by:		
Refunds	A-4	<u>43,977.83</u>

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF RESERVE FOR FEMA - SEWERAGE AUTHORITY

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	83,764.17
Decreased by:			
Disbursements	A-4		<u>83,764.17</u>

SCHEDULE OF RESERVE FOR FEMA - RESCUE SQUAD

Balance, December 31, 2017	A	\$	4,933.75
Decreased by:			
Disbursements	A-4		<u>4,933.75</u>

"A-38"

TOWNSHIP OF WARREN

CURRENT FUND

SCHEDULE OF RESERVE FOR FEMA - FIRE DEPARTMENT

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	16,246.28
Decreased by:			
Disbursements	A-4		<u>14,244.00</u>
Balance, December 31, 2018	A	\$	<u><u>2,002.28</u></u>

"A-39"

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2017	A	\$	20,000.00
Decreased by:			
Budget Appropriations	A-3		<u>10,000.00</u>
Balance, December 31, 2018	A	\$	<u><u>10,000.00</u></u>

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF CASH-TREASURER

REF.	ASSESSMENT	ANIMAL CONTROL	OTHER
Balance, December 31, 2017	\$	\$	\$
Increased by Receipts:			
Due Current Fund	47,096.85	27.76	1,020,467.13
Dog and Cat Licenses and Other Fees		12,939.80	
Prepaid Licenses		931.00	
Reserve for Open Space Deposits			958,631.96
Assessment Receivable	47,096.85		
Reserve for Assessment Debt	107,312.00		15,496.48
Assessment Bonds Payable	430,000.00		498,408.98
Reserve for Law Enforcement Forfeitures			3,640.13
Reserve for Affordable Housing Trust Deposits			12,286,859.45
Reserve for Unemployment Compensation Insurance			
Reserve for Miscellaneous Trust Deposits		890.40	
State of New Jersey-Dog License Fees			
	\$ 631,505.70	\$ 14,788.96	\$ 14,783,504.13
	\$ 631,505.70	\$ 44,113.19	\$ 23,676,777.80
Decreased by Disbursements:			
Due Current Fund	47,096.85	1,257.23	115,139.21
Due General Capital Fund	584,408.85		3,302.00
Reserve for Law Enforcement Forfeitures			11,933,761.52
Reserve for Miscellaneous Trust Deposits			6,611.28
Reserve for Unemployment Compensation Insurance			889,071.85
Reserve for Open Space Deposits			435,360.03
Reserve for Affordable Housing Trust Deposits		18,831.04	
Expenditures Under R.S. 4:19-15.11		1,071.00	
State of New Jersey-Dog License Fees			
	\$ 631,505.70	\$ 21,159.27	\$ 13,383,245.89
Balance, December 31, 2018	\$	\$	\$
	\$ 22,953.92	\$	\$ 10,293,531.91

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF ASSESSMENT RECEIVABLE

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF CONFIRMATION	INSTALLMENTS	DUE DATES	BALANCE DECEMBER 31, 2017	COLLECTED	BALANCE DECEMBER 31, 2018	BALANCE PLEDGED TO CAPITAL
02-38	Hill Hollow Road Sewer Project	6/25/09	20	7/1/10 - 7/1/28	\$ 76,380.03	\$ 16,658.28	\$ 59,721.75	\$ 59,721.75
14-17	Hillcrest Road Sewer Project	3/16/17	20	4/1/17 - 4/1/36	141777.56	30,438.57	111,338.99	111,338.99
					<u>\$ 218,157.59</u>	<u>\$ 47,096.85</u>	<u>\$ 171,060.74</u>	<u>\$ 171,060.74</u>
				<u>REF.</u>	B	B-2	B	

"B-4"

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF DUE CURRENT FUND -
ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2017 (Due To)	B	\$	1,257.23
Increased by:			
Receipts	B-2		<u>27.76</u>
		\$	<u>1,284.99</u>
Decreased by:			
Disbursements	B-2		<u>1,257.23</u>
Balance, December 31, 2018 (Due To)	B	\$	<u><u>27.76</u></u>

"B-5"

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

Increased by:			
State License Fees	B-2	\$	890.40
Prepaid Licenses Applied	B-7		<u>202.20</u>
		\$	<u>1,092.60</u>
		\$	<u>1,092.60</u>
Decreased by:			
Disbursements	B-2		<u>1,071.00</u>
Balance, December 31, 2018	B	\$	<u><u>21.60</u></u>

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2017	B		\$ 25,442.00
Increased by:			
Dog Licenses		\$ 10,096.80	
Dog Late Fees		1,025.00	
Event (Incident) Fees		1,050.00	
Kennel Fees		150.00	
Cat Licenses		513.00	
Cat Late Fees		105.00	
Sub-total	B-2	\$ 12,939.80	
Prepaid Licenses Applied	B-7	2,422.80	
			15,362.60
			\$ 40,804.60
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-2		18,831.04
Balance, December 31, 2018	B		\$ <u>21,973.56</u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2017	\$ 11,626.40
2016	13,153.00
	\$ <u>24,779.40</u>

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF PREPAID LICENSES
ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	2,625.00
Increased by:			
Dog Licenses		\$	861.00
Cat Licenses			70.00
	B-2		<u>931.00</u>
		\$	<u>3,556.00</u>
Decreased by:			
Due State of New Jersey	B-5	\$	202.20
Applied to Reserve for Expenditures	B-6		<u>2,422.80</u>
			<u>2,625.00</u>
Balance, December 31, 2018	B	\$	<u><u>931.00</u></u>

ANALYSIS OF BALANCE

Prepaid Dog Licenses	\$	861.00
Prepaid Cat Licenses		<u>70.00</u>
	\$	<u><u>931.00</u></u>

"B-8"

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2017	B		\$ 3,199,255.84
Increased by:			
Open Space Taxes		\$ 930,762.08	
Interest Earned		<u>27,869.88</u>	
	B-2		<u>958,631.96</u>
			\$ 4,157,887.80
Decreased by:			
Disbursements	B-2		<u>889,071.85</u>
Balance, December 31, 2018	B		\$ <u><u>3,268,815.95</u></u>

"B-9"

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT
COMPENSATION INSURANCE (N.J.S. 43:31-3 ET.SEQ.)

Balance, December 31, 2017	B		\$ 198,393.51
Increased by:			
Interest Earned		\$ 1,640.13	
Budget		<u>2,000.00</u>	
	B-2		<u>3,640.13</u>
			\$ 202,033.64
Decreased by:			
Disbursements	B-2		<u>6,611.28</u>
Balance, December 31, 2018	B		\$ <u><u>195,422.36</u></u>

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
Plumbing Inspections	\$ 231,078.06	\$ 54,145.00	\$ 44,280.40	\$ 240,942.66
Elevator Inspections	6,420.00	23,925.00	19,457.00	10,888.00
Fire Subcode Inspections	109,870.92	24,305.00	24,188.20	109,987.72
POAA	216.03	6.00		222.03
Public Defender	2,515.59	1,650.00	2,351.33	1,814.26
Police Evidence / Property	57.00	459.52		516.52
Police Donations	2,150.00	1,722.00		3,872.00
Wetland Remediation	10,000.00			10,000.00
Dealaman Bequest - Library	73,047.27	9,664.69	8,720.30	73,991.66
Insurance	244,960.90	102,275.35	95,602.78	251,633.47
Snow Removal	120,058.36		85,072.66	34,985.70
Uniform Fire Code Fines and Penalties- Fire Dept	8,750.00	600.00	1,398.00	7,952.00
Uniform Fire Code Fines and Penalties- Fire Marshall	18,590.87	7,850.00	2,418.82	24,022.05
Federal Equitable Sharing	13,014.09	17.24	13,030.92	0.41
Municipal Alliance	31,232.20	45,151.67	8,349.94	68,033.93
Recreation Commission	65,140.89	156,551.00	185,243.50	36,448.39
Engineering and Inspection Fees	109,400.23	76,383.83	84,055.62	101,728.44
Performance Bonds	770,719.41	808,870.81	261,567.43	1,318,022.79
Escrow Deposits	450,684.08	229,705.84	300,313.68	380,076.24
Fuel Trust	278,147.17	77,970.26	116,478.94	239,638.49
Flexible Spending	5,714.54	9,167.76	9,576.47	5,305.83
Payroll Deductions Payable	301,367.24	10,656,438.48	10,671,655.53	286,150.19
	\$ 2,853,134.85	\$ 12,286,859.45	\$ 11,933,761.52	\$ 3,206,232.78

REF.

B

B-2

B-2

B

"B-11"

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST DEPOSITS
OTHER TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2017	B	\$ 3,523,318.51
Increased by:		
Receipts	B-2	498,408.98
		<u>\$ 4,021,727.49</u>
Decreased by:		
Disbursements	B-2	435,360.03
		<u>435,360.03</u>
Balance, December 31, 2018	B	<u>\$ 3,586,367.46</u>

"B-12"

SCHEDULE OF LAW ENFORCEMENT FORFEITURES
OTHER TRUST FUND

Balance, December 31, 2017	B	\$ 37,703.23
Increased by:		
Receipts	B-2	15,496.48
		<u>\$ 53,199.71</u>
Decreased by:		
Disbursements	B-2	3,302.00
		<u>3,302.00</u>
Balance, December 31, 2018	B	<u>\$ 49,897.71</u>

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF DUE CURRENT FUND
OTHER TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2017 (Due From)	B	\$	918,532.27
Increased by:			
Disbursements	B-2		115,139.21
		\$	<u>1,033,671.48</u>
Decreased by:			
Receipts	B-2		<u>1,020,467.13</u>
Balance, December 31, 2018 (Due From)	B	\$	<u><u>13,204.35</u></u>

"B-14"

TOWNSHIP OF WARREN

TRUST FUND

SCHEDULE OF DUE CURRENT FUND
ASSESSMENT TRUST FUND

	<u>REF.</u>		
Increased by:			
Receipts	B-2	\$	47,096.85
Decreased by:			
Disbursements	B-2		<u>47,096.85</u>

"B-15"

SCHEDULE OF DUE GENERAL CAPITAL FUND
ASSESSMENT TRUST FUND

Balance, December 31, 2017 (Due To)	B	\$	218,157.59
Increased by:			
Prospective Assessment Funded	B-16		<u>430,000.00</u>
		\$	<u>648,157.59</u>
Decreased by:			
Disbursements	B-2		<u>584,408.85</u>
Balance, December 31, 2018 (Due To)	B	\$	<u><u>63,748.74</u></u>

"B-16"

TOWNSHIP OF WARREN
ASSESSMENT TRUST FUND
PROSPECTIVE ASSESSMENT FUNDED

REF.

Increased by:		
Bonds Issues - Ordinance 15-13	B-15	\$ <u>430,000.00</u>
Balance, December 31, 2018	B	\$ <u><u>430,000.00</u></u>

"B-17"

ASSESSMENT TRUST FUND
RESERVE FOR ASSESSMENT DEBT- GEIGER/KRAUSCHE

Increased by:		
Receipts- Connection Fees	B-2	\$ <u>107,312.00</u>
Balance, December 31, 2018	B	\$ <u><u>107,312.00</u></u>

TOWNSHIP OF WARREN

ASSESSMENT TRUST FUND

SCHEDULE OF ASSESSMENT BONDS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>			
Special Assessment Bonds	2/1/2018	\$ 430,000.00	02/01/19-02/01/22	\$ 25,000.00	2.000%	\$ 430,000.00	\$ 430,000.00
			02/01/23	30,000.00	2.000%		
			02/01/24-02/01/25	30,000.00	3.000%		
			02/01/26	30,000.00	4.000%		
			02/01/27-02/01/33	30,000.00	3.000%		
						\$ 430,000.00	\$ 430,000.00

REF.

B-2

B

"C-3"

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	<u>BALANCE DECEMBER 31, 2018</u>
Fund Balance	\$ 216,950.21
Capital Improvement Fund	317,496.37
Grants Receivable	(32,766.48)
Improvement Authorizations-Funded (Exhibit "C-9")	1,300,126.92
Due Current Fund	(44,639.69)
Due Assessment Trust Fund	(63,748.74)
Various Capital Reserves	542,977.83
Unfunded Improvement Expenditures (Exhibit "C-5")	(966,874.34)
Unexpended Proceeds of Bond Anticipation Notes (Exhibit "C-5")	950,600.00
Contracts Payable (Exhibit "C-7")	94,871.85
	<u>\$ 2,314,993.93</u>
<u>REF.</u>	C

"C-4"

SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION FUNDED

Balance, December 31, 2017	C	\$ 6,784,000.00
Increased by:		
Bond Sale	C-5	<u>7,020,000.00</u>
		\$ 13,804,000.00
Decreased by:		
2018 Budget Appropriation to Pay Bonds	C-10	<u>965,000.00</u>
Balance, December 31, 2018	C	<u>\$ 12,839,000.00</u>

TOWNSHIP OF WARREN
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	RECEIPTS	BOND SALE	CANCELED	BALANCE DECEMBER 31, 2018	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATION
14-17	Construction of Sanitary Sewer Extension - Hillcrest	\$ 15,000.00	\$	\$	\$	\$ 15,000.00	\$	\$	\$
14-18	Acquisition of Various Capital Equipment	117,417.00			117,417.00				
14-22	Improvements to Dead River Road	166,000.00				151,139.52	14,860.48		14,860.48
14-05/15-16	Construction of Municipal Complex	5,806,493.15			5,806,493.15				
15-13	Construction of Sanitary Sewer Extensions	465,000.00		430,000.00			35,000.00	8,293.33	26,706.67
15-20	Acquisition of Various Capital Equipment	185,927.00			175,927.00	10,000.00	185,750.00	3,581.01	182,168.99
15-21	Improvements to Round Top Road	376,750.00		191,000.00					
16-32	Acquisition of a Fire Truck	860,000.00	385,000.00		860,000.00		385,000.00	385,000.00	
18-13	Improvements to Reinman Road	570,000.00	570,000.00				570,000.00	570,000.00	
18-16	Acquisition and Installation of Microwavable Links - Police	\$ 7,992,587.15	\$ 955,000.00	\$ 621,000.00	\$ 6,959,837.15	\$ 176,139.52	\$ 1,190,610.48	\$ 966,874.34	\$ 223,736.14
		REF. C	C-9	C-2	C-9	C-9	C	C-3	
	Serial Bonds Payable				\$ 7,020,000.00				
	Less: Reserve to Pay Debt Service				60,162.85				
					<u>6,959,837.15</u>				
	Improvement Authorization Unfunded								\$ 1,174,336.14
	Less: Unexpended Proceeds of Bond Anticipation Notes								<u>950,600.00</u>
									<u>\$ 223,736.14</u>

"C-6"

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2017 (Due To)	C	\$	6,754.83
Increased by:			
Receipts	C-2		<u>2,457.16</u>
		\$	<u>9,211.99</u>
Decreased by:			
Disbursement	C-2		<u>53,851.68</u>
Balance, December 31, 2018 (Due From)	C	\$	<u><u>44,639.69</u></u>

"C-7"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2017	C	\$	884,393.22
Increased by:			
Improvement Authorizations	C-9		<u>378,156.33</u>
		\$	<u>1,262,549.55</u>
Decreased by:			
Disbursements	C-2	\$	1,117,383.15
Canceled	C-9		<u>50,294.55</u>
			<u>1,167,677.70</u>
Balance, December 31, 2018	C:C-3	\$	<u><u>94,871.85</u></u>

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2017	C		\$ 206,642.11
Increased by:			
2018 Budget Appropriation		\$ 10,000.00	
2017 Appropriation Reserves		<u>320,500.00</u>	
	C-2	\$ 330,500.00	
Improvement Authorizations Canceled	C-9	<u>35,354.26</u>	
			\$ <u>365,854.26</u>
			\$ <u>572,496.37</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9		<u>255,000.00</u>
Balance, December 31, 2018	C		\$ <u><u>317,496.37</u></u>

TOWNSHIP OF WARREN
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2018		INTEREST RATE	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT					
General Improvement Bonds of 2006	02/15/06	\$ 3,358,000.00	02/15/19-02/15/20	\$ 260,000.00	3.875%	\$	\$	\$	
			02/15/21	258,000.00	3.875%	1,038,000.00	260,000.00	778,000.00	
Open Space Bonds of 2006	02/15/06	900,000.00	02/15/19-02/15/21	70,000.00	3.875%	280,000.00	70,000.00	210,000.00	
General Improvement Bonds of 2009	04/15/09	4,364,000.00	04/15/19-04/15/20	360,000.00	3.500%				
			04/15/21-04/15/22	360,000.00	3.750%				
			04/15/23	360,000.00	4.000%				
			04/15/24	359,000.00	4.000%	2,519,000.00	360,000.00	2,159,000.00	
General Improvement Bonds of 2014	06/15/14	3,572,000.00	12/15/20-12/15/21	300,000.00	2.000%				
			12/15/22-12/15/24	325,000.00	2.000%				
			12/15/25	350,000.00	2.250%				
			12/15/26	350,000.00	2.500%				
General Improvement Bonds of 2018	02/01/18	7,020,000.00	2/1/19-2/1/20	275,000.00	2.000%	2,947,000.00	275,000.00	2,672,000.00	
			02/01/21	300,000.00	2.000%				
			02/01/22	500,000.00	2.000%				
			02/01/23	495,000.00	2.000%				
			02/01/24	495,000.00	3.000%				
			02/01/25	520,000.00	3.000%				
			02/01/26	520,000.00	4.000%				
			2/1/27-2/1/33	520,000.00	3.000%				
							7,020,000.00	7,020,000.00	
						\$ 6,784,000.00	\$ 965,000.00	\$ 12,839,000.00	

REF.

C

C-4

C-2

C

"C-11"

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

SCHEDULE OF DUE ASSESSMENT TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2017 (Due From)	C	\$ 218,157.59
Decreased by:		
Receipts	C-2	<u>154,408.85</u>
Balance December 31, 2018 (Due From)	C	\$ <u><u>63,748.74</u></u>

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>DECREASED</u>
15-13	Construction of Sanitary Sewer Extensions	07/12/17	07/12/17	02/08/18	1.55%	\$ 370,000.00	\$ 370,000.00
16-32	Acquisition of Fire Truck	07/12/17	07/12/17	02/08/18	1.55%	480,000.00	480,000.00
15-14	Construction of Municipal Complex	02/09/17	02/09/17	02/08/18	1.12%	5,600,000.00	5,600,000.00
						<u>\$ 6,450,000.00</u>	<u>\$ 6,450,000.00</u>

REF.

C

C-2

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL RESERVES

	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
Improvement to Historic Buildings	\$ 18,801.50	\$ 4,500.00	\$	\$ 23,301.50
Purchase of Fire Equipment	127,807.43	23,800.00	59,554.90	92,052.53
Improvement of Parks and Recreation Facilities	15,979.65			15,979.65
Improvements to Public Monuments		10,000.00		10,000.00
Purchase of Office Equipment	15,796.13	18,000.00		33,796.13
Improvements to Municipal Building	50,665.55	72,400.00	14,382.33	108,683.22
Housing Rehabilitation Refunds	52,302.50			52,302.50
Reserve for Public Works Equipment	28,124.47	34,900.00		63,024.47
Purchase of Police Equipment	20,630.90			20,630.90
Purchase of Cable Advisory Committee Equipment	27,372.58	2,900.00		30,272.58
Reserve for Office of Emergency Management	26,471.50	6,300.00		32,771.50
Reserve for Debt Service	27,042.52	60,162.85	27,042.52	60,162.85
	<u>\$ 410,994.73</u>	<u>\$ 232,962.85</u>	<u>\$ 100,979.75</u>	<u>\$ 542,977.83</u>
	C			C
Receipts		\$ 172,800.00		
Deferred Charges to Future Taxation- Unfunded		<u>60,162.85</u>		
		<u>\$ 232,962.85</u>		
Disbursements			\$ 73,937.23	
Cancelled to Fund Balance			<u>27,042.52</u>	
			<u>\$ 100,979.75</u>	

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 80,871.14
Decreased by:		
Receipts	C-2	<u>48,104.66</u>
Balance, December 31, 2018	C	<u><u>\$ 32,766.48</u></u>

TOWNSHIP OF WARREN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2018</u>
14-22	Improvements to Dead River Road	\$ 14,860.48
15-13	Construction of Sanitary Sewer Extensions	35,000.00
15-21	Improvements to Round Top Road	185,750.00
18-13	Improvements to Reinman Road	385,000.00
18-16	Acquisition and Installation of Microwavable Links - Police	<u>570,000.00</u>
		<u>\$ 1,190,610.48</u>

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PART II

TOWNSHIP OF WARREN

STATISTICAL DATA

LIST OF OFFICIALS

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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

	<u>YEAR 2018</u>		<u>YEAR 2017</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,500,000.00	1.52%	\$ 1,440,579.88	1.48%
Miscellaneous - From Other Than Local Property Tax Levies	4,571,651.04	4.64%	4,463,077.80	4.59%
Collection of Delinquent Taxes and Tax Title Liens	643,878.98	0.65%	558,748.85	0.57%
Collections of Current Tax Levy	<u>91,863,788.09</u>	<u>93.19%</u>	<u>90,782,854.88</u>	<u>93.36%</u>
<u>Total Revenue</u>	<u>\$ 98,579,318.11</u>	<u>100.00%</u>	<u>\$ 97,245,261.41</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 18,718,774.11	19.21%	\$ 18,165,535.30	18.91%
County Taxes	18,285,594.67	18.76%	18,382,999.63	19.13%
Local and Regional School Taxes	59,444,151.00	61.00%	58,600,870.00	60.99%
Municipal Open Space Taxes	930,762.08	0.96%	920,171.19	0.96%
Other Expenditures	<u>69,535.57</u>	<u>0.07%</u>	<u>18,432.90</u>	<u>0.01%</u>
<u>Total Expenditures</u>	<u>\$ 97,448,817.43</u>	<u>100.00%</u>	<u>\$ 96,088,009.02</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,130,500.68		\$ 1,157,252.39	
Fund Balance - January 1	3,006,043.04		3,289,370.53	
	<u>\$ 4,136,543.72</u>		<u>\$ 4,446,622.92</u>	
Less: Utilization as Anticipated Revenue	<u>1,500,000.00</u>		<u>1,440,579.88</u>	
Fund Balance, December 31	<u>\$ 2,636,543.72</u>		<u>\$ 3,006,043.04</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ <u>1.987</u>	\$ <u>1.988</u>	\$ <u>2.009</u>
Municipal	\$ 0.293	\$ 0.291	\$ 0.298
Municipal Open Space	0.020	0.020	0.020
County	0.394	0.401	0.404
Local School	0.859	0.859	0.875
Regional High School	<u>0.421</u>	<u>0.417</u>	<u>0.412</u>

Assessed Valuations:

2018	<u>\$4,641,640,125.00</u>		
2017		<u>\$4,589,729,520.00</u>	
2016			<u>\$4,506,311,076.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2018	\$92,490,271.74	\$91,863,788.09	99.32%
2017	\$91,488,060.71	\$90,782,854.88	99.22%
2016	\$90,791,854.14	\$90,171,522.61	99.31%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$81,354.28	\$607,137.96	\$688,492.24	0.74%
2017	\$70,671.18	\$646,228.46	\$716,899.64	0.78%
2016	\$60,924.60	\$541,511.75	\$602,436.35	0.66%

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>
2018	\$900,149.00
2017	\$900,149.00
2016	\$900,149.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR ENDED DECEMBER 31st</u>	<u>CURRENT FUND</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2018	\$2,636,543.72	\$1,325,000.00
2017	3,006,043.04	1,500,000.00
2016	3,289,370.53	1,440,579.88
2015	3,182,550.49	900,000.00
2014	2,886,409.25	690,000.00

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>
Victor Sordillo	Mayor	*	
Gary DiNardo	Deputy Mayor	*	
Carolann Garafola	Committee Person	*	
George K. Lazo	Committee Person	*	
Michael C. Marion	Committee Person	*	
Mark M. Krane	Administrator	*	
Jeffery Lehrer	Township Attorney	*	
Cathy Reese	Township Clerk, Assessment Search Officer	*	
Carolyn Scannelli	Deputy Township Clerk to July 5, 2018	*	
Karen DeNave	Chief Financial Officer	*	
Loretta Caliguire	Tax Collector, Tax Search Officer	*	
Edward L. Kerwin Jr.	Tax Assessor	*	
Lori Sullivan	Human Resources Manager	*	
Francesco Taddeo	Magistrate from March 1, 2018	*	
Lisa Reuter	Court Administrator	*	
Deborah Campanelli	Deputy Court Administrator	*	
Brent Bramnick	Municipal Prosecutor	*	
Scott Mitzner	Municipal Public Defender	*	
William Keane	Police Chief	*	
Mark Russo	Fire Chief	*	
Christian M. Kastrud	Engineer	*	
Kevin Sumner	Health Officer	*	

OFFICIALS IN OFFICE AND SURETY BONDS (CONTINUED)

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
John T. Chadwick IV	Zoning Officer	*	
Jeffrey Heiss	Construction Code Official/ Building Subcode Official	*	
John McManus	Electrical Subcode Official	*	
EIC Inspection Agency	Fire Subcode Official/ Plumbing Subcode Official/Elevator Subcode Official to May 31, 2018	*	
Vincent Ladd	Acting Fire Subcode Official from July 2, 2018	*	
Robert Langfeld	Acting Plumbing Subcode Official from July 2, 2018	*	
NJ Elevator Inspection Agency	Elevator Subcode Official from June 1, 2018	*	
Alfred Shajarback	Fire Marshal	*	
Douglas Buro	Superintendent of Public Works	*	
Jane Asch	Emergency Management Coordinator	*	
Brian Cooke	Animal Control Officer	*	
Megan Phillips	Registrar to December 12, 2018	*	
Donna Hands	Registrar from December 12, 2018	*	
Eleanor M. Hermann	Recreation Director to April 30, 2018	*	
Joseph Passaro	Recreation Director from June 4, 2018	*	

*All officials and employees handling and collecting Township funds are covered by a blanket position bond for faithful performance for \$1,000,000.00 through a Joint Insurance Fund. The blanket position bond is written by the Fidelity and Deposit Company of MD.

All of the bonds were examined and were properly executed.

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

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

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

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

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

- Dumpster Services
- Electrical Contractor Services
- Street Overlay and Milling Various Roads

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

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

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

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

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

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

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

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

WHEREAS, the Township Committee has reviewed this statute.

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

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on November 14, 2018 and was complete.

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

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

	<u>NUMBER OF LIENS</u>
2018	28
2017	24
2016	23

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

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

OTHER COMMENTS

Interfund Balances

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

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

RECOMMENDATIONS

NONE

