

*TOWNSHIP OF RANDOLPH*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2018*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF RANDOLPH

COUNTY OF MORRIS

REPORT OF AUDIT

2018

TOWNSHIP OF RANDOLPH  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2018

	<u>Page</u>
<u>Part I – Financial Statements and Supplementary Data</u>	
Independent Auditors' Report	1-3
<u>Financial Statements</u>	
<u>Current Fund</u>	
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenue – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet – Regulatory Basis	B
Statement of Fund Balance - Other Trust Funds – Regulatory Basis	B-1
Statement of Fund Balance - Assessment Trust Fund – Regulatory Basis	B-1a
Statement of Revenue - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-2
Statement of Expenditures - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund (Not Applicable)</u>	E
<u>Public Assistance Fund</u>	
Comparative Balance Sheet – Regulatory Basis	F
<u>Bond and Interest Fund (Not Applicable)</u>	G
<u>General Fixed Assets Account Group (Not Applicable)</u>	H
<u>Swimming Pool Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	I
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	I-1
Statement of Revenue – Regulatory Basis	I-2
Statement of Expenditures – Regulatory Basis (Not Applicable)	I-3
<u>Notes to Financial Statements</u>	<u>Page</u>
	1-30
<u>Supplementary Data</u>	<u>Schedule</u>
Schedule of Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash	A-4
Schedule of Cash - Collector	A-5
Schedule of Federal and State Grants Receivable - Federal and State Grant Fund	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens Receivable	A-8
Schedule of Revenue Accounts Receivable	A-9
Schedule of Water and Sewer Rents Receivable	A-10
Schedule of 2017 Appropriation Reserves	A-11
Schedule of Local School District Taxes Payable	A-12
Schedule of Appropriated Reserves - Federal and State Grant Fund	A-13
Schedule of Unappropriated Reserves - Federal and State Grant Fund	A-14

TOWNSHIP OF RANDOLPH  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

<u>Part I – Financial Statements and Supplementary Data (Cont'd)</u>	<u>Schedule</u>
<u>Supplementary Data (Cont'd)</u>	
<u>    Trust Funds</u>	
Schedule of Cash	B-4
Analysis of Cash - Assessment Trust Fund	B-5
Schedule of Assessment Receivable - Assessment Trust Fund	B-6
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	B-7
<u>    General Capital Fund</u>	
Schedule of Cash	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable (Not Applicable)	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of New Jersey Wastewater Treatment Trust - Trust Loan - Denbrook Pumping Station	C-9
Schedule of Green Trust Loan Payable	C-10
Schedule of Bonds and Notes Authorized but not Issued	C-11
<u>    Water Utility Fund (Not Applicable)</u>	D
<u>    Sewer Utility Fund (Not Applicable)</u>	E
<u>    Public Assistance Fund</u>	
Schedule of Cash - Treasurer	F-1
<u>    Bond and Interest Fund (Not Applicable)</u>	G
<u>    General Fixed Assets Account Group (Not Applicable)</u>	H
<u>    Swimming Pool Utility Fund</u>	
Schedule of Cash - Treasurer	I-4
<u>Page</u>	
<u>Part II – Single Audit</u>	
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to Schedules of Expenditures of Federal and State Awards	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Schedule of Findings and Responses	6-7
Summary Schedule of Prior Audit Findings	8
<u>Page</u>	
<u>Part III – Comments and Recommendations</u>	
Comments and Recommendations	9-12
Summary of Recommendations	13

TOWNSHIP OF RANDOLPH

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-298-8500 | 973-298-8501 Fax

Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

### Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Council  
Township of Randolph  
Randolph, New Jersey

### **Report on the Financial Statements**

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Randolph, in the County of Morris (the "Township") as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

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

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

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

The Honorable Mayor and Members  
of the Township Council  
Township of Randolph  
Page 2

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

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Township as of December 31, 2018 and 2017, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

***Basis for Qualified Opinion***

The financial statements – *regulatory basis* – of the various funds of the Township do not include the general fixed assets account group, which should be included to conform with the accounting practices prescribed or permitted by the Division. As described in Note 1, the amount that should be recorded in the general fixed assets account group cannot be determined.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects on the December 31, 2018 and 2017 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements – *regulatory basis* – referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Randolph at December 31, 2018 and 2017, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of account and the budget laws of New Jersey, as described in Note 1.

***Emphasis of Matter***

As discussed in Note 17 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the year ended December 31, 2018. Our opinions are not modified with respect to this matter.

The Honorable Mayor and Members  
of the Township Council  
Township of Randolph  
Page 3

### ***Other Matters***

#### ***Supplementary Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2019 on our consideration of the Township of Randolph'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 solely 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 the effectiveness of the Township's 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 Randolph's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 15, 2019

NISIVOCCIA LLP



\_\_\_\_\_  
William F. Schroeder  
Registered Municipal Accountant #452  
Certified Public Accountant

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
CURRENT FUND

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2018	2017
<b><u>ASSETS</u></b>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 24,132,243.00	\$ 32,134,493.75
Change Funds		700.00	800.00
		<u>24,132,943.00</u>	<u>32,135,293.75</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	915,045.94	758,558.07
Tax Title Liens Receivable	A-8	937,759.18	839,386.60
Water and Sewer Rents Receivable	A-10	489,002.38	567,945.49
Property Acquired for Taxes at Assessed Valuation		1,917,700.00	1,917,700.00
Revenue Accounts Receivable	A-9	13,058.58	22,590.62
Due from Assessment Trust Fund	B	3.24	525.82
Total Receivables and Other Assets With Full Reserves		<u>4,272,569.32</u>	<u>4,106,706.60</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)		<u>120,000.00</u>	<u>240,000.00</u>
Total Regular Fund		<u>28,525,512.32</u>	<u>36,482,000.35</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	167,111.92	235,390.02
Federal and State Grants Receivable	A-6	<u>222,923.00</u>	<u>549,315.33</u>
Total Federal and State Grant Fund		<u>390,034.92</u>	<u>784,705.35</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 28,915,547.24</u></b>	<b><u>\$ 37,266,705.70</u></b>

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

	Ref.	December 31,	2018	2017
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Regular Fund:				
Liabilities:				
Appropriation Reserves:				
Unencumbered	A-3;A-11	\$ 2,540,471.48	\$ 2,591,061.05	
Encumbered	A-3;A-11	<u>1,118,454.23</u>	<u>1,299,247.59</u>	
Total Appropriation Reserves		3,658,925.71	3,890,308.64	
Accounts Payable - Vendors		25,695.26	32,959.69	
Contracts Payable-Housing Trust Fund		250,000.00	250,000.00	
Prepaid Taxes		753,949.04	9,143,471.99	
Tax Overpayments		404.04	53,379.50	
Prepaid Health Service Fees - Roxbury Township		79,657.00	75,701.00	
Due to State of New Jersey:				
Building Surcharge Fees		6,478.00	10,010.00	
Marriage Licenses Fees		725.00	550.00	
Veterans' and Senior Citizens' Deductions		24,259.13	24,162.56	
Reserve for:				
Revaluation		48,232.56	48,232.56	
Pending Tax Appeals		<u>579,578.22</u>	<u>430,743.25</u>	
Reserve for Receivables and Other Assets	A	5,427,903.96	13,959,519.19	
Fund Balance	A-1	<u>4,272,569.32</u>	<u>4,106,706.60</u>	
		<u>18,825,039.04</u>	<u>18,415,774.56</u>	
Total Regular Fund		<u>28,525,512.32</u>	<u>36,482,000.35</u>	
Federal and State Grant Fund:				
Appropriated Reserves	A-13	390,034.92	731,305.44	
Unappropriated Reserves	A-14		53,399.91	
Total Federal and State Grant Fund		<u>390,034.92</u>	<u>784,705.35</u>	
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 28,915,547.24</u></b>	<b><u>\$ 37,266,705.70</u></b>	

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

TOWNSHIP OF RANDOLPH  
CURRENT FUND

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

	Year Ended December 31,	
	2018	2017
<b><u>Revenue and Other Income Realized</u></b>		
Fund Balance Utilized	\$ 6,985,576.00	\$ 6,844,908.00
Miscellaneous Revenue Anticipated	13,068,344.95	14,094,321.73
Receipts from:		
Delinquent Taxes	636,809.20	734,953.42
Current Taxes	110,177,351.30	108,087,503.98
Nonbudget Revenue	1,152,957.07	961,072.07
Unexpended Balance of Appropriation Reserves	2,477,657.57	2,495,856.63
Interfunds Returned	525.82	113.47
Accounts Payable Cancelled	13,316.68	17,424.33
Tax Overpayments Cancelled		50,488.45
	<hr/>	<hr/>
Total Income	<hr/> <u>134,512,538.59</u>	<hr/> <u>133,286,642.08</u>
<b><u>Expenditures</u></b>		
Budget and Emergency Appropriations:		
Municipal Purposes	37,570,599.28	37,297,195.39
County Taxes	11,527,191.96	11,326,106.40
Local School District Taxes	76,938,798.00	75,484,749.00
Open Space Trust Fund	903,870.00	901,654.00
Reserve for Pending Tax Appeals	175,000.00	100,000.00
Prior Year Senior Citizen Deductions Disallowed	2,235.63	1,250.00
Interfunds Advanced	3.24	525.82
Prior Year's Revenue Refunded		5,413.31
Total Expenditures	<hr/> <u>127,117,698.11</u>	<hr/> <u>125,116,893.92</u>
Excess in Revenue	7,394,840.48	8,169,748.16
<b><u>Fund Balance</u></b>		
Balance January 1	<hr/> <u>18,415,774.56</u>	<hr/> <u>17,090,934.40</u>
Decreased by:		
Utilized as Anticipated Revenue	<hr/> <u>6,985,576.00</u>	<hr/> <u>6,844,908.00</u>
Balance December 31	A	<hr/> <u>\$ 18,825,039.04</u>
		<hr/> <u>\$ 18,415,774.56</u>

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

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

	Anticipated	Added by	Realized	Excess or Deficit *
	Budget	NJSA 40A:4-87	\$ 6,985,576.00	\$ 6,985,576.00
Fund Balance Anticipated				
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	46,000.00	48,016.00	\$ 2,016.00	
Other	34,300.00	47,013.00	12,713.00	
Fees and Permits	259,000.00	395,698.67	136,698.67	
Fines and Costs:				
Municipal Court	260,000.00	247,465.88	12,534.12 *	
Interest and Costs on Taxes	175,000.00	174,854.76	145.24 *	
Interest on Investments and Deposits	75,000.00	222,439.17	147,439.17	
Recreation Fees	1,326,615.00	1,263,026.24	63,588.76 *	
Electrical Inspection Fees	90,000.00	113,819.00	23,819.00	
Cable Television Fee	355,000.00	381,929.54	26,929.54	
Water and Sewer Fees	6,451,393.41	7,289,962.57	838,569.16	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,830,461.00	1,830,461.00	16,544.00	
Watershed Moratorium Offset Aid	16,544.00			
Uniform Construction Code Fees	341,000.00			
Shared Service Agreement:				
Health Services - Rockaway Borough	128,000.00	128,968.00	968.00	
Health Services - Roxbury Township	78,000.00	75,701.00	2,299.00 *	
Health Services - Mine Hill Township	50,000.00	50,000.00	0.00	
Uniform Fire Safety Act	33,000.00	46,521.74	13,521.74	
Reserve to Pay Debt Service	89,724.00	89,724.17	0.17	

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

	Anticipated		Realized	Excess or Deficit *
	Budget	NJSA 40A:4-87		
<b>Miscellaneous Revenue (Cont'd):</b>				
State of NJ:				
Recycling Tonnage Grant	\$ 53,399.59	\$ 9,161.93	\$ 53,399.59	9,161.93
Drunk Driving Enforcement Fund		17,248.00		17,248.00
Municipal Alliance on Alcohol and Drug Abuse		55,086.69		55,086.69
Clean Communities Program		11,505.00		11,505.00
State of New Jersey Bulletproof Grant		5,500.00		5,500.00
Drive Sober or Get Pulled Over Year End Crackdown Grant		6,600.00		6,600.00
Distracted Driving Statewide Crackdown Grant		3,000.00		3,000.00
Morris County Economic Development Grant	133,000.00		133,000.00	
NJDOT - Quacker Church Road		1,200.00		1,200.00
Morris County Economic Development Grant				
Total Miscellaneous Revenue	<u>11,825,437.00</u>	<u>109,301.62</u>	<u>13,068,344.95</u>	<u>\$ 1,133,606.33</u>
Receipts from Delinquent Taxes	700,000.00		636,809.20	63,190.80 *
<b>Amount to be Raised by Taxes for Support of Municipal Budget:</b>				
Local Tax for Municipal Purposes			22,339,176.34	2,842,071.34
Minimum Library Tax			1,466,941.00	
Budget Totals	40,475,059.00	109,301.62	44,496,847.49	3,912,486.87
Nonbudget Revenue	<u>\$ 40,475,059.00</u>	<u>\$ 109,301.62</u>	<u>\$ 45,649,804.56</u>	<u>\$ 5,065,443.94</u>

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 110,177,351.30
Allocated to:	
Local School District Taxes	\$ 76,938,798.00
County Taxes	11,527,191.96
Open Space Taxes	<u>903,870.00</u>
	89,369,859.96
	<u>20,807,491.34</u>
Add: Appropriation "Reserve for Uncollected Taxes"	<u>2,998,626.00</u>
Realized for Support of Municipal Budget	<u><u>\$ 23,806,117.34</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 625,490.73
Tax Title Lien Collections	<u>11,318.47</u>
	<u><u>\$ 636,809.20</u></u>

Fees and Permits - Other:

Township Clerk	\$ 14,358.59
Health Officer	68,455.60
Board of Adjustment	86,883.52
Planning Board	43,296.39
Police	8,585.60
Engineering Fees	78,771.47
Registrar	25,260.00
Fire Prevention	<u>70,087.50</u>
	<u><u>\$ 395,698.67</u></u>

Licenses - Other

Township Clerk	\$ 4,855.00
Health Officer	41,810.00
Registrar	<u>348.00</u>
	<u><u>\$ 47,013.00</u></u>

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Analysis of Water and Sewer Fees

Water and Sewer Rents and Finance Agreement Collections	\$ 6,952,975.57
Connection Fees	<u>336,987.00</u>
	<u>\$ 7,289,962.57</u>

Analysis of Nonbudget Revenue

Treasurer:

Prior Year Refunds	68,799.77
Brundage Park Rental	9,780.00
Co-Op Membership Fees	253,483.09
Returned Check Fees	200.00
DMV Inspection Fines	2,690.75
Miscellaneous Refunds	120,504.18
Administrative Fee - Senior Citizens & Veterans Deductions	1,784.12
Health Dividends - NJMEBF	204,365.00
State of New Jersey Housing Inspection Fees	2,463.00
CBS Billboard Leasing	14,956.77
Bids / Specs	67,473.00
Prior Year Checks Voided	20.00
Morris County Housing Authority	48,430.56
Payment in Lieu of Taxes	2,500.00
Lease Payments	162,668.84
Recycled Materials	3,577.37
Interest on Water and Sewer Rents	41,719.95
Water and Sewer Miscellaneous Fees	24,265.85
Mine Hill Transmission Fee	92,174.82
Tax Sale Premiums Forfeited	<u>31,100.00</u>
	<u>\$ 1,152,957.07</u>

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expenditures		Unexpected Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
General Government:					
General Administration:					
Salaries and Wages	\$ 277,721.00	\$ 277,721.00	\$ 262,220.46	\$ 15,500.54	
Other Expenses	65,620.00	65,620.00	60,580.18		5,039.82
Mayor and Council:					
Salaries and Wages	43,500.00	43,500.00		43,500.00	
Municipal Clerk:					
Salaries and Wages	175,404.00	175,404.00	172,719.34		2,684.66
Other Expenses	154,800.00	244,800.00	207,611.77		37,188.23
Financial Administration:					
Salaries and Wages	133,525.00	123,524.00	114,521.21		9,002.79
Other Expenses	34,300.00	34,300.00	22,035.15		12,264.85
Audit Services:					
Other Expenses	32,575.00	32,575.00		32,366.00	209.00
Computerized Data Processing:					
Other Expenses	74,860.00	74,860.00	48,137.34		26,722.66
Revenue Administration:					
Salaries and Wages	77,140.00	84,840.00	84,507.91		332.09
Other Expenses	11,165.00	11,165.00	10,815.61		349.39
Tax Assessment Administration:					
Salaries and Wages	150,334.00	150,334.00	148,166.30		2,167.70
Other Expenses	40,200.00	40,200.00	16,574.50		23,625.50
Legal Services and Costs:					
Other Expenses	291,780.00	291,780.00	242,453.04		49,326.96

TOWNSHIP OF RANDOLPH  
CURRENT FUND

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

	Appropriations		Expenditure By		Unexpected Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
General Government (Cont'd):					
Engineering Services and Costs:					
Salaries and Wages	\$ 88,967.00	\$ 85,967.00	\$ 83,664.65	\$ 2,302.35	
Other Expenses	44,600.00	44,600.00	40,674.41		3,925.59
Economic Development Agencies:					
Other Expenses	1,850.00	1,850.00	695.00		1,155.00
Land Use Administration:					
Planning Board:					
Salaries and Wages	201,504.00	201,504.00	185,149.51		16,354.49
Other Expenses	62,060.00	62,060.00	52,868.82		29,191.18
Public Safety:					
Police Department:					
Salaries and Wages	4,282,902.00	4,282,902.00	3,957,643.36		325,258.64
Other Expenses	228,100.00	228,100.00	207,402.28		20,697.72
Police Dispatch/ 911:					
Other Expenses	317,524.00	317,524.00	317,523.66		0.34
Office of Emergency Management:					
Salaries and Wages	8,200.00	8,200.00	8,000.00		200.00
Other Expenses	21,250.00	21,250.00	20,531.01		718.99
Aid to Volunteer Fire Companies:					
Other Expenses	69,000.00	69,000.00			
Aid to Volunteer Ambulance Companies:					
Other Expenses	50,000.00	50,000.00	50,000.00		

TOWNSHIP OF RANDOLPH  
CURRENT FUND

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

(Continued)

Operations Within "CAPS" (Cont'd): Public Safety: (Cont'd)	Appropriations		Expenditure By		Unexpected Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Fire Department (Including Fire Prevention/ Uniform Fire Code):					
Salaries and Wages	\$ 92,432.00	\$ 92,432.00	\$ 87,474.04	\$ 4,957.96	
Other Expenses	241,300.00	241,300.00	225,821.45	15,478.55	
Fire Hydrant Service	13,300.00	13,300.00	13,260.00	40.00	
Uniform Fire Safety Act (Ch. 383, P.L. 1983):					
Salaries and Wages	33,000.00	33,000.00	33,000.00	33,000.00	
Municipal Prosecutor's Office:					
Other Expenses	31,000.00	31,000.00	29,000.00	2,000.00	
Public Works:					
Streets and Road Maintenance:					
Salaries and Wages	690,524.00	690,524.00	685,843.04	4,680.96	
Other Expenses	158,000.00	158,000.00	158,000.00	99,940.47	58,059.53
Water and Sewer:					
Salaries and Wages	1,176,171.00	1,175,171.00	1,025,636.16	149,534.84	
Other Expenses	636,283.00	636,283.00	538,194.40	98,088.60	
Audit Services	14,294.00	14,294.00	14,294.00		
Vehicle Maintenance	21,500.00	21,500.00	9,675.35	11,824.65	
Electricity	59,000.00	59,000.00	52,114.56	6,885.44	
Telephone	8,300.00	8,300.00	6,852.55	1,447.45	
Gasoline	40,000.00	40,000.00	39,999.37	0.63	
Gas (natural or propane)	4,500.00	4,500.00	5,500.00		
Solid Waste Collection:					
Other Expenses	1,979,050.59	1,979,050.59	1,979,050.59		

TOWNSHIP OF RANDOLPH  
CURRENT FUND

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

	Appropriations		Expenditures		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Public Works (Cont'd):					
Recycling:					
Salaries and Wages	\$ 270,297.00	\$ 270,297.00	\$ 227,964.76	\$ 42,332.24	
Other Expenses	193,500.00	248,500.00	195,895.13		52,604.87
Buildings and Grounds:					
Salaries and Wages	75,429.00	75,429.00	66,749.12		8,679.88
Other Expenses	321,405.00	232,405.00	186,597.71		45,807.29
Vehicle Maintenance (including Police Vehicles):					
Salaries and Wages	199,454.00	199,454.00	191,177.30		8,276.70
Other Expenses	394,800.00	394,800.00	353,620.69		41,179.31
Community Services Act (Condominium Community Costs):					
Other Expenses	8,000.00		8,000.00		8,000.00
Snow Removal:					
Salaries and Wages	100,000.00		100,000.00		
Other Expenses	318,000.00		318,000.00		
Recycling Tax	27,349.41		27,349.41		
Health and Human Services:					
Public Health Services (Board of Health):					
Salaries and Wages	307,427.00		325,423.00		7,062.20
Other Expenses	88,100.00		87,100.00		68,820.81
Animal Control Services:					
Salaries and Wages	27,302.00		27,302.00		27,302.00

TOWNSHIP OF RANDOLPH  
CURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Operations Within "CAPS" (Cont'd): Parks and Recreation:	Appropriations		Expenditures By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Recreation Services and Programs:					
Salaries and Wages	\$ 838,225.00	\$ 838,225.00	\$ 736,080.46	\$ 102,144.54	
Other Expenses	929,100.00	929,100.00	821,743.17		107,356.83
Maintenance of Parks:					
Salaries and Wages	490,537.00	490,537.00	466,746.17		23,790.83
Other Expenses	96,000.00	96,000.00	86,543.31		9,456.69
Utility Expenses and Bulk Purchases:					
Electricity:	120,000.00	120,000.00	93,150.19		26,849.81
Other Expenses					
Street Lighting:					
Other Expenses	65,000.00	65,000.00	56,919.79		8,080.21
Telephone (excluding equipment acquisition):					
Other Expenses	141,000.00	141,000.00	129,678.86		11,321.14
Gas (natural or propane):					
Other Expenses	91,500.00	91,500.00	66,520.99		24,979.01
Gasoline:					
Other Expenses	260,000.00	260,000.00	213,615.56		46,384.44
Celebration of Public Events:					
Other Expenses	38,500.00	38,500.00	34,165.07		4,334.93
Municipal Alliance:					
Salaries and Wages	7,500.00	7,500.00	7,500.00		
Other Expenses	7,500.00	7,500.00	7,500.00		
Landmarks Committee					
Other Expenses	1,200.00	1,200.00			1,200.00

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Municipal Court:					
Salaries and Wages	\$ 302,772.00	\$ 302,772.00	\$ 292,764.67	\$ 10,007.33	
Other Expenses	18,980.00	18,980.00	13,746.81		5,233.19
Public Defender:					
Other Expenses	100.00	8,300.00		8,300.00	
General Liability Insurance	504,901.00	504,901.00		443,181.46	
Workers Compensation Insurance	335,231.00	335,231.00		335,231.00	
Employee Group Health Insurance	4,678,504.41	4,626,105.41		4,395,439.36	
Health Benefits Waiver	232,000.00	232,000.00		212,666.04	
Wellness Program	1,500.00	1,500.00		91.47	
Uniform Construction Code:					
Salaries and Wages	250,650.00	232,654.00		215,970.84	
Other Expenses	5,850.00	5,850.00		2,270.07	
Electrical Inspections	90,000.00	90,000.00		81,598.60	
Total Operations Within "CAPS"	23,975,149.41	23,970,649.41		22,076,872.10	
Contingent		100.00			100.00
Total Operations Including Contingent Within "CAPS"	23,975,249.41	23,970,749.41		22,076,872.10	
Detail:					
Salaries and Wages	10,300,917.00	10,294,616.00		9,542,662.10	
Other Expenses	13,674,332.41	13,676,133.41		12,534,210.00	
					1,141,923.41

TOWNSHIP OF RANDOLPHCURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASISYEAR ENDED DECEMBER 31, 2018

(Continued)

	Appropriations		Expenditures By		Unexpected Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	\$ 780,293.00	\$ 780,293.00	\$ 780,292.08	\$ 0.92	
Social Security System (O.A.S.I.)	570,000.00	570,000.00	532,900.65	37,099.35	
Police and Firemen's Retirement System of NJ	988,561.00	988,561.00	988,561.00		
Defined Contribution Retirement Program	10,000.00	14,500.00	13,783.95	716.05	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>2,348,854.00</u>	<u>2,353,354.00</u>	<u>2,315,537.68</u>	<u>37,816.32</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>26,324,103.41</u>	<u>26,324,103.41</u>	<u>24,392,409.78</u>	<u>1,931,693.63</u>	
Operations Excluded from "CAPS":					
Municipal Library:					
Other Expenses	1,466,941.00	1,466,941.00	1,466,941.00		
Rockaway Valley Regional Sewerage Authority-Sewer Treatment:					
Other Expenses	1,400,000.00	1,400,000.00	854,844.00	\$45,156.00	
Morris Township - Sewer Treatment:					
Other Expenses	620,000.00	620,000.00	588,971.55	31,028.45	
Morris County MUA - Water Supply Services:					
Other Expenses	1,505,036.00	1,505,036.00	1,505,036.00		
Length of Service Award Program (LOSAP):					
Other Expenses	145,000.00	145,000.00	113,320.60	31,679.40	

## TOWNSHIP OF RANDOLPH

## CURRENT FUND

## STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

(Continued)

	Appropriations		Expenditures		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS"(Cont'd):					
Shared Service Agreements:					
Rockaway Borough - Health Service (N.J.S.A. 26:3-19)	\$ 128,000.00	\$ 128,000.00	\$ 128,000.00	\$ 128,000.00	
Salaries and Wages					
Roxbury Township - Health Services (N.J.S.A. 26:3-19)	78,000.00	78,000.00	78,000.00		
Salaries and Wages					
Mine Hill Township - Health Services (N.J.S.A. 26:3-19)	50,000.00	50,000.00	50,000.00		
Other Expenses					
Roxbury Township Construction Official Services	84,500.00	84,500.00	83,586.00	\$ 914.00	
Other Expenses					
Public and Private Programs Offset by Revenues:					
Municipal Alliance on Alcoholism and Drug Abuse:					
Other Expenses (N.J.S.A. 40A:4-87 + \$17,248.00)	53,399.59	53,399.59	53,399.59		
Recycling Tonnage Grant					
New Jersey Bulletproof Vest Partnership Grant:					
Other Expense (N.J.S.A. 40A:4-87 + 11,505.00)	11,505.00	11,505.00	11,505.00		
New Jersey Drunk Driving Enforcement Fund:					
Other Expense (N.J.S.A. 40A:4-87 + 9,161.93)	9,161.93	9,161.93	9,161.93		
Drive Sober or Get Pulled Over Grant:					
Other Expense (N.J.S.A. 40A:4-87 + \$5,500.00)	5,500.00	5,500.00	5,500.00		
Clean Communities Program:					
Other Expense (N.J.S.A. 40A:4-87 + \$55,086.69)	55,086.69	55,086.69	55,086.69		
Morris County Local Arts Grant:					
Other Expense (N.J.S.A. 40A:4-87 + \$1,200.00)	1,200.00	1,200.00	1,200.00		
New Jersey Drive Sober Grant - Year-End Crackdown:					
Other Expense (N.J.S.A. 40A:4-87 + \$6,600.00)	6,600.00	6,600.00	6,600.00		
Morris County Economic Development Grant					
Other Expense (N.J.S.A. 40A:4-87 + \$3,000.00)	3,000.00	3,000.00	3,000.00		
New Jersey Department of Transportation:					
Quaker Church Road Grant	133,000.00	133,000.00	133,000.00		
Total Operations Excluded from "CAPS"	5,663,876.59	5,773,178.21	5,164,400.36	608,777.85	

A-3  
9 of 10

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Detail:	Appropriations		Expenditures		Unexpected Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Salaries and Wages	\$ 206,000.00	\$ 206,000.00	\$ 206,000.00		
Other Expenses	5,457,876.59	5,567,178.21	4,958,400.36	\$ 608,777.85	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	4,294,000.00	4,294,000.00	4,294,000.00		
Total Capital Improvements Excluded from "CAPS"	4,294,000.00	4,294,000.00	4,294,000.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	610,000.00	610,000.00	610,000.00		
Interest on Bonds	380,618.00	380,618.00	380,617.50	\$ 0.50	
Wastewater Trust Loan Principal	75,000.00	75,000.00	63,000.00	\$ 12,000.00	
Wastewater Trust Loan Interest	8,835.00	8,835.00	5,700.16	3,134.84	
Total Municipal Debt Service Excluded from "CAPS"	1,074,453.00	1,074,453.00	1,059,317.66		15,135.34
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorization	120,000.00	120,000.00	120,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	120,000.00	120,000.00	120,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	11,152,329.59	11,261,631.21	10,637,718.02	\$ 608,777.85	
Subtotal General Appropriations	37,476,433.00	37,585,734.62	35,030,127.80	\$ 2,540,471.48	
Reserve for Uncollected Taxes	2,998,626.00	2,998,626.00	2,998,626.00		15,135.34
Total General Appropriations	\$ 40,475,059.00	\$ 40,584,360.62	\$ 38,028,753.80	\$ 2,540,471.48	
					A
					Ref.

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

<u>Ref.</u>	Analysis of	
	Budget After Modification	Paid or Charged
Adopted Budget	\$ 40,475,059.00	
Appropriation by N.J.S.A. 40A:4-87	<u>109,301.62</u>	
	<u><u>\$ 40,584,360.62</u></u>	
Cash Disbursed		\$ 34,457,406.85
Deferred Charges		120,000.00
Reserve for Uncollected Taxes		2,998,626.00
Encumbrances	A	1,118,454.23
Due to:		
Federal and State Grant Fund		295,701.21
		<u>38,990,188.29</u>
Less: Appropriation Refunds		<u>961,434.49</u>
		<u><u>\$ 38,028,753.80</u></u>

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

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
TRUST FUNDS

TOWNSHIP OF RANDOLPH  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 6,874.28	\$ 15,161.31
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4	570,317.70	423,850.91
Assessments Receivable	B-6	622,031.62	851,285.50
		<u>1,192,349.32</u>	<u>1,275,136.41</u>
Unemployment Insurance Fund:			
Cash and Cash Equivalents	B-4	<u>129,227.02</u>	<u>131,136.82</u>
Long-Term Disability Fund:			
Cash and Cash Equivalents	B-4	<u>47,284.58</u>	<u>46,978.23</u>
Drug Enforcement Fund:			
Federal:			
Cash and Cash Equivalents	B-4	<u>29.95</u>	<u>29.95</u>
State:			
Cash and Cash Equivalents	B-4	<u>14,737.23</u>	<u>13,385.30</u>
Housing Trust Fund:			
Cash and Cash Equivalents	B-4	<u>684,159.60</u>	<u>652,223.30</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4	<u>983,644.80</u>	<u>885,550.35</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	<u>1,993,006.06</u>	<u>2,709,033.71</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 5,051,312.84</u></b>	<b><u>\$ 5,728,635.38</u></b>

TOWNSHIP OF RANDOLPH  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

		December 31,	
	Ref.	2018	2017
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State Board of Health		\$ 310.80	\$ 318.60
Accounts Payable - Vendors			6,766.03
Reserve for International Fund for Animal Welfare Grant		5,784.14	6,034.14
Reserve for Animal Control Expenditures	B-7	779.34	2,042.54
		<u>6,874.28</u>	<u>15,161.31</u>
Assessment Trust Fund:			
Due to Current Fund	A	3.24	525.82
Overpaid Assessments		569.64	569.64
Due Shongum Lake Association - State of NJ Wastewater Trust		635,229.94	714,633.67
Due Shongum Lake Association		27,336.28	27,336.28
Reserve for Unpaid Assessment - Shongum Dam		4,000.00	4,000.00
Reserve for Assessment Receivable		251,310.44	369,424.46
Fund Balance	B-1a	<u>273,899.78</u>	<u>158,646.54</u>
		<u>1,192,349.32</u>	<u>1,275,136.41</u>
Unemployment Insurance Fund:			
Reserve for Unemployment Insurance		<u>129,227.02</u>	<u>131,136.82</u>
Long-Term Disability Fund:			
Reserve for Long-Term Disability		<u>47,284.58</u>	<u>46,978.23</u>
Drug Enforcement Fund:			
Federal - Reserve for Drug Enforcement		<u>29.95</u>	<u>29.95</u>
State - Reserve for Drug Enforcement		<u>14,737.23</u>	<u>13,385.30</u>
Housing Trust Fund:			
Reserve for Housing Trust		<u>684,159.60</u>	<u>652,223.30</u>
Open Space Trust Fund:			
Reserve for Open Space Trust		<u>983,644.80</u>	<u>885,550.35</u>
		<u>983,644.80</u>	<u>885,550.35</u>
Other Trust Funds:			
Reserve for Parking Offense Adjudication Act		2,540.82	2,246.82
Reserve for Special Deposits		392,080.56	438,964.17
Premiums on Tax Sale		591,000.00	524,900.00
Reserve for Public Defender		4,763.87	2,654.04
Reserve for Tree Bank Fund		43,951.04	44,521.04
Reserve for Police Special Detail		6,291.00	4,540.40
Performance Bonds and Street Opening Deposits		952,377.77	1,691,206.24
Fund Balance	B-1	<u>1.00</u>	<u>1.00</u>
		<u>1,993,006.06</u>	<u>2,709,033.71</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 5,051,312.84</u>	<u>\$ 5,728,635.38</u>

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

TOWNSHIP OF RANDOLPH  
OTHER TRUST FUNDS  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2017	B	\$ <u>1.00</u>
Balance December 31, 2018	B	\$ <u><u>1.00</u></u>

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

TOWNSHIP OF RANDOLPH  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Ref.

Balance December 31, 2017	B	\$ 158,646.54
<b>Increased by:</b>		
Collection of Unpledged Assessments		115,253.24
Balance December 31, 2018	B	<u>\$ 273,899.78</u>

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

TOWNSHIP OF RANDOLPH  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

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

NOT APPLICABLE

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

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2018	2017
<b>ASSETS</b>			
Cash and Cash Equivalents	C-2	\$ 13,504,811.12	\$ 6,862,302.37
Due from Habitat for Humanity		600,000.00	600,000.00
Due from Randolph Township Board of Education		30,000.00	30,000.00
NJ Department of Transportation Grant Receivable		133,000.00	
Due from Denville Township		1,703.33	46,000.00
Due from Rockaway Township		1,703.33	46,000.00
Deferred Charges to Future Taxation:			
Funded		23,029,832.31	15,076,219.72
Unfunded	C-4	<u>3,519,750.00</u>	<u>7,004,828.00</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 40,820,800.09</u></u>	<u><u>\$ 29,665,350.09</u></u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds Payable	C-8	\$ 22,775,000.00	\$ 14,575,000.00
New Jersey Wastewater Treatment Trust:			
Trust Loan Payable - Denbrook Pumping Station	C-9	80,000.00	155,000.00
New Jersey Green Acres Trust Loan Payable	C-10	174,832.31	346,219.72
Improvement Authorizations:			
Funded	C-5	15,770,561.42	8,384,400.22
Unfunded	C-5	620,287.59	5,155,792.93
Capital Improvement Fund	C-6	412,492.89	487,492.89
Reserve for:			
Payment of Debt Service		427,685.87	89,724.17
In Lieu of Bikeway/Trails/Sidewalks		56,592.50	56,592.50
Preliminary Costs - Municipal Improvements		2,000.00	2,000.00
Preliminary Costs - Sewer Design		2,526.68	2,526.68
Fund Balance	C-1	<u>498,820.83</u>	<u>410,600.98</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 40,820,800.09</u></u>	<u><u>\$ 29,665,350.09</u></u>

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

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Ref.

Balance December 31, 2017	C	\$ 410,600.98
Increased by:		
Premium on Sale of Bonds		<u>88,219.85</u>
Balance December 31, 2018	C	<u><u>\$ 498,820.83</u></u>

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

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF RANDOLPH  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2018	2017
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	F-1	\$ 9,485.57	\$ 9,485.57
<b>TOTAL ASSETS</b>		<b><u>\$ 9,485.57</u></b>	<b><u>\$ 9,485.57</u></b>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Reserve for Public Assistance Expenditures		<u>\$ 9,485.57</u>	<u>\$ 9,485.57</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 9,485.57</u></b>	<b><u>\$ 9,485.57</u></b>

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

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
GENERAL FIXED ASSETS ACCOUNT GROUP

NOT APPLICABLE

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
SWIMMING POOL UTILITY FUND

TOWNSHIP OF RANDOLPH  
SWIMMING POOL UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2018	2017
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash and Cash Equivalents	I-4	\$ 885.10	\$ 879.35
Total Operating Fund		<u>885.10</u>	<u>879.35</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 885.10</u></b>	<b><u>\$ 879.35</u></b>

**LIABILITIES AND FUND BALANCE**

Operating Fund:			
Fund Balance	I-1	\$ 885.10	\$ 879.35
Total Operating Fund		<u>885.10</u>	<u>879.35</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<b><u>\$ 885.10</u></b>	<b><u>\$ 879.35</u></b>

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

TOWNSHIP OF RANDOLPH  
SWIMMING POOL UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS

		Year Ended December 31,	
	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>			
Miscellaneous Revenue Not Anticipated		\$ 5.75	\$ 4.26
Total Income		<u>5.75</u>	<u>4.26</u>
Excess in Revenue		5.75	4.26
 <u>Fund Balance</u>			
Balance January 1		<u>879.35</u>	<u>875.09</u>
Balance December 31	I	<u>\$ 885.10</u>	<u>\$ 879.35</u>

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

TOWNSHIP OF RANDOLPH  
SWIMMING POOL UTILITY FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Miscellaneous Revenue Not Anticipated	\$ <u>-0-</u>	\$ <u>5.75</u>	\$ <u>5.75</u>
	<u>\$ -0-</u>	<u>\$ 5.75</u>	<u>\$ 5.75</u>

#### Miscellaneous Revenue Not Anticipated:

Interest on Investments \$ 5.75

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

TOWNSHIP OF RANDOLPH  
SWIMMING POOL UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

1

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

B. Description of Funds (Cont'd)

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

Public Assistance Fund – Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey statutes. The operations of the State funded General Assistance Program were transferred to the County of Morris.

Swimming Pool Utility Fund – Accounts for the operations and acquisition of capital facilities of the municipally owned swimming pool.

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted in the Current Fund or when improvements are authorized in the General Capital Fund; inventories would not be reflected as expenditures at the time of purchase; and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows would be recorded.

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

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

E. Other Significant Accounting Policies Include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

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

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies – The 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.

General Fixed Assets - Property and equipment purchased by the Current, General Capital and the Utility Funds are recorded as expenditures at the time of purchase and are not capitalized.

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

Note 2: Long-Term Debt

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2018	2017	2016
<u><b>Issued</b></u>			
General:			
Bonds, Loans and Notes	\$ 23,029,832	\$ 15,076,220	\$ 16,459,230
Total Issued	<u>23,029,832</u>	<u>15,076,220</u>	<u>16,459,230</u>
Less: Funds Temporarily Held to Pay Bonds and Notes:			
Reserve to Pay Debt Service	427,686	89,724	94,812
Total Deductions	<u>427,686</u>	<u>89,724</u>	<u>94,812</u>
Net Debt Issued	<u>22,602,146</u>	<u>14,986,496</u>	<u>16,364,418</u>
<u><b>Authorized but not Issued:</b></u>			
General:			
Bonds and Notes	3,519,750	7,004,828	4,373,328
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 26,121,896</u>	<u>\$ 21,991,324</u>	<u>\$ 20,737,746</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017
<u>General Capital Fund:</u>				
Serial Bonds	\$ 15,715,000		\$ 1,140,000	\$ 14,575,000
Loans Payable:				
NJ Wastewater Treatment:				
Trust Loan - Denbrook	230,000		75,000	155,000
NJ Green Acres Trust	<u>514,230</u>		<u>168,010</u>	<u>346,220</u>
Total	<u>\$ 16,459,230</u>	<u>\$ -0-</u>	<u>\$ 1,383,010</u>	<u>\$ 15,076,220</u>

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

Summary of Municipal Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2018</u>
<b>General Capital Fund:</b>				
Serial Bonds	\$ 14,575,000	\$ 8,885,000	\$ 685,000	\$ 22,775,000
<b>Loans Payable:</b>				
NJ Wastewater Treatment:				
Trust Loan - Denbrook	155,000		75,000	80,000
NJ Green Acres Trust	<u>346,220</u>		<u>171,388</u>	<u>174,832</u>
Total	<u>\$ 15,076,220</u>	<u>\$ 8,885,000</u>	<u>\$ 931,388</u>	<u>\$ 23,029,832</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .592%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$42,290,000	\$42,290,000	\$ 0
General Debt	<u>26,549,582</u>	<u>427,686</u>	<u>\$ 26,121,896</u>
	<u>\$68,839,582</u>	<u>\$42,717,686</u>	<u>\$ 26,121,896</u>

Net Debt \$26,121,896 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$4,411,748,208.67 = .592%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 154,411,187
Net Debt	<u>\$ 26,121,896</u>
Remaining Borrowing Power	<u>\$ 128,289,291</u>

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

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

7

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,135,000.00	\$ 447,507.54	\$ 1,582,507.54
2020	1,255,000.00	424,492.50	1,679,492.50
2021	1,290,000.00	401,130.07	1,691,130.07
2022	1,335,000.00	377,399.02	1,712,399.02
2023	1,350,000.00	353,118.94	1,703,118.94
2024-2028	6,960,000.00	1,394,513.43	8,354,513.43
2029-2033	7,135,000.00	764,437.21	7,899,437.21
2034-2036	<u>2,315,000.00</u>	<u>148,687.50</u>	<u>2,463,687.50</u>
	<u><u>\$ 22,775,000.00</u></u>	<u><u>\$ 4,311,286.21</u></u>	<u><u>\$ 27,086,286.21</u></u>

Analysis of Debt Issued and Outstanding at December 31, 2018

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		
	<u>Outstanding Dec. 31, 2018</u>		<u>Interest</u>
	<u>Date</u>	<u>Amount</u>	
General Bonds of 2015	2/1/19	\$ 740,000.00	3.000%
	2/1/20	745,000.00	3.000%
	2/1/21	750,000.00	3.000%
	2/1/22	755,000.00	3.000%
	2/1/23	760,000.00	3.000%
	2/1/24	765,000.00	3.000%
	2/1/25	770,000.00	3.000%
	2/1/26	775,000.00	3.000%
	2/1/27	780,000.00	3.000%
	2/1/28	785,000.00	3.000%
	2/1/29-31	790,000.00	3.000%
	2/1/32-33	790,000.00	3.125%
	2/1/34-35	790,000.00	3.250%
	2/1/36	735,000.00	3.250%
			<u><u>\$ 13,890,000.00</u></u>

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

Serial Bonds (Cont'd)

Purpose	Maturities of Bonds			
	Date	Outstanding Dec. 31, 2018	Interest Rate	Balance Dec. 31, 2018
General Improvement Bonds 2018	10/15/19	\$ 395,000.00	3.000%	
	10/15/20	510,000.00	2.250%	
	10/15/21	540,000.00	2.500%	
	10/15/22	580,000.00	3.000%	
	10/15/23	590,000.00	3.000%	
	10/15/24	600,000.00	3.000%	
	10/15/25	610,000.00	4.000%	
	10/15/26	615,000.00	3.000%	
	10/15/27	625,000.00	3.000%	
	10/15/28	635,000.00	3.000%	
	10/15/29	645,000.00	3.000%	
	10/15/30	655,000.00	3.000%	
	10/15/31	665,000.00	3.000%	
	10/15/32	675,000.00	3.000%	<u>\$ 8,885,000.00</u>
Total Serial Bonds				<u>\$ 22,775,000.00</u>

New Jersey Wastewater Treatment Revenue Bonds

Wastewater Treatment Loans

The Township entered into two loan agreements with the NJ Wastewater Treatment Trust for the Denbrook Pumping Station. Principal payments to the Fund commenced August 1, 2000 and continued on a semiannual basis over 14 years at zero interest. Principal payments to the Trust commenced on August 1, 2001 and will continue on an annual basis over 19 years. An analysis of the outstanding Trust loan is as follows:

Purpose	Maturities of Loans			
	Date	Outstanding Dec. 31, 2018	Interest Rate	Balance Dec. 31, 2018
Trust Loan	8/1/2019	\$ 75,000.00	5.70%	\$ 80,000.00

Green Trust Loans

In November of 1998, the Township of Randolph entered into a loan agreement with the State of New Jersey, acting by and through a NJ Department of Environmental Protection in the aggregate amount of \$2,157,587.50 which represents direct obligations of the Township. Principal and interest payments commenced February 13, 2006 and will continue on a semiannual basis through August 13, 2019.

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

Green Trust Loans (Cont'd)

<u>Purpose</u>	<u>Maturity of Loans</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>
	<u>Outstanding</u>	<u>Dec. 31, 2018</u>		
Acquisition of Property	2/13/2019	\$ 86,981.25	2.00%	
	8/13/2019	87,851.06	2.00%	\$ 174,832.31
<b>Total Debt Issued and Outstanding</b>				<b>\$ 23,029,832.31</b>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$15,925,192 at June 30, 2018. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$15,109,799 at June 30, 2018. See Note 5 for further information on the PERS and PFRS.

Net OPEB Liability

The Township's Net OPEB liability related to the Township's Retired Employees Plan at December 31, 2018 was calculated to be \$72,899,652. See Note 17 for further information on these net OPEB liabilities.

Note 3: Fund Balance Appropriated

Fund balance at December 31, 2018 which will be included in the Current Fund budget for the year ending December 31, 2019, is 7,313,342.

Note 4: Local School District Taxes

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

The Township of Randolph has elected not to defer school taxes.

Note 5: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier.

Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$780,292.08 for 2018.

The employee contribution rate was 7.34% effective July 1, 2017 and increased to 7.50% effective July 1, 2018. Subsequent increases after October 1, 2011 were being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2018, the Township's liability was \$15,925,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Borough's proportion was .0801%, which was a decrease of 0.0027% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township recognized actual pension expense in the amount of \$780,292.08.

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 was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. 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 one year for females).

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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 Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Management 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 Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

13

Note 5: Pension Plans (Cont'd)

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

Discount Rate

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

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

The following presents the Township's proportionate share of the collective net pension liability as of December 31, 2018 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	December 31, 2018		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.66%)	(5.66%)	(6.66%)
Township's proportionate share of the Net Pension Liability	\$ 20,024,094	\$ 15,925,192	\$ 12,486,475

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Contributions

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

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2018 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2018 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$988,561.00 for the year ended December 31, 2018. During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$121,553 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$243,105.

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

Pension Liabilities and Pension Expense

At June 30, 2018, the Township's liability for its proportionate share of the net pension liability was \$15,109,799. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability 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 members, actuarially determined. At June 30, 2018, the Township's proportion was .1117%, which was a decrease of .00004% from its proportion measured as of June 30, 2017.

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,052,416 as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the State's proportion was .1117%, which was a decrease of .00004% from its proportion measured as of June 30, 2017 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 15,109,799
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,052,416</u>
Total Net Pension Liability	<u>\$ 17,162,215</u>

For the year ended December 31, 2018, the Township recognized total pension expense of \$988,561.00.

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 was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement 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 pre-retirement 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 base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement 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 retirement rates were based on a custom table with representative rates and no mortality improvement assumed.

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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.

Long Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Management 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 Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	December 31, 2018		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(5.51%)	(6.51%)	(7.51%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township			
	\$ 22,969,495	\$ 17,162,215	\$ 12,372,267

Pension Plan Fiduciary Net Position - PFRS

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Township recognized pension expense of \$13,783.95 for the year ended December 31, 2018. Employee contributions to DCRP amounted to \$21,378.00 for the year ended December 31, 2018.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$917,822.76. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 7: Selected Tax Information

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 7: Selected Tax Information (Cont'd)

	2018	2017*	2016
<u>Tax Rate</u>	\$ 2.562	\$ 2.530	\$ 3.660
<u>Apportionment of Tax Rate</u>			
Municipal	.487	.487	.716
County	.257	.254	.364
Local School	1.788	1.759	2.537
County Open Space	.009	.009	.013
Municipal Open Space	.021	.021	.030
<u>Assessed Valuations</u>			
2018	<u>\$ 4,304,143,199</u>		
2017		<u>\$ 4,293,593,841</u>	
2016			<u>\$ 2,923,346,396</u>

\* - Revaluation Year

Comparison of Tax Levies and Collection Currently

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

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collection
2018	\$ 111,054,665	\$ 110,177,351	99.21%
2017	109,062,763	108,087,504	99.11%
2016	107,192,254	106,386,901	99.25%

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

Note 8: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 3.24	
Assessment Trust Fund		\$ 3.24
	<u>\$ 3.24</u>	<u>\$ 3.24</u>

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 8: Interfund Receivables and Payables (Cont'd)

The interfund receivable in Current Fund and offsetting interfund payable in the Assessment Trust Fund is from interest collected on delinquent accounts in the Assessment Trust Fund due to Current Fund.

Note 9: Cash and Cash Equivalents

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

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

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

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

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

Deposits:

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

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

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

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

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

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

### Note 9: Cash and Cash Equivalents (Cont'd)

### Investments: (Cont'd)

As of December 31, 2018, cash and cash equivalents of the Township of Randolph consisted of the following:

Fund	Cash on Hand	Savings and Checking Accounts	NJ Cash Management Fund	Totals
Current	\$ 700.00	\$ 24,132,152.54	\$ 90.46	\$ 24,132,943.00
Federal and State Grant		167,111.92		167,111.92
Animal Control		6,874.28		6,874.28
Assessment Trust		570,317.70		570,317.70
Unemployment Compensation		129,227.02		129,227.02
Long-Term Disability		47,284.58		47,284.58
Federal Drug Fund		29.95		29.95
State Drug Fund		14,737.23		14,737.23
Housing Trust		684,159.60		684,159.60
Open Space Trust		983,644.80		983,644.80
Trust		1,993,006.06		1,993,006.06
General Capital		13,504,811.12		13,504,811.12
Public Assistance		9,485.57		9,485.57
Swimming Pool Utility Operating		885.10		885.10
	\$ 700.00	\$ 42,243,727.47	\$ 90.46	\$ 42,244,517.93

During the period ended December 31, 2018, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2018, was \$42,244,517.93 and the bank balance was \$42,638,714.51. The \$90.46 invested with the State of New Jersey Cash Management Fund is uninsured and unregistered.

## Note 10: Risk Management

## Property and Liability

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 of Randolph is a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). This Fund is both an insured and self- administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 10: Risk Management (Cont'd)

The following coverages are offered by the Fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Public Officials' Liability/Employment Practices Coverage
- f.) Environmental Coverage

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

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2018 audit report for the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Summarized selected financial information for the Fund as of December 31, 2017 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 31,142,868</u>
Net Position	<u>\$ 15,160,449</u>
Total Revenue	<u>\$ 18,917,254</u>
Total Expenses	<u>\$ 15,934,840</u>
Change in Net Position	<u>\$ 2,982,414</u>
Member Dividends	<u>\$ -0-</u>

Financial statements for the Fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund  
PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054  
(201) 881-7632

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 10: Risk Management (Cont'd)

Health Benefits

The Township of Randolph is also a member of the North Jersey Municipal Employee Benefits Fund, (the "NJMEBF"). The NJMEBF is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by the NJMEBF to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

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

The NJMEBF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2018 audit report for the North Jersey Municipal Employee Benefits Fund is not filed as of the date of this audit. Summarized selected financial information for the Fund as of December 31, 2017 is as follows:

	<u>North Jersey</u> <u>Municipal Employee</u> <u>Benefits Fund</u>
Total Assets	<u><u>\$ 24,792,222</u></u>
Net Position	<u><u>\$ 18,577,048</u></u>
Total Revenue	<u><u>\$ 42,868,531</u></u>
Total Expenses	<u><u>\$ 38,584,808</u></u>
Change in Net Position	<u><u>\$ 569,757</u></u>
Member Dividends	<u><u>\$ 3,713,966</u></u>

Financial statements for the NJMEBF are available at the Office of the Executive Director:

North Jersey Municipal Employee Benefits Fund  
PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054  
(201) 881-7632

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
 (Continued)

Note 10: Risk Management (Cont'd)

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 District 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.

The following is a summary of Township and employee contributions, interest earned and 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:

Year	Township/ Employee Contributions		Interest Earned	Amount	
				Reimbursed	Ending Balance
2016	\$ 15,655.00		\$ 209.00	\$23,308.00	\$ 140,050.82
2017	16,279.00		642.00	25,835.00	131,136.82
2018	16,567.54		853.81	19,331.15	129,227.02

Note 11: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the Township had the following deferred charge:

	Balance Dec. 31, 2018	Balance		
		Required 2019 Budget	Deferred to Succeeding Appropriation	Years' Budgets
<b>Current Fund:</b>				
Special Emergency Authorization (40A:4-53)	\$ 120,000.00	\$ 120,000.00	\$	-0-

The appropriation in the 2019 budget will not be less than that required by statute.

Note 12: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.03 per \$100 of assessed valuation in 1993. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2018 and 2017 were \$983,644.80 and \$885,550.35, respectively.

TOWNSHIP OF RANDOLPH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

Note 13: Deferred Compensation Plan

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

Note 14: Agreement with Shongum Lake Association

The Township entered into an agreement with the Shongum Lake Association for the construction of improvements associated with the Shongum Dam Restoration. The Township was a co-signer with the Shongum Lake Association for a loan with New Jersey Wastewater Treatment Trust. The Township confirmed a special assessment for all properties benefiting from the project and is responsible for the collection of the assessment and as a co-signer is contingently responsible for the repayment of the loan to New Jersey Wastewater Treatment Trust (in the event of the Association defaulting on repaying the loan.) Since the Township is not the primary party responsible for the debt, the loan was not recorded on the Township's financial statements.

Note 15: Commitments and Contingencies

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

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve for this contingency in the amount of \$579,578.22, which the Township believes is adequate to cover any potential liability.

Note 16: Economic Dependency

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

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 17: Post-Retirement Benefits other than Pensions (OPEB)

General Information about the Town's OPEB Plan

Plan Description and Benefits Provided

The provisions of Chapter 88, P.L. 1974, along with any Township approved ordinances and resolutions, provide the authority for the Township to offer post-employment health care benefits as detailed below.

The Township provides medical, prescription during, and dental to retirees and their covered dependents that meet the appropriate requirements. The Township provides Medicare Part B reimbursements to Policemen's Benevolent Association and Superior Officer Association retirees and their covered dependents after 25 years of service. All active employees who retire from the Township and meet the eligibility criteria receive these benefits. As of February 1, 2009, new hires are no longer eligible for lifetime post employment health care benefits.

Employees are eligible to receive postretirement health benefits through the Township health plan by meeting either of the following criteria:

- 1 - Retires after 25 years or more of service in the State Pension Plan, or
- 2 - Retires at age 60 with at least 20 years of service in the State Pension Plan, or
- 3 - Retires at age 55 or older with at least 25 years of service in the State Pension Plan.

Contributions

The Township subsidizes 100% of the cost of coverage for current retirees meeting the requirements outlined above and for future retirees who have at least 25 years of service as of May 21, 2010, the Township will reimburse 100% of eligible Police Benevolent Association and Superior Officer Association retiree's Medicare Part B premiums.

NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowances from the Public Employees Retirement System. For purposes of this valuation and for conservatism, it was assumed that future retiree contribution percentage rates will not increase. Thus, it was assumed that a future retiree will contribute his/her current employee contribution as reported by the Township increased annually by the medical trend rate.

2018 employer contributions for retiree benefits paid by the Township were \$2.402 million for 125 retirees.

Employees Covered by Benefit Terms

As of December 31, 2018, there were 125 retirees and spouses currently receiving retiree benefits and 95 active participants, of which 10 are eligible to retire as of the valuation date.

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 17: Post-Retirement Benefits other than Pensions (OPEB) (Cont'd)

Total OPEB Liability

The Township's OPEB liability of \$72,899,652 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.10% at December 31, 2018
Salary Increases	2.50% per year
Inflation Assumptions	2.50% per year

The selected discount rate was based on the Bond Buyer 20 Index at December 31, 2018.

Health Care					
Trend Rates	Year	Medical	Drug	Dental	
Year 1 Trend	2018	5.80%	10.00%	3.50%	
Ultimate Trend	2026	5%	5.00%	3.50%	

The medical trend rate reduces .1% per annum, leveling at 5% per annum in 2026.

The drug trend rate reduces .5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026.

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates set forward three years.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2018	\$ 70,101,371
Changes for Year:	
Service Cost	787,457
Interest Cost	2,857,210
Benefit Payments	<u>(846,386)</u>
Net Changes	<u>2,798,281</u>
Balance at December 31, 2018	<u>\$ 72,899,652</u>

**TOWNSHIP OF RANDOLPH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
(Continued)

Note 17: Post-Retirement Benefits other than Pensions (OPEB) (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (3.10 percent) or 1 percentage higher (5.10 percent) than the current discount rate:

	December 31, 2018		
	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 79,626,064	\$ 72,899,652	\$ 67,306,944

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	December 31, 2018		
	1% Decrease	Valuation Healthcare Trend Rates	1% Increase
Total OPEB Liability	\$ 67,299,462	\$ 72,899,652	\$ 79,504,559

OPEB Expense

For the year ended December 31, 2018, the Township's OPEB expense was \$3,644,667 as determined by the actuarial valuation.

TOWNSHIP OF RANDOLPH

SUPPLEMENTARY DATA

TOWNSHIP OF RANDOLPH  
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS  
DECEMBER 31, 2018

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Mark Forstenhauser	Mayor		
James Loveys	Deputy Mayor		
Michael Guadagno	Councilman		
Christine Carey	Councilwoman		
Allen M. Napoliello	Councilman		
Joanne Veech	Councilwoman		
Lance Tkacs	Councilman	*	
Stephen Mountain	Township Manager	*	
Donna Marie Luciani	Township Clerk	*	
Darren Maloney	Director of Finance	*	
Linda Roth	Tax Collector, Treasurer	\$ 1,000,000.00	Municipal Excess Liability JIF
Ira Cohen	Magistrate	*	
Christine Guyre	Court Administrator	*	
Rosemarie Jung	Deputy Court Administrator	*	
Briana Ramirez	Violations Clerk	*	
Wandaly Orama	Zoning Officer	*	
Marie Broughman	Construction Official	*	
Robert Murphy	Parks and Recreation Director	*	
Russ Newman	Health Officer	*	
Mark Caputo	Township Attorney	*	
Edward Buzak, Esq.	Prosecutor		
Matthew Petracca	Consulting Engineer		
Paul Ferriero			

\* Covered under a \$50,000.00 Public Employees Bond with the Morris County Municipal Joint Insurance Fund and \$950,000.00 Public Employees Bond with the Municipal Excess Liability Joint Insurance Fund.

All bonds were examined and were properly executed.

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
CURRENT FUND

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF CASH

Ref.	Regular Fund	Federal and State Grant Fund	
Balance December 31, 2017	A	\$ 32,134,493.75	\$ 235,390.02
Increased by Receipts:			
Tax Collector		\$ 102,509,801.14	
Revenue Accounts Receivable		4,919,962.07	
Appropriation Refunds		961,434.49	
Due from State of N.J. - Veterans' and Senior Citizens' Deductions		87,956.15	
Miscellaneous Revenue Not Anticipated		1,152,957.07	
Change Fund		100.00	
Due to:			
State of NJ - Building Surcharge Fees		35,831.00	
State of NJ - Marriage License Surcharge Fees		3,000.00	
Interest on Investments and Deposits		222,439.17	
Due from Assessment Trust Fund		522.58	
Due from General Capital Fund:			
Budgeted Reserve to Pay Debt Service		89,724.17	
Water and Sewer Revenue		7,289,962.57	
Prepaid Health Service Fees - Roxbury Township		79,657.00	
Federal and State Grants Receivable			
		<u>\$ 96,922.74</u>	<u>96,922.74</u>
		<u>117,353,347.41</u>	<u>149,487,841.16</u>
			<u>332,312.76</u>

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF CASH  
(Continued)

Ref.	Regular Fund	Federal and State Grant Fund
Decreased by Disbursements:		
2018 Appropriation Expenditures	\$ 34,457,406.85	
2017 Appropriation Reserves	1,406,598.82	
County Taxes	11,527,191.96	
Local School District Taxes	76,938,798.00	
Tax Overpayments Refunded	53,379.50	
Due to:		
State of NJ - Building Surcharge Fees	39,363.00	
State of NJ - Marriage License Fees	2,825.00	
Tax Appeals Settled	26,165.03	
Due to Open Space Trust Fund	903,870.00	
Grant Fund Expenditures - Appropriated Reserves		\$ 165,200.84
	\$ 125,355,598.16	\$ 165,200.84
Balance December 31, 2018	A \$ 24,132,243.00	\$ 167,111.92

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2018

Increased by Receipts:

Taxes Receivable	\$ 101,569,274.83
Tax Title Liens	11,318.47
2019 Prepaid Taxes	753,949.04
Interest and Costs on Taxes	174,854.76
Tax Overpayments	<u>404.04</u>
	<u><u>\$ 102,509,801.14</u></u>

Decreased by:

Payments to Treasurer	<u><u>\$ 102,509,801.14</u></u>
-----------------------	---------------------------------

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

	Balance Dec. 31, 2017	2018 Realized Revenue	2018 Receipts	Transferred From Unappropriated Reserve	Cancelled	Balance Dec. 31, 2018
Distracted Driving Grant	\$ 18,765.33	\$ 6,600.00	\$ 6,600.00			
Municipal Alliance Program		17,248.00	17,494.12			
Clean Communities Program		55,086.69	55,086.69			
Drive Sober or Get Pulled Over Grant	5,500.00	5,500.00	5,500.00			
Bulletproof Vest Program		11,505.00				
Drunk Driving Enforcement Fund		9,161.93	9,161.93			
Morris County Arts Grant		1,200.00	1,080.00			
Morris Economic Development Grant		3,000.00	2,000.00			
Morris County Open Space Grant		337,500.00				
Highlands Water Protection and Planning Council Grant	20,050.00					
New Jersey Highlands Grant	167,500.00	53,399.59	\$ 53,399.59			
Recycling Tonnage Grant						
NJ Department of Transportation: Quaker Church Road		133,000.00			133,000.00	
	\$ 549,315.33	\$ 295,701.21	\$ 96,922.74	\$ 53,399.59	\$ 471,771.21	\$ 222,923.00

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

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2017	A	\$ 839,386.60
Increased by:		
Interest and Costs on Tax Sale	\$ 2,434.11	
Transfer from Taxes Receivable	<u>107,256.94</u>	
		<u>109,691.05</u>
		<u>949,077.65</u>
Decreased by:		
Cash Collections	<u>11,318.47</u>	
Balance December 31, 2018	A	<u><u>\$ 937,759.18</u></u>

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2017	Accrued In 2018	Collected by		Balance Dec. 31, 2018
			Treasurer		
<b>Clerk:</b>					
Licenses:					
Alcoholic Beverages	\$ 48,016.00			\$ 48,016.00	
Other	4,855.00			4,855.00	
Fees and Permits	14,358.59			14,358.59	
Health Officer:					
Licenses	41,810.00			41,810.00	
Fees and Permits	68,455.60			68,455.60	
Construction Code Official:					
Fees and Permits	350,499.00			350,499.00	
Municipal Court:					
Fines and Costs	\$ 22,590.62			237,933.84	
Board of Adjustment:					
Fees and Permits	86,883.52			86,883.52	
Planning Board:					
Fees and Permits	43,296.39			43,296.39	
Police Department:					
Fees and Permits	8,585.60			8,585.60	
Fire Prevention:					
Fees and Permits	70,087.50			70,087.50	
Energy Receipts Tax	1,830,461.00			1,830,461.00	
Watershed Moratorium Offset Aid	16,544.00			16,544.00	

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
(Continued)

	Balance Dec. 31, 2017	Accrued In 2018	Collected by Treasurer	Balance Dec. 31, 2018
Recreation Fees				
Registrar:				
Licenses		348.00	348.00	
Fees and Permits		25,260.00	25,260.00	
Cable TV - Fees		381,929.54	381,929.54	
Electrical Inspection Fees		113,819.00	113,819.00	
Engineering Fees:				
Fees and Permits		78,771.47	78,771.47	
Uniform Fire Safety Act - Code Fees		46,521.74	46,521.74	
Shared Service Agreement:				
Health Services - Rockaway Borough		128,968.00	128,968.00	
Health Services - Mine Hill Township		50,000.00	50,000.00	
	<u><u>\$ 22,590.62</u></u>	<u><u>\$ 4,910,430.03</u></u>	<u><u>\$ 4,919,962.07</u></u>	<u><u>\$ 13,058.58</u></u>
Ref.	A			A

TOWNSHIP OF RANDOLPH  
CURRENT FUND

### Ref.

Balance December 31, 2017 \$ 567,945.49

Increased by:

Water and Sewer Rents Levied	\$ 6,874,032.46
Connection Fees	<u>336,987.00</u>
	7,211,019.46
	<u>7,778,964.95</u>

Decreased by:

Collections	6,952,975.57
Connection Fees	336,987.00
	<u>7,289,962.57</u>

Balance December 31, 2018 A \$ 489,002.38

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDING DECEMBER 31, 2018

	Balance Dec. 31, 2017	Budget after Modification	Paid or Charged	Balance Lapsed
General Government:				
General Administration:				
Salaries and Wages	\$ 13,703.28	\$ 13,703.28	\$ 3,193.84	\$ 10,509.44
Other Expenses	17,029.69	17,029.69	4,973.89	12,055.80
Municipal Clerk:				
Salaries and Wages	3,209.59	3,209.59	1,381.50	1,828.09
Other Expenses	52,312.65	52,312.65	29,534.37	22,778.28
Financial Administration:				
Salaries and Wages	36,578.61	36,578.61	2,074.69	34,503.92
Other Expenses	7,967.38	7,967.38	898.50	7,068.88
Audit Services				
Other Expenses	461.00	461.00		461.00
Computerized Data Processing:				
Other Expenses	11,638.95	11,638.95	4,583.91	7,055.04
Revenue Administration:				
Salaries and Wages	1,379.52	1,379.52	1,379.52	
Other Expenses	963.33	963.33	240.30	723.03
Tax Assessment Administration:				
Salaries and Wages	1,422.19	1,422.19	1,122.08	300.11
Other Expenses	35,888.61	35,888.61	2,759.44	33,129.17
Legal Services and Costs:				
Other Expenses	33,559.93	33,559.93	8,551.99	25,007.94
Engineering Services and Cost:				
Salaries and Wages	4,646.86	4,646.86	870.42	3,776.44
Other Expenses	7,330.52	7,330.52		7,330.52
Economic Development Agencies:				
Salaries and Wages	2,500.00	2,500.00		2,500.00
Other Expenses	350.00	350.00		350.00
Land Use Administration				
Planning Board:				
Salaries and Wages	20,530.89	20,530.89	1,521.58	19,009.31
Other Expenses	40,580.18	40,580.18	4,152.74	36,427.44
Public Safety:				
Police Department:				
Salaries and Wages	226,088.87	226,088.87	67,248.40	158,840.47
Other Expenses	81,176.95	81,176.95	78,638.80	2,538.15
Police Dispatch/911:				
Other Expenses	0.34	0.34		0.34
Office of Emergency Management:				
Salaries and Wages	200.00	200.00		200.00
Other Expenses	4,323.90	4,323.90	372.50	3,951.40
Fire Departments:				
Salaries and Wages	13,013.68	13,013.68	1,482.85	11,530.83
Other Expenses	76,670.96	76,670.96	58,321.75	18,349.21
Fire Hydrant Services	40.00	40.00		40.00

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDING DECEMBER 31, 2018

	Balance Dec. 31, 2017	Budget after Modification	Paid or Charged	Balance Lapsed
<b>Public Safety (Cont'd):</b>				
Municipal Prosecutor's Office:				
Other Expenses	\$ 6,250.00	\$ 6,250.00	\$ 2,250.00	\$ 4,000.00
Public Works:				
Street and Road Maintenance:				
Salaries and Wages	72,629.40	72,629.40	10,697.30	61,932.10
Other Expenses	86,895.02	86,895.02	24,114.23	62,780.79
Solid Waste Collection:				
Other Expenses	164,686.00	164,686.00	163,150.00	1,536.00
Water and Sewer:				
Salaries and Wages	73,086.25	73,086.25	13,256.70	59,829.55
Other Expenses	177,008.68	177,008.68	76,668.00	100,340.68
Vehicle Maintenance	17,679.46	17,679.46	995.30	16,684.16
Electricity	9,817.52	9,817.52	5,204.47	4,613.05
Telephone	1,095.60	1,095.60	215.53	880.07
Gasoline	12,853.02	12,853.02		12,853.02
Gas (natural or propane)	1,797.44	1,797.44	800.63	996.81
Recycling:				
Salaries and Wages	12,590.24	12,590.24	5,016.38	7,573.86
Other Expenses	153,256.41	153,256.41	115,623.32	37,633.09
Buildings and Grounds:				
Salaries and Wages	25,333.09	25,333.09	942.31	24,390.78
Other Expenses	119,440.93	119,440.93	72,429.12	47,011.81
Vehicle Maintenance (Including Police Vehicles):				
Salaries and Wages	4,048.20	4,048.20	2,739.06	1,309.14
Other Expenses	143,216.53	143,216.53	56,575.48	86,641.05
Community Services Act (Condominium Community Costs):				
Other Expenses	8,000.00	8,000.00	4,076.53	3,923.47
Snow Removal:				
Salaries and Wages	8,266.06	8,266.06	8,266.06	
Other Expenses	126,841.30	126,841.30	126,841.30	
<b>Health and Human Services:</b>				
Public Health Services:				
Salaries and Wages	27,446.89	27,446.89	4,747.34	22,699.55
Other Expenses	21,125.14	21,125.14	5,279.58	15,845.56

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDING DECEMBER 31, 2018

	Balance Dec. 31, 2017	Budget after Modification	Paid or Charged	Balance Lapsed
<b>Parks and Recreation:</b>				
Recreation Services and Programs:				
Salaries and Wages	\$ 91,798.11	\$ 91,798.11	\$ 4,355.61	\$ 87,442.50
Other Expenses	213,785.89	213,785.89	79,717.47	134,068.42
Maintenance of Parks:				
Salaries and Wages	20,204.54	20,204.54	7,757.56	12,446.98
Other Expenses	20,941.08	20,941.08	14,329.84	6,611.24
<b>Utility Expenses and Bulk Purchases:</b>				
Electricity:				
Other Expenses	33,107.91	33,107.91	900.89	32,207.02
Street Lighting:				
Other Expenses	6,111.38	6,111.38		6,111.38
Telephone:				
Other Expenses	25,933.45	25,933.45	6,177.85	19,755.60
Gas (natural or propane):				
Other Expenses	38,065.52	38,065.52	13,703.50	24,362.02
Gasoline:				
Other Expenses	119,732.77	119,732.77	21,000.07	98,732.70
<b>Other Costs:</b>				
Celebration of Public Events:				
Other Expenses	71.99	71.99		71.99
Municipal Court:				
Salaries and Wages	23,100.35	23,100.35	2,321.22	20,779.13
Other Expenses	6,091.85	6,091.85	971.54	5,120.31
Public Defender (P.L. 1997, c. 256):				
Other Expenses	100.00	100.00		100.00
Insurance:				
Liability Insurance	16,887.17	16,887.17		16,887.17
Workers Compensation Insurance	20,990.92	20,990.92	811.00	20,179.92
Employee Group Health Insurance	317,480.96	317,480.96		317,480.96
Health Benefit Waiver	327.84	327.84		327.84
Wellness Program	14,971.04	14,971.04		14,971.04
Uniform Construction Code:				
Salaries and Wages	11,398.04	11,398.04	2,052.84	9,345.20
Other Expenses	3,512.59	3,512.59	478.73	3,033.86
Electrical Inspections	22,682.80	22,682.80	14,065.20	8,617.60
Contingent	100.00	100.00		100.00
Statutory Expenditures:				
Social Security	40,147.96	40,147.96	4,769.08	35,378.88
Defined Contribution Retirement Prog.	1,429.06	1,429.06		1,429.06

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDING DECEMBER 31, 2018

	Balance Dec. 31, 2017	Budget after Modification	Paid or Charged	Balance Lapsed
Sewer Treatment:				
Other Expenses	\$ 589,579.00	\$ 589,579.00	\$ 70,310.00	\$ 519,269.00
Morris Township - Sewer Treatment:				
Other Expenses	175.02	175.02		175.02
Morris County MUA - Water Supply Services:				
Other Expenses	278,725.34	278,725.34	195,736.96	82,988.38
Length of Service Award Program (LOSAP):				
Other Expenses	3,690.00	3,690.00		3,690.00
Length of Service Award Program (LOSAP):				
Other Expenses	<u>2,235.00</u>	<u>2,235.00</u>		<u>2,235.00</u>
	<u><u>\$ 3,890,308.64</u></u>	<u><u>\$ 3,890,308.64</u></u>	<u><u>\$ 1,412,651.07</u></u>	<u><u>\$ 2,477,657.57</u></u>

Ref.

Analysis of Balance December 31, 2017:

Unencumbered	A \$ 2,591,061.05
Encumbered	A <u>1,299,247.59</u>
	<u><u>\$ 3,890,308.64</u></u>

Analysis of Paid or Charged:

Cash Disbursed	\$ 1,406,598.82
Accounts Payable	<u>6,052.25</u>
	<u><u>\$ 1,412,651.07</u></u>

TOWNSHIP OF RANDOLPH  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2018

Increased by:

Levy - Calendar Year 2018	\$ 76,938,798.00
---------------------------	------------------

---

Decreased by:

Payments to Local School District	\$ 76,938,798.00
-----------------------------------	------------------

---

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

	Transferred from 2018 Budget	Transferred from Unappropriated Reserves	Paid or Charged	Cancelled	Balance Dec.31, 2018
	Balance Dec.31, 2017	Appropriation			
Recycling Tonnage Grant	\$ 63,359.41	\$ 53,399.59		\$ 97,752.15	\$ 19,006.85
Drunk Driving Enforcement Fund	15,957.56	9,161.93	0.32	7,436.71	17,683.10
Distracted Driving Grant		6,600.00		6,600.00	
Municipal Alliance Program	11,409.47	17,248.00		17,448.40	9,937.86
Clean Communities Program	92,770.23	55,086.69		25,128.58	122,728.34
Body Armor Replacement Program	8,747.86			3,835.00	4,912.86
Bulletproof Vest Program		11,505.00			11,505.00
Tobacco Sale - of - Age Grant	6,945.54				6,945.54
Hazardous Discharge Site Redemption Program	7,478.67				7,478.67
Highlands Council Planning Assistance Grant	400.00				400.00
Highlands Water Protection and Planning Council Grant	17,359.20				17,359.20
New Jersey Highlands Grant	166,077.50				166,077.50
Drive Sober or Get Pulled Over Grant	3,300.00	5,500.00		5,500.00	3,300.00
Morris County Open Space Grant	337,500.00				337,500.00
Morris County Economic Development Grant		3,000.00		1,000.00	2,000.00
Morris County Arts Grant		1,200.00		500.00	700.00
New Jersey Department of Transportation - Quaker Church Road	133,000.00				133,000.00
	<u>\$ 731,305.44</u>	<u>\$ 295,701.21</u>	<u>\$ 0.32</u>	<u>\$ 165,200.84</u>	<u>\$ 471,771.21</u>
					<u>\$ 390,034.92</u>
					A

TOWNSHIP OF RANDOLPH  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES  
YEAR ENDED DECEMBER 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Transferred to</u> <u>Appropriated</u> <u>Reserves</u>
Drunk Driving Enforcement Grant	\$ 0.32		\$ 0.32
Recycling Tonnage Grant	<u>53,399.59</u>	<u>\$ 53,399.59</u>	<u>      </u>
	<u><u>\$ 53,399.91</u></u>	<u><u>\$ 53,399.59</u></u>	<u><u>\$ 0.32</u></u>

Ref.            A

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
TRUST FUNDS

TOWNSHIP OF RANDOLPH  
TRUST FUNDS  
SCHEDULE OF CASH

Ref.	Assessment Trust Fund	Animal Control Fund	Unemployment Insurance Fund	Long-Term Disability Fund	Drug Enforcement Fund Federal Share	Drug Enforcement Fund State Share	Housing Trust Fund	Open Space Trust Fund	Other Trust Funds
Balance December 31, 2017	B \$ 423,850.91	\$ 15,161.31	\$ 131,136.82	\$ 46,978.23	\$ 29.95	\$ 13,385.30	\$ 652,223.30	\$ 885,550.35	\$ 2,709,033.71
Increased by Receipts:									
Township Fees		54,611.00							
State Board of Health - Registration Fees		3,197.20							
Other Towns - Pound Fees		89,094.65							
Assessments Receivable									
Interest									
Unemployment Insurance Deposits									
Due from Current Fund - Open Space									
Development Fees									
Reserve for Parking Offense Adjudication Act									
Reserve for Performance Bonds and Street									
Opening Deposits (including Interest)									
Tax Sale Premiums									
Public Defender									
Reserve for Tree Bonds									
Reserve for Police Special Detail									
Reserve for Drug Enforcement Fund									
Other Special Deposits									
Total Receipts		226,393.10	146,898.85	17,421.35	306.35		1,259.00		98,450.66
		650,244.01	162,060.16	148,558.17	47,284.58	29.95	1,351.93	45,137.09	908,697.58
							14,737.23	697,360.39	1,794,247.93
Decreased by Disbursements:									
Expenditures Under R.S. 4:19-15.11									
Payments to State Board of Health									
Reserve for Internation Fund for Animal Welfare Grant									
Prior Year Accounts Payable									
Claims Paid									
Due to Current Fund									
Reserve For Housing Trust Fund									
Due Shongum Lake Association -									
State of NJ Wastewater									
Reserve for Expenditures									
Reserve for Performance Bonds									
Tax Sale Premiums									
Public Defender									
Reserve for Tree Bank Fund									
Reserve for Tree Bonds									
Reserve for Police Special Detail									
Other Special Deposits									
Total Disbursements		79,926.31	155,185.88	19,331.15			13,200.79		810,603.13
Balance December 31, 2018	B \$ 570,317.70	\$ 6,874.28	\$ 129,227.02	\$ 47,284.58	\$ 29.95	\$ 14,737.23	\$ 684,159.60	\$ 983,644.80	\$ 1,993,006.06

TOWNSHIP OF RANDOLPH  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2017	Receipts	Disbursements	Balance Dec. 31, 2018
Due Current Fund	\$ 525.82		\$ 522.58	\$ 3.24
Due Shongum Lake Association	27,336.28		27,336.28	
Due Shongum Lake Association - State of New Jersey Wastewater	232,772.63	\$ 111,139.86	79,403.73	264,508.76
Reserve for Unpaid Assessments	4,000.00		4,000.00	
Overpaid Assessments	569.64		569.64	
Fund Balance	<u>158,646.54</u>	<u>115,253.24</u>		<u>273,899.78</u>
	<u><u>\$ 423,850.91</u></u>	<u><u>\$ 226,393.10</u></u>	<u><u>\$ 79,926.31</u></u>	<u><u>\$ 570,317.70</u></u>

TOWNSHIP OF RANDOLPH  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE

B

Collection of Unpledged Assessments	\$115,253.24
Due to Shongum Lake Association	<u>111,139.86</u>

TOWNSHIP OF RANDOLPH  
ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Ref.

Balance December 31, 2017	B	\$ 2,042.54
---------------------------	---	-------------

Increased by:

Township Fees:

Dog License Fees Collected	\$ 34,270.20
Pound Fees	7,330.00
Cat Licenses	7,140.00
Other Miscellaneous Receipts	3,010.80
Penalty Fees- Late Payments	<u>2,860.00</u>
	54,611.00
Other Towns - Pound Fees	<u>89,094.65</u>
	143,705.65
	<u>145,748.19</u>

Decreased by:

Expenditures Under R.S.4:19-15.11:	144,968.85
Balance December 31, 2018	<u>\$ 779.34</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2016	\$ 44,827.20
2017	<u>43,124.80</u>
Maximum Allowable Reserve	<u>\$ 87,952.00</u>

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
GENERAL CAPITAL FUND

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

Ref.

Balance December 31, 2017	C	\$ 6,862,302.37
---------------------------	---	-----------------

Increased by:

Proceeds from Serial Bonds Issued	\$ 8,885,000.00
Premium on Bond Sale	88,219.85
Reserve for Payment of Debt Service -	
Board of Education Contribution	83,157.00
Due from Denville Township	44,296.67
Due from Rockaway Township	44,296.67
Received from Current Fund Budget Appropriation:	
Capital Improvement Fund	<u>4,787,750.00</u>
	<u>13,932,720.19</u>
	<u>20,795,022.56</u>

Decreased by:

Improvement Authorization Expenditures	7,200,487.27
Due to Current Fund:	
Reserve for Payment of Debt Service	<u>89,724.17</u>
	<u>7,290,211.44</u>
Balance December 31, 2018	C
	<u>\$ 13,504,811.12</u>

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Receipts			Disbursements			Transfers			Balance (Deficit) Dec. 31, 2018
	Balance (Deficit) Dec. 31, 2017	Serial Bonds	Other	Improvement Authorizations	Other	From	To			
Fund Balance										
Capital Improvement Fund										
Due from Habitat for Humanity										
Due from Randolph Township Board of Education	\$ 410,600.98		\$ 88,219.85						\$ 498,820.83	
Due from Randolph Township Board of Education	487,492.89		4,787,750.00						412,492.89	
(600,000.00)	(600,000.00)								(600,000.00)	
(30,000.00)	(30,000.00)								(30,000.00)	
NJ Department of Transportation Grant Receivable										
Due from Devilville Township	(46,000.00)		44,296.67							
Due from Rockaway Township	(46,000.00)		44,296.67							
Reserve for:										
Payment of Debt Service	89,724.17									
In Lieu of Bikeway/Trails/Sidewalks	56,592.50									
Preliminary Costs - Municipal Improvements	2,000.00									
Preliminary Costs - Sewer Design	2,526.68									
Ord. No.	Improvement Description									
20-97	Butterworth Sewer Interceptor			751,864.78			\$ 10,975.00			740,889.78
55-9947-00	Design and Construction of Freedom Park			17,825.13			456.00			17,369.13
22-06-07-08	Acquisition of Land			1,005,190.78						1,005,190.78
08-03	Various Capital Improvements			19,475.93						19,475.93
15-04	Various Capital Improvements			567.76						296.32
30-05	Various Capital Improvements			25,663.90						24,177.65
10-08	Various Capital Improvements			2,902.20						2,902.20
16-08	Various Capital Improvements			7,397.18						7,397.18
13-09/18-10	Various Capital Improvements			277.87						277.87
02-10/	Renovation of Senior Community Center, Library & VFW Building			17,705.97						5,289.97
08-12	Mac Spar Drive Sewer Line Extension			16,694.49						7,841.91
04-10	Various Capital Improvements			3,737.13						3,737.13
10-10	Various Capital Improvements			96,737.39						96,737.39
11-10	Various Capital Improvements			16,055.28						16,055.28
05-11	Improvements to D.P.W. Facility			5,378.87						5,378.87
09-11	Various Capital Improvements			7,741.42						7,741.42
10-11	Various Capital Improvements			52,154.72						49,035.80
14-11	Various Capital Improvements			43,109.24						43,109.24
07-12	Various Capital Improvements			58,345.38						58,345.38
12-12	Various Capital Improvements			16,378.04						8,906.04

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

Ord. No.	Improvement Description	Balance (Deficit)		Transfers		Balance (Deficit) Dec. 31, 2018
		Dec. 31, 2017	Serial Bonds	Disbursements	To	
Improvement Authorizations	Other	From	To			
12-13	Various Capital Improvements	\$ 37,146.99				\$ 37,146.99
14-13	Various Capital Improvements	67,534.40				67,534.40
15-13	Various Capital Improvements	174,858.57				128,848.27
16-13	Improvements to Seeing Eye Animal Shelter	9,578.84				9,578.84
13-14	Various Capital Improvements	12,575.35				12,575.35
14-14	Various Street and Road Overlays	220.80				220.80
15-14	Water/Sewer Various Capital Improvements	121,056.81				120,784.41
16-14	Recreational and Open Space Capital Improvements	64,478.88				34,439.71
17-14	Various Capital Improvements	55,005.24				53,415.25
18-14	Millbrook Avenue Milling and Paving	655.33				655.33
23-14	Improvements and Repairs to Randolph Museum	4,731.11				4,731.11
04-15	Repair Municipal Building - Water and Fire Damage	4,763.74				4,763.74
06-15	Various Capital Improvements	57,996.41				6,549.12
07-15	Water/Sewer Various Capital Improvements	148,388.75				148,388.75
08-15	Various Improvements for Parks and Recreation	29,736.00				23,525.00
09-15	Various Capital Improvements	164,931.89				142,705.64
10-15/20-15	Road Overlay Program	2,677.60				2,677.60
13-15	Improvements to Real Property - 42 Bennett Ave	1,512,991.80				24,686.00
23-15	Phase II Butterworth Sewer Interceptor Improvements	(771,757.50)				1,158,176.20
26-15	Reappropriation for Radio Equipment - Police Dept	1,199.43				1,199.43
03-16	Knights Bridge Pump Station Upgrade	5,438.24				5,438.24
09-16	Millbrook Avenue Paving	302,310.39				302,310.39
10-16	Sussex Turnpike Waterline	(639,453.69)	\$ 855,000.00			13,723.08
12-16	Various Capital Improvements	(437,823.88)				531,704.83
13-16	Various Capital Improvements	103,464.00				31,020.89
14-16	Road Overlay Program	14,913.57				8,174.96
15-16	Various Water/Sewer Capital Improvements	81,744.03				20,977.39
21-16	Various Parks and Recreation Capital Improvements	360,624.92				23,621.35
23-16	Police Message Signs	0.88				0.88
07-17	Various Water/Sewer Capital Improvements	1,188,027.14				672,172.71
08-17	Various Capital Improvements	664,392.36				193,909.93
09-17	Road Overlay Program	233,417.81				223,735.37
10-17	Calais Park Design/Engineering	48,630.48				27,472.21

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH  
(Continued)

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

**TOWNSHIP OF RANDOLPH**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	2018 Authorizations						Balance Dec. 31, 2018 Unfunded	
		Deferred Charges to Future Taxation - Unfunded			Other Funding Sources				
		Ordinance Date	Amount	Balance Dec. 31, 2017 Funded	Unfunded	Paid or Charged	Reappropriated		
20-97	Butterworth Sewer Interceptor	05/22/97	\$ 2,800,000.00	\$ 751,864.78	\$ 1,000.00	\$ 10,975.00		\$ 740,889.78	
47-00	Design and Construction of Freedom Park	07/27/00	2,820,000.00	17,325.13	456.00			17,367.13	
07-08	Acquisition of Land	05/04/00	10,450,000.00	1,005,190.78	961.00	\$ 961.00	\$ 1,005,190.78		
08-03	Various Capital Improvements	06/05/03	910,000.00	19,475.93				19,475.93	
15-04	Various Capital Improvements	06/03/04	690,000.00	567.76				296.32	
30-05	Various Capital Improvements	07/07/05	950,000.00	25,663.90				24,177.65	
10-08	Various Capital Improvements	05/01/08	470,000.00	2,902.20	12.27			2,902.20	
16-08	Various Capital Improvements	06/05/08	489,000.00	7,397.18	809.84			7,397.18	
18-10	Various Capital Improvements	06/04/09	1,222,000.00	277.87				277.87	
08-12	& VFW Building	04/06/10	3,400,000.00	17,705.97				5,289.97	
04-10	Mac Spar Drive Sewer Line Extension	05/06/10	345,000.00	16,694.49				7,841.91	
10-10	Various Capital Improvements	07/01/10	1,985,000.00	3,737.13				3,737.13	
11-10	Various Capital Improvements	07/01/10	1,704,800.00	96,737.39				96,737.39	
05-11	Improvements to D.P.W. Facility	04/07/11	3,600,000.00	16,055.28				16,055.28	
09-11	Various Capital Improvements	06/02/11	874,000.00	5,378.87				5,378.87	
10-11	Various Capital Improvements	06/02/11	382,700.00	7,741.42				7,741.42	
14-11	Various Capital Improvements	07/07/11	225,000.00	52,154.72				49,035.80	
07-12	Various Capital Improvements	04/03/12	1,438,500.00	43,109.24				43,109.24	
12-12	Various Capital Improvements	06/28/12	542,600.00	58,345.38				58,345.38	
13-12 &									
17-15	Various Capital Improvements	06/28/12	447,000.00	16,378.04				7,472.04	
17-15	Various Capital Improvements	06/06/13	1,206,000.00	37,146.99				37,146.99	
14-13	Various Capital Improvements	06/27/13	965,000.00	67,534.40				67,534.40	
15-13	Various Capital Improvements	06/27/13	651,200.00	174,838.57				128,848.27	
16-13	Improvements to Seeing Eye Animal Shelter	06/27/13	200,000.00	9,578.84				9,578.84	
13-14	Various Capital Improvements	05/22/14	364,500.00	12,575.35				12,575.35	
14-14	Various Street and Road Overlay's	06/12/14	825,000.00	220.80				220.80	
15-14	Water/Sewer Various Capital Improvements	05/22/14	450,000.00	121,056.81				120,784.41	
16-14	Recreational and Open Space Capital Improvements	05/22/14	233,000.00	64,478.88				34,439.71	
17-14	Various Capital Improvements	05/22/14	319,000.00	55,005.24				53,415.25	
18-14	Millbrook Avenue Milling and Paving	06/12/14	289,000.00	655.33				655.33	
23-14	Improvements and Repairs to Randolph Museum	10/02/14	50,000.00	4,731.11				4,731.11	
04-15	Repair Municipal Building - Water and Fire Damage	03/10/15	127,826.49	4,763.74				4,763.74	
06-15	Various Capital Improvements	04/30/15	323,300.00	57,996.41				6,349.12	
07-15	Water/Sewer Various Capital Improvements	04/30/15	770,000.00	148,388.75				148,388.75	
08-15	Various Improvements for Parks and Recreation	04/30/15	97,500.00	29,736.00				23,525.00	
09-15	Various Capital Improvements	04/30/15	2,128,000.00	164,931.89				142,705.64	
20-15	Road Overlay Program	10/01/15	945,000.00	2,677.60				2,677.60	
13-15	Improvements to Real Property - 42 Bennett Ave	07/09/15	2,000,000.00	1,512,991.80				24,686.00	
23-15	Phase II Butterworth Sewer Interceptor Improvements	10/22/15	4,000,000.00					1,158,176.20	
26-15	Reappropriation for Radio Equipment - Police Dept	11/05/15	58,205.13	1,199.43				1,199.43	
03-16	Knights Bridge Pump Station Upgrade	02/25/16	182,791.14	5,438.24				5,438.24	
09-16	Millbrook Avenue Paving	04/21/16	400,000.00	302,310.39				302,310.39	
10-16	Sussex Turnpike Waterline	04/21/16	900,000.00					13,723.23	

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Ref.

Balance December 31, 2017	C	\$ 487,492.89
Increased by:		
Current Fund Budget Appropriation		4,787,750.00
<hr/>		
Decreased by:		5,275,242.89
Appropriated to Finance Improvement Authorizations		<u>4,862,750.00</u>
<hr/>		
Balance December 31, 2018	C	\$ <u>412,492.89</u>
<hr/>		

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND

SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT TRUST - TRUST LOAN - DENBROOK PUMPING STATION

Purpose	Issue		Interest		Maturities of Loans		Balance Dec. 31, 2018
	Date	Amount	Rate	Outstanding Date	Amount	Dec. 31, 2017	
1999 Loan	10/15/99	\$ 1,027,681.00	5.70%	8/1/19	\$ 80,000.00	\$ 155,000.00	\$ 80,000.00
						\$ 155,000.00	\$ 80,000.00

Ref.

C

C

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOAN PAYABLE

Ref.

Balance December 31, 2017	C	\$ 346,219.72
Less:		
Principal Matured		<u>171,387.41</u>
Balance December 31, 2018	C	<u>\$ 174,832.31</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2018

Payment Number	Due Date	Interest	Principal	Loan Balance
27	2/13/2019	\$ 1,748.32	\$ 86,981.25	\$ 174,832.31
28	8/13/2019	878.51	<u>87,851.06</u>	87,851.06
		<u>\$ 2,626.83</u>	<u>\$ 174,832.31</u>	

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance		Serial Bonds Issued	Improvement Authorizations Cancelled	Balance Dec. 31, 2018
		Dec. 31, 2017	2018 Authorizations			
20-97 22-06;	Butterworth Sewer Interceptor	\$ 1,000.00				\$ 1,000.00
07-08	Acquisition of Land	961.00				\$ 961.00
10-08	Various Capital Improvements	12.27				12.27
16-08	Various Capital Improvements	809.84				809.84
10-10	Various Capital Improvements	17.00				17.00
09-11	Various Capital Improvements	27.89				27.89
23-15	Phase II Butterworth Sewer Interceptor Improvements	2,435,000.00				2,435,000.00
10-16	Sussex Turnpike Waterline	855,000.00				\$ 855,000.00
12-16	Various Capital Improvements	1,080,500.00				1,080,500.00
11-17	Various Capital Improvements	237,500.00				237,500.00
25-17	Various Capital Improvements	2,394,000.00				2,394,000.00
11-18	Freedom Park Improvements	\$ 1,971,250.00				1,971,000.00
12-18	Various Improvements	533,000.00				530,000.00
13-18	Various Capital Improvements	2,897,500.00				2,897,500.00
		<u>\$ 7,004,828.00</u>	<u>\$ 5,401,750.00</u>	<u>\$ 8,885,000.00</u>	<u>\$ 1,828.00</u>	<u>\$ 3,519,750.00</u>

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF RANDOLPH  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2017	F	\$ 9,485.57
Balance December 31, 2018	F	<u>\$ 9,485.57</u>

TOWNSHIP OF RANDOLPH  
COUNTY OF MORRIS  
2018  
SWIMMING POOL UTILITY FUND

TOWNSHIP OF RANDOLPH  
SWIMMING POOL UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>
Balance December 31, 2017	I                    \$                    879.35
Increased by:	
Interest Income	<u>5.75</u>
Balance December 31, 2018	I                    \$ <u>885.10</u>

TOWNSHIP OF RANDOLPH

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF RANDOLPH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018

Name of Federal Agency or Department	Name of Program	C.F.D.A. Account Number	Pass Through Entity ID	Grant Period From	Grant Period To	Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation)	Quaker Church Road Project	20.205	N/A	05/03/18	12/31/19	\$ 133,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	
(Passed through New Jersey Department of Law and Public Safety)	Distracted Driving Grant	20.616	158-031030	01/01/18	12/31/19	6,600.00	\$ 6,600.00	6,600.00	6,600.00	
	Drive Sober or Get Pulled Over	20.616	100-066-1160 157-031020	01/01/17 01/01/18	12/31/17 12/31/19	5,500.00 5,500.00	<u>5,500.00</u>	<u>3,300.00</u> <u>2,200.00</u>	<u>5,500.00</u> <u>2,200.00</u>	
	Total Department of Transportation					12,100.00	<u>28,100.00</u>	<u>30,300.00</u>	<u>30,300.00</u>	
	Total Federal Awards					\$ 12,100.00	<u>\$44,100.00</u>	<u>\$46,300.00</u>	<u>\$ -0-</u>	

N/A - Not Applicable/Available

TOWNSHIP OF RANDOLPH  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2018

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period From _____ To _____	Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
Department of Environmental Protection	Clean Communities	765-042-4900-004-VCMC	01/01/16 12/31/19 01/01/17 12/31/19 01/01/18 12/31/19	\$ 67,797.13 57,597.92 55,086.69	\$ 24,828.58 300.00	\$ 57,660.48 288.00 300.00	
	Total Clean Communities				\$ 55,086.69	\$ 25,128.58	\$ 58,248.48
Recycling Tonnage Grant		752-042-4900-001-V42Y-6020	01/01/16 12/31/19 01/01/17 12/31/19 01/01/18 12/31/19	36,381.53 53,619.82 53,399.59		7,739.40 42,833.16 47,159.59	30,629.90 53,619.82 47,159.59
	Total Recycling Tonnage Grant				\$ 53,399.59	\$ 97,752.15	\$ 131,409.31
	Total Department of Environmental Protection				\$ 108,486.28	\$ 122,880.73	\$ 189,657.79
Body Armor Grant		1020-718-066-YCJS	01/01/15 12/31/19 01/01/16 12/31/19	3,530.99 3,387.15		1,770.00 2,065.00	3,332.70 2,065.00
	Total Body Armor Grant					\$ 3,835.00	\$ 3,397.70
Drunk Driving Enforcement Fund		100-078-6400-YYYY	01/01/15 12/31/19 01/01/18 12/31/19	22,412.32 9,161.93		7,436.71	13,891.15
	Total Drunk Driving Fund				\$ 9,161.93	\$ 7,436.71	\$ 13,891.15
	Total Department of Law and Public Safety				\$ 9,161.93	\$ 11,271.71	\$ 19,288.85
Department of Treasury							
Governor's Council on Alcoholism and Drug Abuse (Passed Through the County of Morris)		100-082-2000-044-995120	07/01/17 06/30/18 07/01/18 06/30/19	19,248.00 17,248.00		10,138.26 7,310.14	17,976.79 7,310.14
	Total Department of Treasury				\$ 17,494.12	\$ 17,448.40	\$ 25,286.93
	Total State Awards				\$ 135,142.33	\$ 151,600.84	\$ 234,233.57

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF RANDOLPH  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2018

**Note 1. GENERAL**

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state grant activity of the Township of Randolph under programs of the federal and state governments for the year ended December 31, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

**Note 2. BASIS OF PRESENTATION**

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

**Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 4. STATE LOANS OUTSTANDING**

The Township of Randolph has the following loans outstanding as of December 31, 2018:

Green Acres Trust Loan Payable	\$ 174,832.31
NJ Wastewater Treatment Trust Loan - Denbrook Pumping Station	<u>80,000.00</u>
	<u><u>\$ 254,832.31</u></u>

Currently, the Township is in the process of repaying the above loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-298-8500 | 973-298-8501 Fax

Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and Members  
of the Township Council  
Township of Randolph  
Randolph, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (the "Division") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Randolph, in the County of Morris (the "Township") as of, and for the years ended, December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 15, 2019. These financial statements have been prepared in conformity with accounting principles prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report contained a qualified opinion on the financial statements as the amount that should be recorded in the general fixed assets account group could not be determined.

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

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

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

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

The Honorable Mayor and Members  
of the Township Council  
Township of Randolph  
Page 2

We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2018-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **The Township's Response to the Finding**

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
May 15, 2019

NISIVOCCIA LLP



William F. Schroeder  
Certified Public Accountant  
Registered Municipal Accountant No. 452

TOWNSHIP OF RANDOLPH  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the amount that should be recorded in the general fixed assets account group could not be determined.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2018 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

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

Finding 2018-001

Criteria

Creation of a fixed asset accounting and reporting system is desirable from a control point of view. The maintenance of a fixed assets accounting and reporting system is also required by the New Jersey Administrative Code Accounting Requirements.

Condition

A fixed assets accounting and reporting system has not been implemented. A fixed asset reporting system is a key control in an accounting system, in that it helps to ensure that assets are safeguarded against loss from unauthorized use or disposition.

Cause

This is due, in part, to budgetary constraints.

TOWNSHIP OF RANDOLPH  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2018  
Continued

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2018-001 (Cont'd)

Effect or Potential Effect

The Township is not in compliance with the New Jersey Administrative Code Accounting Requirements. Township fixed assets records are not available which could be possibly used to aid in the planning for replacement of assets.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for State Awards:

- Not applicable – State award expenditures are less than the single audit threshold.

Findings and Questioned Costs for Federal Awards:

- Not applicable – Federal award expenditures are less than the single audit threshold.

TOWNSHIP OF RANDOLPH  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018

The Township's prior year finding (2017-001) regarding fixed assets has not been resolved due in part to budgetary constraints during the current year and is included on the Schedule of Findings and Responses as finding 2018-001.

TOWNSHIP OF RANDOLPH  
PART III  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF RANDOLPH  
COMMENTS AND RECOMMENDATIONS

9

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

N.J.S.A. 40A:11-3 states:

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

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

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

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

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

10

TOWNSHIP OF RANDOLPH  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

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

On January 1, 2018, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes, utility charges and assessments:

Interest to be charged at the rate of 18% on all delinquent taxes, utility charges and assessments in excess of \$1,500 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000 at December 31.

It appears from an examination of the Tax Collector's and the Utility Collector's records on test basis that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Number of Liens</u>
2018	43
2017	38
2016	41

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2019 Taxes	20
Payments of 2018 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5
Payments of Water/Sewer Utility Charges	10
Delinquent Water/Sewer Utility Charges	10

TOWNSHIP OF RANDOLPH  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances as of December 31, 2018. The items that were returned were checked and in agreement with the Township's records. For items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

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

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

The Township is in compliance with the first two requirements; however, a fixed assets accounting records and reporting system is not currently in place. It is recommended that a fixed assets accounting and reporting system be implemented and maintained.

Management's Response

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2018.

	Balance		Balance	
	Dec. 31, 2017	Receipts	Disbursements	Dec. 31, 2018
<b>Municipal Treasurer:</b>				
Fines and Costs	\$ 22,590.62	\$ 237,933.84	\$ 247,465.88	\$ 13,058.58
County Treasurer	9,575.50	104,765.00	108,921.50	5,419.00
State Treasurer	11,753.88	134,793.16	138,989.12	7,557.92
Miscellaneous	3,483.74	55,847.85	54,101.09	5,230.50
Bail	<u>2,925.00</u>	<u>27,122.00</u>	<u>25,872.00</u>	<u>4,175.00</u>
	<u><b>\$ 50,328.74</b></u>	<u><b>\$ 560,461.85</b></u>	<u><b>\$ 575,349.59</b></u>	<u><b>\$ 35,441.00</b></u>

TOWNSHIP OF RANDOLPH  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestion:

Capital Ordinance Balances

Our review of the capital ordinances in the Capital Funds revealed several older ordinances with unexpended balances. It is suggested that all capital ordinance balances be reviewed for possible cancellation.

TOWNSHIP OF RANDOLPH  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. A fixed assets accounting and reporting system be implemented and maintained.

\* \* \* \* \*