

TOWNSHIP OF BERNARDS

COUNTY OF SOMERSET

REPORT OF AUDIT

2016

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF BERNARDS

COUNTY OF SOMERSET

REPORT OF AUDIT

2016

TOWNSHIP OF BERNARDS
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TOWNSHIP OF BERNARDS

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Bernards
 Basking Ridge, New Jersey

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Bernards, in the County of Somerset (the "Township") as of and for the year ended December 31, 2016 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit 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.

The Honorable Mayor and Members
of the Township Committee
Township of Bernards
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Township as of December 31, 2016 or the changes in financial position or where applicable, cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Township of Bernards as of December 31, 2016 and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the year then ended 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, as described in Note 1.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 77, *Tax Abatement Disclosures*, during the year ended December 31, 2016. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the Township as of December 31, 2015 were audited by other auditors whose report dated March 31, 2016 expressed an unmodified opinion on those statements.

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 Honorable Mayor and Members
of the Township Committee
Township of Bernards
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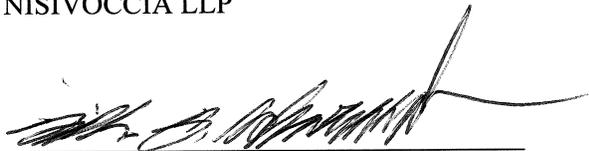
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to 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 18, 2017 on our consideration of the Township of Bernards’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Bernards’ internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 18, 2017

NISIVOCCIA LLP



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

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
CURRENT FUND

TOWNSHIP OF BERNARDS
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Regular Fund: | | | |
| Cash - Treasurer | A-4 | \$ 22,397,079.72 | \$ 20,842,399.77 |
| Change Funds | | 565.00 | 565.00 |
| | | <u>22,397,644.72</u> | <u>20,842,964.77</u> |
| Receivables and Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-6 | 481,011.10 | 406,342.41 |
| Tax Title Liens Receivable | A-7 | 39,660.09 | 35,312.14 |
| Property Acquired for Taxes at Assessed Valuation | | 195,100.00 | 195,100.00 |
| Revenue Accounts Receivable | A-8 | 21,670.56 | 24,270.01 |
| Due from: | | | |
| Federal and State Grant Fund | A | 148,317.01 | |
| Animal Control Fund | B | 0.38 | 1.54 |
| Other Trust Funds | B | 40.07 | 46.85 |
| General Capital Fund | C | 89.75 | 103.46 |
| Payroll Accounts | | 25,005.07 | 25,060.45 |
| Total Receivables and Other Assets With Full Reserves | A | <u>910,894.03</u> | <u>686,236.86</u> |
| Total Regular Fund | | <u>23,308,538.75</u> | <u>21,529,201.63</u> |
| Federal and State Grant Fund: | | | |
| Federal and State Grants Receivable | A-11 | 630,088.77 | 394,157.00 |
| Due from Current Fund | A | | 91,978.77 |
| | | <u>630,088.77</u> | <u>486,135.77</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 23,938,627.52</u> | <u>\$ 22,015,337.40</u> |

LIABILITIES, RESERVES AND FUND BALANCE

| | | | |
|---------------------------------------|---------|---------------------|---------------------|
| Regular Fund: | | | |
| Appropriation Reserves: | | | |
| Unencumbered | A-3;A-9 | \$ 2,150,362.82 | \$ 2,557,187.18 |
| Encumbered | A-3;A-9 | 1,423,987.18 | 852,789.64 |
| Total Appropriation Reserves | | <u>3,574,350.00</u> | <u>3,409,976.82</u> |
| Accounts Payable - Vendors | | 2,650.92 | |
| Prepaid Taxes | | 868,187.82 | 683,045.46 |
| Due to: | | | |
| Federal and State Grant Fund | A | | 91,978.77 |
| State of New Jersey: | | | |
| Senior Citizen and Veteran Deductions | | 22,917.86 | 23,616.02 |
| Marriage License Fees | | 1,217.00 | 1,167.00 |
| DCA Training Fees | | 21,474.00 | 14,111.00 |
| Burial Permit Fees | | 15.00 | 15.00 |

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

| | Ref. | December 31, | |
|--|------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u> | | | |
| Regular Fund (Cont'd): | | | |
| Reserve for: | | | |
| Redemption of Outside Liens | | \$ 132.91 | \$ 784.09 |
| Tax Sale Premiums | | 389,800.00 | 290,500.00 |
| Sale of Municipal Assets | | 253,804.06 | 316,974.10 |
| Public Library Expenditures | | 1,046,627.26 | 1,042,576.16 |
| Landfill Solar Project | | 450,000.00 | 30,000.00 |
| Appropriated Reserve for: | | | |
| Recreation Donations | | 14,319.81 | 18,312.96 |
| Health Prevention Programs | | 3,519.05 | 3,519.05 |
| DARE | | 1,066.07 | 1,066.07 |
| Police Equipment Donations | | 20,722.21 | 11,597.21 |
| Community Policing Donations | | 3,811.35 | 3,826.35 |
| Police Program Donations | | 6,720.28 | 6,298.28 |
| Future Street Signage in Hills Development | | 13,550.00 | 13,550.00 |
| Crystal Ridge Street Maintenance | | 5,229.07 | 5,229.07 |
| Employee Recognition | | 4,480.32 | 1,606.76 |
| Green Initiatives | | 32,700.00 | 18,300.00 |
| Tree Arboretum Donations | | 1,500.00 | 1,500.00 |
| Memorial Tree Donations | | 2,369.20 | 3,897.36 |
| Tree Replacement | | 114,462.32 | 114,462.32 |
| Animal Control Donation (Dr. Hollo) | | 1,700.00 | 1,700.00 |
| Public Library Expenditures Bequest | | 168,944.41 | 313,277.89 |
| Unappropriated Reserve for: | | | |
| Recreation Donations | | 2,455.00 | 2,606.00 |
| Police Program Donations | | | 422.00 |
| Employee Recognition | | 1,000.00 | 2,873.56 |
| Police Equipment Donations | | 2,665.00 | 8,025.00 |
| Green Initiatives | | 10,800.00 | 10,800.00 |
| Tree Replacement Program | | 60,300.00 | |
| Memorial Tree Donations | | 4,000.00 | 5,300.00 |
| | | <u>7,107,490.92</u> | <u>6,452,914.30</u> |
| Reserve for Receivables and Other Assets | A | 910,894.03 | 686,236.86 |
| Fund Balance | A-1 | <u>15,290,153.80</u> | <u>14,390,050.47</u> |
| Total Regular Fund | | <u>23,308,538.75</u> | <u>21,529,201.63</u> |
| Federal and State Grant Fund: | | | |
| Appropriated Reserves | A-12 | 471,473.96 | 472,657.85 |
| Unappropriated Reserves | A-13 | 10,297.80 | 13,477.92 |
| Due to Current Fund | A | <u>148,317.01</u> | |
| Total Federal and State Grant Fund | | <u>630,088.77</u> | <u>486,135.77</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 23,938,627.52</u> | <u>\$ 22,015,337.40</u> |

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

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

| | Ref. | Year Ended December 31, | |
|--|------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 11,775,000.00 | \$ 12,100,000.00 |
| Miscellaneous Revenue Anticipated | | 8,263,949.12 | 9,068,550.49 |
| Receipts from: | | | |
| Delinquent Taxes | | 407,718.16 | 401,067.21 |
| Current Taxes | | 133,030,107.33 | 130,261,818.35 |
| Nonbudget Revenue | | 434,798.95 | 341,694.83 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 2,285,448.10 | 2,068,301.55 |
| Cancel Federal and State Grant Fund Appropriated Reserve | | | 754.84 |
| Cancel Reserve for Pension Contributions | | | 150,520.32 |
| Cancel Outstanding Bond Coupons | | | 1,120.00 |
| Cancel Tax Sale Premium | | 400.00 | |
| Interfunds and Other Receivables Returned | | 212.30 | 122.03 |
| Total Income | | <u>156,197,633.96</u> | <u>154,393,949.62</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations | | 29,531,007.26 | 30,940,090.62 |
| County Taxes | | 24,423,077.33 | 23,994,902.79 |
| County Share of Added and Omitted Taxes | | 97,909.40 | 58,112.17 |
| Local School District Taxes | | 86,555,824.00 | 84,861,882.00 |
| Municipal Open Space Taxes | | 2,737,721.51 | 2,729,558.09 |
| Refund of Revenue | | 26,928.43 | |
| Prior Year Senior Citizens' Deductions Disallowed | | 1,610.42 | 2,785.42 |
| Cancel Federal and State Grant Fund Receivables | | | 754.84 |
| Cancel Due to State of NJ - DCA Fees | | | 2.00 |
| Interfunds and Other Receivables Advanced | | 148,452.28 | 212.30 |
| Total Expenditures | | <u>143,522,530.63</u> | <u>142,588,300.23</u> |
| Excess in Revenue / Statutory Excess to Fund Balance | | 12,675,103.33 | 11,805,649.39 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | 14,390,050.47 | 14,684,401.08 |
| | | <u>27,065,153.80</u> | <u>26,490,050.47</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | <u>11,775,000.00</u> | <u>12,100,000.00</u> |
| Balance December 31 | A | <u>\$ 15,290,153.80</u> | <u>\$ 14,390,050.47</u> |

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

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | Budget | Added by NJSA 40A:4-87 | Realized | Excess or Deficit * |
|---|------------------|---------------------------|------------------|------------------------|
| Fund Balance Anticipated | \$ 11,775,000.00 | | \$ 11,775,000.00 | |
| Miscellaneous Revenue: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 27,500.00 | | 33,840.00 | \$ 6,340.00 |
| Fees and Permits | 370,000.00 | | 725,723.84 | 355,723.84 |
| Fines and Costs: | | | | |
| Municipal Court | 296,000.00 | | 303,204.43 | 7,204.43 |
| Interest and Costs on Taxes | 60,000.00 | | 124,325.76 | 64,325.76 |
| Interest on Investments and Deposits | 9,000.00 | | 73,963.43 | 64,963.43 |
| Swimming Pool: | | | | |
| Membership Fees | 486,000.00 | | 521,705.00 | 35,705.00 |
| Gate Fees | 60,000.00 | | 61,511.00 | 1,511.00 |
| Refreshment Stand | 5,100.00 | | 5,500.00 | 400.00 |
| Recreation - Fees & Permits | 350,000.00 | | 634,559.68 | 284,559.68 |
| Development Application Fees | 400.00 | | 5,865.93 | 5,465.93 |
| Payment in Lieu of Taxes | 200,000.00 | | 266,099.30 | 66,099.30 |
| Uniform Fire Safety Act | 20,000.00 | | 29,905.25 | 9,905.25 |
| Hotel Occupancy Tax | 300,000.00 | | 751,286.23 | 451,286.23 |
| Rental Agreements | 110,000.00 | | 127,557.01 | 17,557.01 |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | 1,798,308.00 | | 1,798,308.00 | |
| Uniform Construction Code Fees | 520,000.00 | | 1,280,645.00 | 760,645.00 |
| Bernards Township Sewerage Authority - Service Contract | 445,786.00 | | 445,786.00 | |
| Interlocal Health Contract | 368,272.24 | | 368,272.24 | |
| Recycling Tonnage Grant | 38,210.13 | | 38,210.13 | |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | |
| State | 19,038.04 | | 19,038.04 | |
| Municipal Alliance Trust Fund 25% Matching Funds | 4,759.51 | | 4,759.51 | |
| Body Armor Fund: | | | | |
| State | 3,699.38 | | 3,699.38 | |
| Federal | 1,786.64 | | 1,786.64 | |
| NJ Department of Health Hepatitis B Grant | 345.00 | | 345.00 | |
| Emergency Management Service | 7,000.00 | | 7,000.00 | |
| Drunk Driving Enforcement Fund | 3,646.90 | | 3,646.90 | |
| Clean Communities | | \$ 67,855.86 | 67,855.86 | |
| NJDEP Hazard Mitigation Grant | | 25,000.00 | 25,000.00 | |
| NJDOT Municipal Aid Grant | | 223,500.00 | 223,500.00 | |
| Somerset County Youth Services Commission: | | | | |
| 8th Grade Programming | | 5,000.00 | 5,000.00 | |
| Annual | | 5,000.00 | 5,000.00 | |
| Sustainable Jersey - GPS | 30,000.00 | | 30,000.00 | |
| Somerset County Cultural & Heritage Commission | 4,000.00 | | 4,000.00 | |
| Reserve for Recreation Field Donations | 2,606.00 | | 2,606.00 | |
| Reserve for Memorial Tree Donations | 5,300.00 | | 5,300.00 | |
| Reserve for Police Equipment Donations | 9,125.00 | | 9,125.00 | |
| Reserve for Employee Recognition | 2,873.56 | | 2,873.56 | |
| Reserve for Green Initiatives | 14,400.00 | | 14,400.00 | |
| Reserve for Police Program Donations | 422.00 | | 422.00 | |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Budget</u> | <u>Added by NJSA 40A:4-87</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|---|-------------------------|-----------------------------------|-------------------------|--------------------------------|
| Miscellaneous Revenue (Cont'd): | | | | |
| Reserve for Solar Landfill | \$ 30,000.00 | | \$ 30,000.00 | |
| Reserve for Sale of Municipal Assets | 200,000.00 | | 200,000.00 | |
| Reserve for 1st Responder Recognition | | \$ 2,323.00 | 2,323.00 | |
| Total Miscellaneous Revenue | <u>5,803,578.40</u> | <u>328,678.86</u> | <u>8,263,949.12</u> | <u>\$ 2,131,691.86</u> |
| Receipts from Delinquent Taxes | <u>305,000.00</u> | | <u>407,718.16</u> | <u>102,718.16</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | 16,915,483.45 | | 23,550,030.05 | 6,634,546.60 |
| Minimum Library Tax | 2,367,776.00 | | 2,367,776.00 | |
| | <u>19,283,259.45</u> | | <u>25,917,806.05</u> | <u>6,634,546.60</u> |
| Budget Totals | 37,166,837.85 | 328,678.86 | 46,364,473.33 | 8,868,956.62 |
| Nonbudget Revenue | | | <u>434,798.95</u> | <u>434,798.95</u> |
| | <u>\$ 37,166,837.85</u> | <u>\$ 328,678.86</u> | <u>\$ 46,799,272.28</u> | <u>\$ 9,303,755.57</u> |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Allocation of Current Tax Collections

| | | |
|---|----------------------|--------------------------------|
| Collections | | \$ 133,030,107.33 |
| Allocated to: | | |
| County Taxes | \$ 22,327,086.87 | |
| Open Space Taxes | 2,095,990.46 | |
| Due to County for Added and Omitted Taxes | 97,909.40 | |
| School Taxes | <u>86,555,824.00</u> | |
| | | <u>111,076,810.73</u> |
| | | <u>21,953,296.60</u> |
| Add: Appropriation "Reserve for Uncollected Taxes" | | <u>3,964,509.45</u> |
| Realized for Support of Municipal Budget | | <u><u>\$ 25,917,806.05</u></u> |
| <u>Receipts from Delinquent Taxes:</u> | | |
| Delinquent Tax Collections | | \$ 407,520.36 |
| Tax Title Liens Redeemed | | <u>197.80</u> |
| | | <u><u>\$ 407,718.16</u></u> |
| <u>Interest on Investments and Deposits:</u> | | |
| Cash Received - Treasurer | | \$ 73,828.16 |
| Due from Other Trust Funds | | 40.07 |
| Due from General Capital Fund | | 89.75 |
| Due from Animal Control Fund | | 0.38 |
| Due from Payroll Accounts | | <u>5.07</u> |
| | | <u><u>\$ 73,963.43</u></u> |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

| | | | |
|--|----|------------|------------|
| Clerk | \$ | 5,465.00 | |
| Registrar | | 300.00 | |
| Engineer | | 9,306.03 | |
| Board of Health | | 26,725.00 | |
| Public Works | | 6,314.47 | |
| Senior Citizen and Veterans Deductions | | | |
| Administrative Fee | | 2,430.98 | |
| Traffic Control Administrative Fees | | 87,377.15 | |
| Purchasing | | 329.20 | |
| Inspection Fees | | 7,892.50 | |
| Prior Year Refunds | | 2,661.14 | |
| Fire Prevention | | 101.04 | |
| Municipal Court | | 4,539.00 | |
| Planning Board Escrow Fees Administrative Fees | | 55,015.17 | |
| Insurance Dividends | | 8,707.57 | |
| Police | | 195.96 | |
| Construction Fines | | 5,400.00 | |
| Vending Machine Commissions | | 20.88 | |
| Copies | | 486.94 | |
| Return Check Fees | | 160.00 | |
| Mayor Marriage Donations | | 400.00 | |
| Community Service Furniture Program | | 1,885.00 | |
| FEMA Reimbursements - Super Storm Sandy | | 165,329.79 | |
| Prior Year Employee Health Benefit Contribution Refund | | 26,130.14 | |
| Miscellaneous | | 13,619.51 | |
| | | 13,619.51 | |
| | \$ | | 430,792.47 |

Collector:

| | | | |
|---------------------|----|--|------------|
| Other Miscellaneous | | | |
| | | | 4,006.48 |
| | \$ | | 434,798.95 |

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

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|----------------------------------|----------------|------------------------------|--------------------|-------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS": | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 272,174.00 | \$ 272,174.00 | \$ 241,990.47 | \$ 1,509.53 | \$ 28,674.00 |
| Other Expenses | 63,284.00 | 63,284.00 | 3,919.91 | 12,530.09 | 46,834.00 |
| Human Resources: | | | | | |
| Salaries and Wages | 173,690.00 | 173,690.00 | 136,370.58 | 3,699.42 | 33,620.00 |
| Other Expenses | 64,320.00 | 64,320.00 | 24,480.89 | 4,839.11 | 35,000.00 |
| Township Committee: | | | | | |
| Salaries and Wages | 27,200.00 | 27,200.00 | 27,200.00 | | |
| Other Expenses | 129,925.00 | 129,925.00 | 10,548.60 | 31,376.40 | 88,000.00 |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 197,357.00 | 197,357.00 | 171,966.92 | 6,353.08 | 19,037.00 |
| Other Expenses | 67,089.00 | 67,089.00 | 19,619.65 | 7,490.35 | 39,979.00 |
| Financial Administration: | | | | | |
| Salaries and Wages | 233,556.00 | 233,556.00 | 206,876.42 | 14,553.58 | 12,126.00 |
| Other Expenses | 43,965.00 | 43,965.00 | 12,571.99 | 7,628.01 | 23,765.00 |
| Annual Audit | 35,990.00 | 35,990.00 | 15,939.40 | 50.60 | 20,000.00 |
| Purchasing: | | | | | |
| Salaries and Wages | 84,439.00 | 84,439.00 | 75,513.69 | 1,116.31 | 7,809.00 |
| Other Expenses | 39,987.00 | 39,987.00 | 12,744.23 | 3,005.77 | 24,237.00 |
| Computer Network Administration: | | | | | |
| Salaries and Wages | 285,590.00 | 285,590.00 | 259,451.46 | 1,138.54 | 25,000.00 |
| Other Expenses | 128,710.00 | 128,710.00 | 67,109.63 | 11,600.37 | 50,000.00 |
| Revenue Administration: | | | | | |
| Salaries and Wages | 123,654.00 | 123,654.00 | 104,877.07 | 242.93 | 18,534.00 |
| Other Expenses | 58,063.00 | 58,063.00 | 24,360.48 | 6,251.52 | 27,451.00 |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|------------------------------------|----------------|------------------------------|--------------------|--------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| GENERAL GOVERNMENT (Cont'd): | | | | | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | \$ 351,438.00 | \$ 351,438.00 | \$ 232,516.52 | \$ 13,183.48 | \$ 105,738.00 |
| Other Expenses | 128,482.00 | 128,482.00 | 111,626.03 | 473.97 | 16,382.00 |
| Legal Services: | | | | | |
| Other Expenses | 748,000.00 | 748,000.00 | 575,499.37 | 9,500.63 | 163,000.00 |
| Engineering Services: | | | | | |
| Salaries and Wages | 542,517.00 | 542,517.00 | 460,726.09 | 50,463.91 | 31,327.00 |
| Other Expenses | 127,348.00 | 127,348.00 | 87,236.36 | 2,873.64 | 37,238.00 |
| LAND USE ADMINISTRATION: | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 117,772.00 | 117,772.00 | 76,832.15 | 8,377.85 | 32,562.00 |
| Other Expenses | 188,149.00 | 188,149.00 | 31,730.18 | 26,429.82 | 129,989.00 |
| Board of Adjustment: | | | | | |
| Salaries and Wages | 153,552.00 | 153,552.00 | 139,424.24 | 7,655.76 | 6,472.00 |
| Other Expenses | 135,144.00 | 135,144.00 | 8,723.82 | 65,476.18 | 60,944.00 |
| Environmental Commission: | | | | | |
| Salaries and Wages | 4,197.00 | 4,197.00 | 1,000.00 | 200.00 | 2,997.00 |
| Other Expenses | 14,910.00 | 14,910.00 | 41.00 | 684.00 | 14,185.00 |
| Agricultural Advisory Committee: | | | | | |
| Salaries and Wages | 1,000.00 | 1,000.00 | | | 1,000.00 |
| Other Expenses | 10,453.00 | 10,453.00 | | 2,700.00 | 7,753.00 |
| PUBLIC SAFETY FUNCTIONS: | | | | | |
| Police Department: | | | | | |
| Salaries and Wages | 4,814,490.00 | 4,814,490.00 | 4,578,878.71 | 195,611.29 | 40,000.00 |
| Other Expenses | 289,130.00 | 289,130.00 | 245,720.34 | 18,409.66 | 25,000.00 |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|---|----------------|------------------------------|--------------------|-------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| PUBLIC SAFETY FUNCTIONS (Cont'd): | | | | | |
| Police Department (Cont'd): | | | | | |
| Purchase of Police Cars | \$ 117,115.00 | \$ 117,115.00 | \$ 74,267.73 | \$ 9,232.27 | \$ 33,615.00 |
| Emergency Management Services: | | | | | |
| Salaries and Wages | 23,620.00 | 23,620.00 | 2,641.53 | 19,358.47 | 1,620.00 |
| Other Expenses | 22,093.00 | 22,093.00 | 17,882.68 | 3,117.32 | 1,093.00 |
| Aid to Volunteer Fire Company | 90,000.00 | 90,000.00 | 90,000.00 | | |
| Aid to Volunteer Ambulance Companies | 30,000.00 | 30,000.00 | 30,000.00 | | |
| Uniform Fire Sub-Code/Fire Hydrants: | | | | | |
| Salaries and Wages | 153,851.00 | 153,851.00 | 137,217.71 | 3,762.29 | 12,871.00 |
| Other Expenses | 456,184.00 | 456,184.00 | 398,212.78 | 777.22 | 57,194.00 |
| Municipal Prosecutor: | | | | | |
| Other Expenses | 64,490.00 | 64,490.00 | 40,261.50 | 738.50 | 23,490.00 |
| INSURANCE: | | | | | |
| Unemployment Trust Account Contribution | 69,425.00 | 69,425.00 | 30,000.00 | | 39,425.00 |
| Liability Insurance | 344,398.00 | 344,398.00 | 317,830.00 | | 26,568.00 |
| Workers Compensation Insurance | 309,883.00 | 309,883.00 | 295,610.00 | | 14,273.00 |
| Group Insurance | 1,955,118.00 | 1,955,118.00 | 1,640,419.92 | 74,070.08 | 240,628.00 |
| Waiver for Health Coverage | 96,190.00 | 96,190.00 | 58,785.09 | 204.91 | 37,200.00 |
| Other Employee Benefits | 115,660.00 | 115,660.00 | 96,261.69 | 10,898.31 | 8,500.00 |
| PUBLIC WORKS FUNCTIONS: | | | | | |
| Streets and Roads Maintenance: | | | | | |
| Salaries and Wages | 1,418,890.00 | 1,418,890.00 | 1,311,167.73 | 73,462.27 | 34,260.00 |
| Other Expenses | 544,926.00 | 544,926.00 | 333,922.10 | 26,297.90 | 184,706.00 |
| Snow Removal: | | | | | |
| Salaries and Wages | 295,750.00 | 295,750.00 | 137,988.68 | 47,011.32 | 110,750.00 |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|--------------------------------------|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| PUBLIC WORKS FUNCTIONS (Cont'd): | | | | | |
| Snow Removal (Cont'd): | | | | | |
| Other Expenses | \$ 741,020.00 | \$ 741,020.00 | \$ 305,013.00 | \$ 252,007.00 | \$ 184,000.00 |
| Other Public Works Functions: | | | | | |
| Shade Tree Commission: | | | | | |
| Salaries and Wages | 4,578.00 | 4,578.00 | 1,287.46 | 212.54 | 3,078.00 |
| Other Expenses | 15,035.00 | 15,035.00 | 2,660.77 | 1,119.23 | 11,255.00 |
| Street Light Maintenance: | | | | | |
| Other Expenses | 83,575.00 | 83,575.00 | 27,717.51 | 9,282.49 | 46,575.00 |
| Solid Waste Collections: | | | | | |
| Salaries and Wages | 74,625.00 | 74,625.00 | 59,349.68 | 5,150.32 | 10,125.00 |
| Other Expenses | 118,994.00 | 118,994.00 | 24,302.50 | 1,247.50 | 93,444.00 |
| Public Buildings: | | | | | |
| Salaries and Wages | 182,529.00 | 182,529.00 | 120,212.03 | 27,777.97 | 34,539.00 |
| Other Expenses | 295,357.00 | 295,357.00 | 152,433.10 | 82,416.90 | 60,507.00 |
| Vehicle Maintenance: | | | | | |
| Salaries and Wages | 305,340.00 | 305,340.00 | 212,873.73 | 10,466.27 | 82,000.00 |
| Other Expenses | 362,081.00 | 362,081.00 | 288,179.67 | 23,495.33 | 50,406.00 |
| Municipal Service Act: | | | | | |
| Other Expenses | 241,220.00 | 241,220.00 | | 178,790.00 | 62,430.00 |
| HEALTH AND HUMAN SERVICES FUNCTIONS: | | | | | |
| Public Health Services: | | | | | |
| Salaries and Wages | 338,779.00 | 338,779.00 | 257,422.09 | 14,077.91 | 67,279.00 |
| Other Expenses | 149,202.00 | 149,202.00 | 80,468.35 | 1,001.65 | 67,732.00 |
| Animal Control: | | | | | |
| Salaries and Wages | 62,171.00 | 62,171.00 | 33,899.45 | 10,880.55 | 17,391.00 |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|---|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| HEALTH AND HUMAN SERVICES FUNCTIONS (Cont'd): | | | | | |
| Contributions to Social Service Agencies: | | | | | |
| Other Expenses | \$ 28,411.00 | \$ 28,411.00 | \$ 23,075.00 | \$ 5.00 | \$ 5,331.00 |
| PARKS AND RECREATION FUNCTIONS: | | | | | |
| Parks and Recreation: | | | | | |
| Salaries and Wages | 475,614.00 | 475,614.00 | 371,310.31 | 47,749.69 | 56,554.00 |
| Other Expenses | 310,285.00 | 310,285.00 | 218,366.15 | 42,613.85 | 49,305.00 |
| Maintenance of Parks & Public Grounds: | | | | | |
| Salaries and Wages | 541,428.00 | 541,428.00 | 505,406.91 | 33,573.09 | 2,448.00 |
| Other Expenses | 242,398.00 | 242,398.00 | 111,486.95 | 53,313.05 | 77,598.00 |
| Community Pool Commission: | | | | | |
| Salaries and Wages | 301,519.00 | 301,519.00 | 272,570.24 | 22,589.76 | 6,359.00 |
| Other Expenses | 269,033.00 | 269,033.00 | 222,881.83 | 15,088.17 | 31,063.00 |
| OTHER COMMON OPERATING FUNCTIONS: | | | | | |
| Community Service: | | | | | |
| Salaries and Wages | 88,144.00 | 88,144.00 | 48,861.36 | 11,118.64 | 28,164.00 |
| Other Expenses | 32,410.00 | 32,410.00 | 3,497.73 | 5,102.27 | 23,810.00 |
| Accumulated Leave Compensation: | | | | | |
| Other Expenses | 175,300.00 | 175,300.00 | 70,000.00 | | 105,300.00 |
| Charter Day Community Celebration: | | | | | |
| Salaries and Wages | 10,597.00 | 10,597.00 | 4,500.00 | | 6,097.00 |
| Other Expenses | 26,480.00 | 26,480.00 | 18,247.29 | 1,752.71 | 6,480.00 |
| Labor Day Races: | | | | | |
| Salaries and Wages | 2,550.00 | 2,550.00 | 2,350.00 | | 200.00 |
| Other Expenses | 1,015.00 | 1,015.00 | 441.00 | 74.00 | 500.00 |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|---------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| OTHER COMMON OPERATING FUNCTIONS (Cont'd): | | | | | |
| Deer Task Force: | | | | | |
| Salaries and Wages | \$ 10,878.00 | \$ 10,878.00 | \$ 7,187.46 | \$ 612.54 | \$ 3,078.00 |
| Other Expenses | 44,820.00 | 44,820.00 | 17,870.33 | 13,904.67 | 13,045.00 |
| Pay for Performance: | | | | | |
| Salaries and Wages | 60,000.00 | 60,000.00 | 47,196.30 | 12,803.70 | |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | | |
| Other Expenses | 816,674.00 | 811,674.00 | 362,644.07 | 230,855.93 | 218,174.00 |
| LANDFILL/SOLID WASTE DISPOSAL COSTS: | | | | | |
| Landfill/Solid Waste Disposal Costs: | | | | | |
| Salaries and Wages | 83,779.00 | 83,779.00 | 58,533.84 | 12,626.16 | 12,619.00 |
| Other Expenses | 201,508.00 | 201,508.00 | 97,269.48 | 5,580.52 | 98,658.00 |
| UNIFORM CONSTRUCTION CODE: | | | | | |
| Construction Official: | | | | | |
| Salaries and Wages | 558,022.00 | 558,022.00 | 494,929.32 | 1,110.68 | 61,982.00 |
| Other Expenses | 466,184.00 | 466,184.00 | 173,487.79 | 12,812.21 | 279,884.00 |
| UNCLASSIFIED: | | | | | |
| Municipal Court: | | | | | |
| Salaries and Wages | 226,999.00 | 226,999.00 | 203,521.80 | 17,078.20 | 6,399.00 |
| Other Expenses | 139,450.00 | 139,450.00 | 114,042.67 | 15,407.33 | 10,000.00 |
| Public Defender (P.L. 1997, C.256): | | | | | |
| Other Expenses | 13,745.00 | 13,745.00 | 10,742.00 | 2,258.00 | 745.00 |
| Total Operations Within "CAPS" | <u>23,864,917.00</u> | <u>23,859,917.00</u> | <u>18,004,204.51</u> | <u>1,960,312.49</u> | <u>3,895,400.00</u> |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|--|------------------|------------------------------|--------------------|---------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| Detail: | | | | | |
| Salaries and Wages | \$ 12,602,289.00 | \$ 12,602,289.00 | \$ 11,004,051.95 | \$ 675,528.05 | \$ 922,709.00 |
| Other Expenses | 11,262,628.00 | 11,257,628.00 | 7,000,152.56 | 1,284,784.44 | 2,972,691.00 |
| STATUTORY EXPENDITURES: | | | | | |
| Contributions to: | | | | | |
| Public Employees' Retirement System | 757,640.00 | 762,640.00 | 758,950.32 | 3,689.68 | |
| Social Security System (O.A.S.I.) | 820,000.00 | 820,000.00 | 694,360.44 | 31,039.56 | 94,600.00 |
| Police and Firemen's Retirement System of NJ | 1,019,675.00 | 1,019,675.00 | 1,019,675.00 | | |
| Defined Contribution Retirement Program | 23,000.00 | 23,000.00 | 4,165.20 | 8,834.80 | 10,000.00 |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | 2,620,315.00 | 2,625,315.00 | 2,477,150.96 | 43,564.04 | 104,600.00 |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 26,485,232.00 | 26,485,232.00 | 20,481,355.47 | 2,003,876.53 | 4,000,000.00 |
| Operations Excluded from "CAPS": | | | | | |
| Public Safety: | | | | | |
| L.O.S.A.P. | 87,200.00 | 87,200.00 | | 87,200.00 | |
| Education: | | | | | |
| Municipal Library | 2,367,776.00 | 2,367,776.00 | 2,308,489.71 | 59,286.29 | |
| Shared Service Agreements: | | | | | |
| Bernards Township Sewerage Authority: | | | | | |
| General Administration: | | | | | |
| Salaries & Wages | 113,405.78 | 113,405.78 | 113,405.78 | | |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|---|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Excluded from "CAPS" (Cont'd): | | | | | |
| Shared Service Agreements (Cont'd): | | | | | |
| Bernards Township Sewerage Authority (Cont'd): | | | | | |
| Financial & Revenue Administration: | | | | | |
| Salaries & Wages | \$ 111,762.70 | \$ 111,762.70 | \$ 111,762.70 | | |
| Employee Group Insurance | | | | | |
| Other Expenses | 220,617.52 | 220,617.52 | 220,617.52 | | |
| Interlocal Somerset County Curbside Recycling Pickup: | | | | | |
| Other Expenses | 175,000.00 | 175,000.00 | 175,000.00 | | |
| Public Health Services: | | | | | |
| Salaries & Wages | 240,743.42 | 240,743.42 | 240,743.42 | | |
| Other Expenses | 127,528.82 | 127,528.82 | 127,528.82 | | |
| Public and Private Program Offset by Revenue: | | | | | |
| NJ Office of Emergency Management: | | | | | |
| Other Expenses | 7,000.00 | 7,000.00 | 7,000.00 | | |
| NJ Department of Health Hepatitis B Grant: | | | | | |
| Other Expenses | 345.00 | 345.00 | 345.00 | | |
| Drunk Driving Enforcement Fund | | | | | |
| Other Expenses | 3,646.90 | 3,646.90 | 3,646.90 | | |
| Body Armor Fund: | | | | | |
| State: | | | | | |
| Other Expenses | 3,699.38 | 3,699.38 | 3,699.38 | | |
| Federal: | | | | | |
| Other Expenses | 1,786.64 | 1,786.64 | 1,786.64 | | |
| Recycling Tonnage Grant: | | | | | |
| Other Expenses | 38,210.13 | 38,210.13 | 38,210.13 | | |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Excluded from "CAPS" (Cont'd): | | | | | |
| Public and Private Program Offset by Revenue (Cont'd): | | | | | |
| NJDEP Clean Communities | | | | | |
| Other Expenses (N.J.S.A.40A:4-87 + \$67,855.86) | | \$ 67,855.86 | \$ 67,855.86 | | |
| Sustainable Jersey - GPS: | | | | | |
| Other Expenses | \$ 30,000.00 | 30,000.00 | 30,000.00 | | |
| Municipal Alliance on Alcoholism and Drug Abuse: | | | | | |
| State - Other Expenses | 19,038.04 | 19,038.04 | 19,038.04 | | |
| Local Match - Other Expenses | 4,759.51 | 4,759.51 | 4,759.51 | | |
| Somerset County Cultural & Heritage | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 4,000.00 | | |
| NJDOT Hazard Mitigation Grant CSIP | | | | | |
| Other Expenses (N.J.S.A.40A:4-87 + \$25,000.00) | | 25,000.00 | 25,000.00 | | |
| Somerset County Youth Services Commission | | | | | |
| Annual - Other Expenses (N.J.S.A.40A:4-87 + \$5,000.00) | | 5,000.00 | 5,000.00 | | |
| 8th Grade Program - Other Expenses (N.J.S.A.40A:4-87 + \$5,000.00) | | 5,000.00 | 5,000.00 | | |
| Other Private Contributions: | | | | | |
| Reserve for Police Program Donations: | | | | | |
| Other Expenses | 422.00 | 422.00 | 422.00 | | |
| Reserve for Green Initiatives: | | | | | |
| Other Expenses | 14,400.00 | 14,400.00 | 14,400.00 | | |
| Reserve for Recreation Field Donations: | | | | | |
| Other Expenses | 2,606.00 | 2,606.00 | 2,606.00 | | |
| Reserve for Police Equipment Donations: | | | | | |
| Other Expenses | 9,125.00 | 9,125.00 | 9,125.00 | | |
| Reserve for Memorial Tree Donations: | | | | | |
| Other Expenses | 5,300.00 | 5,300.00 | 5,300.00 | | |

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|--|-------------------------|--------------------------------------|----------------------------|------------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Excluded from "CAPS" (Cont'd): | | | | | |
| Public and Private Program Offset by Revenue (Cont'd): | | | | | |
| Other Private Contributions (Cont'd): | | | | | |
| Reserve for Memorial Tree Donations: | | | | | |
| Other Expenses | \$ 5,300.00 | \$ 5,300.00 | \$ 5,300.00 | | |
| Reserve for Employee Recognition: | | | | | |
| Other Expenses | 2,873.56 | 2,873.56 | 2,873.56 | | |
| Reserve for 1st Responder Recognition | | | | | |
| Other Expenses | | 2,323.00 | 2,323.00 | | |
| Total Operations Excluded from "CAPS" | <u>3,591,246.40</u> | <u>3,919,925.26</u> | <u>3,773,438.97</u> | <u>\$ 146,486.29</u> | |
| Detail: | | | | | |
| Salaries & Wages | 465,911.90 | 465,911.90 | 465,911.90 | | |
| Other Expenses | <u>3,125,334.50</u> | <u>3,454,013.36</u> | <u>3,307,527.07</u> | 146,486.29 | |
| Capital Improvements - Excluded from "CAPS": | | | | | |
| Capital Improvement Fund | <u>3,125,850.00</u> | <u>3,125,850.00</u> | <u>3,125,850.00</u> | | |
| Total Capital Improvements Excluded from "CAPS" | <u>3,125,850.00</u> | <u>3,125,850.00</u> | <u>3,125,850.00</u> | | |
| Total General Appropriations Excluded from "CAPS" | <u>6,717,096.40</u> | <u>7,045,775.26</u> | <u>6,899,288.97</u> | 146,486.29 | |
| Subtotal General Appropriations | 33,202,328.40 | 33,531,007.26 | 27,380,644.44 | 2,150,362.82 | \$ 4,000,000.00 |
| Reserve for Uncollected Taxes | <u>3,964,509.45</u> | <u>3,964,509.45</u> | <u>3,964,509.45</u> | | |
| Total General Appropriations | <u>\$ 37,166,837.85</u> | <u>\$ 37,495,516.71</u> | <u>\$ 31,345,153.89</u> | <u>\$ 2,150,362.82</u> | <u>\$ 4,000,000.00</u> |

Ref.

A

TOWNSHIP OF BERNARDS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | | Analysis of | |
|--|------|------------------------------|--------------------|
| | Ref. | Budget After Modification | Paid or Charged |
| Adopted Budget | | \$ 37,166,837.85 | |
| Added by: | | | |
| N.J.S.A. 40A:4-87 | | 328,678.86 | |
| | | \$ 37,495,516.71 | |
| | | | |
| Cash Disbursed | | | \$ 25,943,826.76 |
| Reserve for Uncollected Taxes | | | 3,964,509.45 |
| Encumbrances | A | | 1,423,987.18 |
| Transfer to Appropriated Grant Reserves: | | | |
| Federal, State and Local Grants | | | 434,081.95 |
| Local Matching Funds | | | 4,759.51 |
| Reserve for: | | | |
| Police Program Donations | | | 422.00 |
| Green Initiatives | | | 14,400.00 |
| Recreation Field Donations | | | 2,606.00 |
| Police Equipment Donations | | | 9,125.00 |
| Memorial Tree Donations | | | 5,300.00 |
| Employee Recognition | | | 2,873.56 |
| 1st Responder Recognition | | | 2,323.00 |
| | | | 31,808,214.41 |
| | | | |
| Less: Appropriation Refunds | | | 463,060.52 |
| | | | \$ 31,345,153.89 |

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

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
TRUST FUNDS

TOWNSHIP OF BERNARDS
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|------------------------|------------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash and Cash Equivalents | B-4 | \$ 10,525.44 | \$ 3,569.01 |
| Change Fund | | 25.00 | 25.00 |
| | | <u>10,550.44</u> | <u>3,594.01</u> |
| Other Trust Funds: | | | |
| Cash and Cash Equivalents | B-4 | 6,191,367.81 | 5,913,113.26 |
| | | <u>6,191,367.81</u> | <u>5,913,113.26</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 6,201,918.25</u> | <u>\$ 5,916,707.27</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Animal Control Fund: | | | |
| Due to Current Fund | A | \$ 0.38 | \$ 1.54 |
| Due to State of NJ - Dog License Fees | | 251.40 | 1.80 |
| Prepaid Animal Licenses | | 4,078.40 | 3,534.00 |
| Reserve for Animal Control Expenditures | B-6 | 6,220.26 | 56.67 |
| | | <u>10,550.44</u> | <u>3,594.01</u> |
| Other Trust Funds: | | | |
| Due to Current Fund: | | | |
| Other Trust Funds | A | 40.07 | 46.85 |
| Payroll | A | 25,005.07 | 25,060.45 |
| Due to Bernards Township Sewerage Authority | | 65,000.00 | 65,000.00 |
| Reserve for: | | | |
| Developers Escrow | | 2,470,250.10 | 1,786,374.74 |
| Library State Aid | | 11,596.00 | 11,655.00 |
| Recycling Expenditures | | 133,939.12 | 189,072.87 |
| Accumulated Sick Leave Expenditures | | 576,510.56 | 747,448.65 |
| Uniform Fire Safety Act Penalties | | 4,971.15 | 3,120.15 |
| Public Defender | | 625.00 | |
| Parking Offenses Adjudication Act | | 336.00 | 254.00 |
| County Environmental Health Act | | 8,421.42 | 8,371.42 |
| Municipal Alliance | | 21,546.08 | 21,712.89 |
| Affordable Housing | | 1,166,196.29 | 1,108,195.87 |
| Open Space | | 247,497.15 | 513,205.02 |
| Unemployment Compensation | | 116,009.84 | 57,251.92 |
| Self Insurance | | 572,553.77 | 576,475.31 |
| Forfeited Assets | | 18,933.36 | 18,919.60 |
| Storm Recovery | | 564,908.09 | 569,903.93 |
| Recreation | | 22,281.11 | 17,340.85 |
| Landfill Closure | | 54,303.77 | 59,645.17 |
| Payroll Deductions | | 110,443.86 | 134,058.57 |
| | | <u>6,191,367.81</u> | <u>5,913,113.26</u> |
| <u>TOTAL LIABILITIES AND RESERVES</u> | | <u>\$ 6,201,918.25</u> | <u>\$ 5,916,707.27</u> |

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

TOWNSHIP OF BERNARDS
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF BERNARDS
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
GENERAL CAPITAL FUND

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

| | <u>Ref.</u> | <u>December 31,</u> | |
|---|-------------|------------------------|-------------------------|
| | | <u>2016</u> | <u>2015</u> |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | C-2 | \$ 4,606,714.29 | \$ 4,614,013.37 |
| Federal/State Aid Receivables: | | | |
| NJ Historic Trust - Farmstead | | | 11,694.50 |
| New Jersey Department of Transportation: | | | |
| Annin Rd & Canterbury Way | | 43,750.00 | 175,000.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | | <u>2,785,000.00</u> | <u>5,535,000.00</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 7,435,464.29</u> | <u>\$ 10,335,707.87</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds Payable | C-8 | \$ 2,785,000.00 | \$ 5,535,000.00 |
| Improvement Authorizations: | | | |
| Funded | C-5 | 3,860,344.00 | 3,576,731.17 |
| Due to Current Fund | A | 89.75 | 103.46 |
| Capital Improvement Fund | C-6 | 605,365.54 | 894,113.74 |
| Reserve for: | | | |
| Reserve for Preliminary Expenses | | 100.00 | 100.00 |
| Reserve for Off-Tract Contributions | | 140,815.00 | 142,965.00 |
| Reserve for Federal/State Aid Receivables | | <u>43,750.00</u> | <u>186,694.50</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 7,435,464.29</u> | <u>\$ 10,335,707.87</u> |

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

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
GOLF UTILITY FUND

TOWNSHIP OF BERNARDS
GOLF UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|----------|----------------------|----------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents - Treasurer | D-4 | \$ 111,397.21 | \$ 240,789.03 |
| Change Fund | | 100.00 | 100.00 |
| | | <u>111,497.21</u> | <u>240,889.03</u> |
| Deferred Charges: | | | |
| Emergency Authorization (NJSA 40A:4-46) | D-3 | 10,000.00 | |
| | | <u>10,000.00</u> | |
| Total Operating Fund | | <u>121,497.21</u> | <u>240,889.03</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 121,497.21</u> | <u>\$ 240,889.03</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves: | | | |
| Unencumbered | D-3; D-6 | \$ 14,007.95 | \$ 8,850.49 |
| Encumbered | D-3; D-6 | 1,581.06 | 13,444.03 |
| Total Appropriation Reserves | | <u>15,589.01</u> | <u>22,294.52</u> |
| Due to New Jersey Department of Veteran Affairs | | 10,000.00 | 10,000.00 |
| | | <u>25,589.01</u> | <u>32,294.52</u> |
| Fund Balance | D-1 | <u>95,908.20</u> | <u>208,594.51</u> |
| Total Operating Fund | | <u>121,497.21</u> | <u>240,889.03</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 121,497.21</u> | <u>\$ 240,889.03</u> |

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

TOWNSHIP OF BERNARDS
GOLF UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

| | Ref. | Year Ended December 31, | |
|--|------|-------------------------|----------------------|
| | | <u>2016</u> | <u>2015</u> |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 117,495.00 | \$ 111,463.00 |
| Memberships | | 344,330.00 | 339,582.50 |
| Miscellaneous Revenue | | 71,788.79 | 77,725.38 |
| Irrigation Assessments | | 17,375.00 | 14,700.00 |
| Other Credits to Income: | | | |
| Appropriation Reserves Lapsed | | 5,814.90 | 25,491.92 |
| Total Income | | <u>556,803.69</u> | <u>568,962.80</u> |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 551,995.00 | 481,463.00 |
| Due to New Jersey Department of Veteran Affairs | | 10,000.00 | 10,000.00 |
| Total Expenditures | | <u>561,995.00</u> | <u>491,463.00</u> |
| Excess in Revenue | | (5,191.31) | 77,499.80 |
| Adjustments to Income Before Fund Balance: | | | |
| Expenditures included above which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | | 10,000.00 | |
| Statutory Excess to Fund Balance | | 4,808.69 | 77,499.80 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | 208,594.51 | 242,557.71 |
| | | <u>213,403.20</u> | <u>320,057.51</u> |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | 117,495.00 | 111,463.00 |
| Balance December 31 | D | <u>\$ 95,908.20</u> | <u>\$ 208,594.51</u> |

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

TOWNSHIP OF BERNARDS
GOLF UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | Budget Anticipated | Realized | Excess/ (Deficit)* |
|--------------------------|-----------------------|----------------------|-----------------------|
| Fund Balance Anticipated | \$ 117,495.00 | \$ 117,495.00 | |
| Memberships | 335,000.00 | 344,330.00 | \$ 9,330.00 |
| Miscellaneous Revenue | 75,000.00 | 71,788.79 | (3,211.21) * |
| Irrigation Assessments | 14,500.00 | 17,375.00 | 2,875.00 |
| | <u>\$ 541,995.00</u> | <u>\$ 550,988.79</u> | <u>\$ 8,993.79</u> |

Analysis of Miscellaneous Revenue

Treasurer:

| | |
|-------------------------|---------------------|
| Interest on Investments | \$ 451.29 |
| Miscellaneous | 71,477.50 |
| Refund of Revenue | <u>(140.00)</u> |
| | <u>\$ 71,788.79</u> |

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

TOWNSHIP OF BERNARDS
GOLF UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | <u>Appropriations</u> | | <u>Expended by</u> | |
|--|-----------------------|--|----------------------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> |
| Operating: | | | | |
| Salaries and Wages | \$ 149,393.80 | \$ 149,393.80 | \$ 143,368.48 | \$ 6,025.32 |
| Other Expenses (N.J.S.A. 40A:4-46 + \$10,000.00) | 392,601.20 | 402,601.20 | 394,618.57 | 7,982.63 |
| | <u>\$ 541,995.00</u> | <u>\$ 551,995.00</u> | <u>\$ 537,987.05</u> | <u>\$ 14,007.95</u> |
| | <u>Ref.</u> | | | D |
| Adopted Budget | | \$ 541,995.00 | | |
| Emergency Authorization | D | <u>10,000.00</u> | | |
| | | <u>\$ 551,995.00</u> | | |
| Cash Disbursed | | | \$ 536,405.99 | |
| Encumbrances Payable | D | | <u>1,581.06</u> | |
| | | | <u>\$ 537,987.05</u> | |

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

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
PUBLIC ASSISTANCE FUND

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

| | <u>Ref.</u> | <u>December 31,</u> | |
|-------------------------------|-------------|----------------------------|----------------------------|
| | | <u>2016</u> | <u>2015</u> |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | E-1 | <u>\$ 10,000.00</u> | <u>\$ 10,000.00</u> |
| TOTAL ASSETS | | <u><u>\$ 10,000.00</u></u> | <u><u>\$ 10,000.00</u></u> |
| <u>RESERVES</u> | | | |
| Reserve for Public Assistance | | <u>\$ 10,000.00</u> | <u>\$ 10,000.00</u> |
| TOTAL RESERVES | | <u><u>\$ 10,000.00</u></u> | <u><u>\$ 10,000.00</u></u> |

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

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
GENERAL FIXED ASSETS ACCOUNT GROUP

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

| <u>ASSETS</u> | December 31, | |
|----------------------------------|------------------|------------------|
| | 2016 | 2015 |
| Land | \$ 68,039,818.73 | \$ 68,039,818.73 |
| Land Improvements | 4,384,041.88 | 4,370,126.88 |
| Buildings | 9,238,007.39 | 9,259,080.39 |
| Vehicles | 8,257,594.08 | 8,218,566.05 |
| Equipment | 5,859,847.77 | 5,928,533.99 |
| <u>TOTAL ASSETS</u> | \$ 95,779,309.85 | \$ 95,816,126.04 |
| <u>RESERVES</u> | | |
| Reserve for General Fixed Assets | \$ 95,779,309.85 | \$ 95,816,126.04 |
| <u>TOTAL RESERVES</u> | \$ 95,779,309.85 | \$ 95,816,126.04 |

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

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Bernards include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the sewerage authority, 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 Bernards 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 accounts for its financial transactions through the following separate funds:

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

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

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

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

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

B. Description of Funds (Cont'd)

Golf Utility Operating Fund - Account for the operations of the municipally owned golf utility.

Public Assistance Fund – Receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes. The operations of the State funds welfare program were transferred to the County effective 2003.

General Fixed Asset Account Group - These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' 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 and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are not recorded and 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 BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (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 received; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Township's net pension liability and related deferred inflows and outflows would be recorded.

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

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost or amortized cost, which approximates market.

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.

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.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant 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.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

E. Other significant accounting policies include: (Cont'd)

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

General Fixed Assets Account Group – In accordance with New Jersey Administrative Code accounting requirements, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at historical cost as estimated by the independent appraisal company which conducted the inventory of the Township's assets in a prior year. Subsequent fixed assets purchases are valued at historical cost. Infrastructure assets are not included in general fixed assets, as per state directive.

Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current and Sewer Utility Operating 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 bond 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 BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Summary of Municipal Debt

| | December 31, | | |
|--|------------------------|------------------------|------------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| <u>Issued</u> | | | |
| General: | | | |
| Bonds | \$ 2,785,000.00 | \$ 5,535,000.00 | \$ 8,295,000.00 |
| Net Debt Issued | <u>2,785,000.00</u> | <u>5,535,000.00</u> | <u>8,295,000.00</u> |
| Less: | | | |
| Funds Temporarily Held to Pay | | | |
| Bonds: | | | |
| Open Space Trust Fund | <u>247,497.15</u> | <u>513,205.02</u> | <u>2,012,994.05</u> |
| Net Bonds, Notes and Loans Issued and Authorized but not Issued | <u>\$ 2,537,502.85</u> | <u>\$ 5,021,794.98</u> | <u>\$ 6,282,005.95</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.036%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------------|-------------------------|-------------------------|------------------------|
| Local School District Debt | \$ 65,725,000.00 | \$ 65,725,000.00 | |
| General Debt | <u>2,785,000.00</u> | <u>247,497.15</u> | \$ 2,537,502.85 |
| | <u>\$ 68,510,000.00</u> | <u>\$ 65,972,497.15</u> | <u>\$ 2,537,502.85</u> |

Net Debt of \$2,537,502.85 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$7,058,625,269.00 = 0.036%.

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

| | |
|---|--------------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$ 247,051,884.42 |
| Net Debt | <u>2,537,502.85</u> |
| Remaining Borrowing Power | <u>\$ 244,514,381.57</u> |

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

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

| | Balance 12/31/15 | Additions | Retirements | Balance 12/31/16 |
|----------------------|------------------------|---------------|------------------------|------------------------|
| Serial Bonds: | | | | |
| General Capital Fund | \$ 5,535,000.00 | | \$ 2,750,000.00 | \$ 2,785,000.00 |
| Total | <u>\$ 5,535,000.00</u> | <u>\$ -0-</u> | <u>\$ 2,750,000.00</u> | <u>\$ 2,785,000.00</u> |

Summary of Municipal Debt Issued and Outstanding – Prior Year

| | Balance 12/31/14 | Additions | Retirements | Balance 12/31/15 |
|----------------------|------------------------|---------------|------------------------|------------------------|
| Serial Bonds: | | | | |
| General Capital Fund | \$ 8,295,000.00 | | \$ 2,760,000.00 | \$ 5,535,000.00 |
| Total | <u>\$ 8,295,000.00</u> | <u>\$ -0-</u> | <u>\$ 2,760,000.00</u> | <u>\$ 5,535,000.00</u> |

It should be noted that all remaining debt in the General Capital Fund relates to Open Space purchases and will be fully funded by the dedicated revenue derived from the municipal Open Space tax levy.

The Township's debt issued and outstanding on December 31, 2016 is described as follows:

General Capital Serial Bonds Payable

| <u>Description</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2016</u> |
|--------------------------------------|---------------------------|--------------------------|----------------------------------|
| General Bonds of 2009 - Open Space | 09/15/17 | 5.00% | \$ 1,875,000.00 |
| Refunding Bonds of 2010 - Open Space | 12/01/17 | 4.00% | 910,000.00 |
| | | | <u>\$ 2,785,000.00</u> |

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

| <u>Year</u> | <u>General</u> | | <u>Total</u> |
|-------------|------------------------|----------------------|------------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2017 | \$ 2,785,000.00 | \$ 130,150.00 | \$ 2,915,150.00 |
| | <u>\$ 2,785,000.00</u> | <u>\$ 130,150.00</u> | <u>\$ 2,915,150.00</u> |

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Net Pension Liability

The Township's share of the State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$31,965,813 at June 30, 2016. The Township's share of the State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$25,167,451 at June 30, 2016. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2016, which is included in the adopted budget for the Current and Golf Utility Operating Funds for the year ending December 31, 2017 is as follows:

| | |
|-----------------------------|------------------|
| Current Fund | \$ 12,500,000.00 |
| Golf Utility Operating Fund | 81,993.00 |

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 Bernards 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/annrprts.shtml.

Benefits Provided

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

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$958,836 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability was \$31,965,813 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

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, 2016, the Township's proportion was 0.108%, which was an increase of 0.003% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized actual pension expense in the amount of \$958,836.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|---------------------------|
| Inflation Rate | 3.08% |
| Salary Increases: | |
| Through 2026 | 1.65 – 4.15% based on age |
| Thereafter | 2.65 – 5.15% based on age |
| Investment Rate of Return | 7.65% |

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad U.S. Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt ex. U.S. | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2016 | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (2.98%) | Current Discount Rate (3.98%) | 1% Increase (4.98%) |
| Township's proportionate share of the Net Pension Liability | \$ 39,170,373 | \$ 31,965,813 | \$ 26,017,825 |

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/annrprts.shtml.

Benefits Provided

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

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

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.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded 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, 2016 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 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to \$1,074,204 for the year ended December 31, 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$80,981 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$269,936.

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township’s liability for its proportionate share of the net pension liability was \$25,167,451. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the Township's proportion was 0.132%, which was an increase of 0.006% from its proportion measured as of June 30, 2015.

Additionally, the State’s proportionate share of the net pension liability attributable to the Township is \$2,113,442 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the State's proportion was 0.132%, which was an increase of 0.006% from its proportion measured as of June 30, 2015 which is the same proportion as the Township’s.

| | |
|---|-----------------------------|
| Township's Proportionate Share of the Net Pension Liability | \$ 25,167,451 |
| State's Proportionate Share of the Net Pension Liability Associated with the Township | <u>2,113,442</u> |
| Total Net Pension Liability | <u><u>\$ 27,280,893</u></u> |

For the year ended December 31, 2016, the Township recognized total pension expense of \$1,074,204.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|----------------------------|
| Inflation Rate | 3.08% |
| Salary Increases: | |
| Through 2016 | 2.10% - 8.98% based on age |
| Thereafter | 3.10% - 9.98% based on age |
| Investment Rate of Return | 7.65% |

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 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 (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad U.S. Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt ex. U.S. | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

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

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2015 | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (4.55%) | Current Discount Rate (5.55%) | 1% Increase (6.55%) |
| Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township | \$ 35,176,710 | \$ 27,280,893 | \$ 20,842,328 |

Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Township recognized pension expense of \$6,927.79 for the year ended December 31, 2016. Employee contributions to DCRP amounted to \$12,700.76 for the year ended December 31, 2016.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 6: Post-Retirement Medical Benefits

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The Township is not responsible for any of the cost under P.L. 1997, C.330.

The Township's PERS and DCRP employees do not receive any post-retirement medical benefits.

Note 7: Accrued Sick Benefits

The Township permits employees to accrue a limited amount of unused sick pay, which may be taken as time off or paid upon retirement or deposited into a Retirement Health Savings Plan at an agreed-upon rate. As of December 31, 2016, there are four (4) separate categories of employees with differing accrued sick benefits as follows:

- A. Non-Union Employees
- B. Chief of Police
- C. Union Members of Teamsters Local #469
- D. Union Members of PBA Local #357

A. Non-Union Employees

Resolution #2010-0267 adopted November 9, 2010, authorized elimination of the incentive pay upon retirement program (IPRP) and establishment of a Retirement Health Savings Plan (RHSP) for all non-union employees with the exception of the Chief of Police. In addition, effective November 1, 2010, all non-union employees' RHSP contributions will be capped at a maximum of \$15,000 unless the accumulated balance as of that date exceeds \$15,000. For those employees whose balance exceeds \$15,000 as of November 1, 2010, their maximum shall be the November 1, 2010 balance.

ICMA Retirement Corporation will administer the RHSP, as described in a contract authorized pursuant to Resolution #2010-0266. Participation in the RHSP is mandatory for all non-union employees and is employer sponsored. Eligibility for participation in the RHSP requires an employee to have a positive balance of hours based upon the following calculation (calculation is the Township's long standing 1987 formula): 50% of all sick time earned, less the amount used. All contributions into the RHSP will occur upon retirement or upon death. Retirement is defined as service, early, or disability as defined by the State of NJ Divisions of Pension and Benefits. The RHSP account will be 100% vested upon contribution.

The retiree shall be responsible for the investment of their RHSP account balance. An employee must continue to meet eligibility requirements of sick time as per the long standing Township policy to qualify for a RHSP account contribution at retirement.

As of December 31, 2016, total unpaid compensation for non-union Library employees would approximate \$100,418.01, of which \$55,432.84 is currently collectible by employees that are eligible and choose to retire. Any liability for payments for Library employees would be borne by Library Reserves. The Library had various reserves totaling \$1,046,627.26 on the Current Fund balance sheet as of December 31, 2016.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

(Continued)

Note 7: Accrued Sick Benefits (Cont'd)

A. Non-Union Employees (Cont'd)

As of December 31, 2016, total unpaid compensation for other non-union employees would approximate \$537,597.74, of which \$236,682.29 is currently collectible by employees that are eligible and choose to retire.

B. Chief of Police

Resolution #2011-0316 dated July 12, 2011 memorialized a Memorandum of Understanding (MOU) between the Township of Bernards and the Chief of Police. This MOU capped his IPRP at a maximum of \$104,745.42; this was his formulaic amount due if he retired on 11/1/2010. This amount could be reduced if he had to use certain amounts of sick time. This payment would be made as taxable compensation in his final paycheck at retirement.

C. Teamster Local #469

Resolution #2012-0082 dated January 10, 2012 memorialized a new contract between the Township and Teamster Local #469 which covers the period January 1, 2011 through June 30, 2014. While the previous contract contained language which set a maximum IPRP of \$15,000 for new hires, this contract created a maximum of \$15,000 or the employee balance as of June 30, 2014 whichever is higher. Such payments for this bargaining unit will be made as taxable compensation at retirement. As of December 31, 2016, there were three (3) employees eligible for retirement who had accumulated \$80,308.36 of potential IPRP. The June 30, 2014 contract would cap these two employees at that time. Total unpaid compensation for this bargaining unit would approximate \$92,950.33, of which \$80,308.36 is currently collectible by employees that are eligible and choose to retire.

D. Police Benevolent Association (PBA) #357

The contract between Bernards Township and PBA #357 expired on December 31, 2011; a new contract was established as of February 12, 2013 which covers the period January 1, 2012 through December 31, 2015. The contract in effect permits employees hired prior to December 30, 2011 to accrue a limited amount of unused sick pay, which may be taken as time off or paid upon retirement at the hourly rate in effect. However, the total maximum cash payout at retirement shall be the amount of the formula calculation for each individual as of December 31, 2015 or \$15,000, whichever amount is higher. Eligible employees hired after January 1, 2012 must meet the same criteria, however, the total cash payout shall not exceed \$15,000. As of December 31, 2016, total unpaid compensation for this bargaining unit would approximate \$896,367.71, of which \$506,192.44 is currently collectible by employees that are eligible and choose to retire.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 7: Accrued Sick Benefits (Cont'd)

D. Police Benevolent Association (PBA) #357 (Cont'd)

It is estimated that the current total cost of such unpaid compensation would approximate \$1,778,951.71, of which \$983,361.35 is currently collectible by employees that are eligible and choose to retire. This amount is not reported either as an expenditure or a liability. However, 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. This amount is partially reserved in the Reserve for Accumulated Sick Leave Expenditures of \$576,510.56 reflected on the Other Trust Funds' balance sheet as of December 31, 2016. Below is a summary by employee group since the plans and payouts vary.

| <u>Employee Group</u> | <u>Plan</u> | <u>Full Liability</u> | <u>Collectible</u> |
|-----------------------|-------------|---------------------------|----------------------|
| Non-Union - Library | RHSP | \$ 100,418.01 | \$ 55,432.84 |
| Non-Union - Other | RHSP | 537,597.74 | 236,682.29 |
| Chief of Police | IPRP | 151,617.92 | 104,745.42 |
| Teamster Local #469 | IPRP | 92,950.33 | 80,308.36 |
| PBA #357 | IPRP | 896,367.71 | 506,192.44 |
| | | <u>\$ 1,778,951.71</u> | <u>\$ 983,361.35</u> |

Note 8: Accrued Compensatory Time

The Township permits employees to accrue compensatory time in lieu of overtime pay, which may be taken as time off or paid upon request. As of December 31, 2016, there are three (3) separate categories of employees with differing accrued compensatory time benefits as follows:

- A. Non-Union Employees
- B. Union Members of Teamsters Local #469
- C. Union Members of PBA Local #357

A. Non-Union Employees

Non-exempt employees are eligible for additional pay for work performed beyond 40 weekly hours. Non-exempt employees may receive either cash overtime or compensatory time off for all hours worked over 40, calculated at the time and one-half rate. Compensatory time is accrued at the rate of one and one-half and may be accumulated up to a maximum of 60 hours accumulated. Once 60 hours have been accumulated, employees will be paid in accordance with the overtime policy.

The Township Administrator may approve compensatory time in excess of the 60-hour maximum in extraordinary circumstances.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 8: Accrued Compensatory Time (Cont'd)

B. Teamster Local #469

Employees are eligible for additional pay for work performed beyond eight (8) hours in one day or 40 weekly hours. Employees may receive either cash overtime or compensatory time off for all hours worked over 40 hours in a workweek or 8 hours in a workday, calculated at the rate of time and one-half, or double time rate if on a Sunday or contract holiday. Compensatory time may be accumulated up to a maximum of 80 hours. Thereafter, all overtime must be taken as pay. All overtime hours must be noted, on time sheets, as either paid overtime or compensatory overtime.

C. Police Benevolent Association (PBA) #357

Patrol Officers, including those assigned to the Detective Bureau, shall receive and the Township shall pay remuneration at the rate of time and one-half (1.5%) for all required Police duties performed beyond the regularly scheduled work day or work week. (Employees may receive either cash overtime or compensatory time off, with no contractual maximum).

| <u>Bargaining Unit / Individuals Eligible for Benefit</u> | <u>Gross Hours of Accumulated Compensatory Time</u> | <u>Value of Compensatory Time</u> | <u>Employee Handbook</u> | <u>Approved Labor Agreement</u> |
|---|---|---|------------------------------|---|
| PBA #357 | 15,045 | \$ 896,367.71 | | X |
| Teamster Local #469** | 2,873 | 92,950.33 | | X |
| Non-Union - Library* | 2,947 | 100,418.01 | X | |
| Non-Union - Other* | 13,638 | 689,215.66 | X | |
| Totals | <u>34,503</u> | <u>\$ 1,778,951.71</u> | | |

* Non-Union employees are allowed a maximum of 60 hours.
** Teamsters are allowed a maximum of 104 hours.

Note 9: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy.

The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| <u>Tax Rate</u> | \$ 1.951 | \$ 1.916 | \$ 1.934 |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | .322 | .316 | .317 |
| County | .359 | .354 | .352 |
| Local School | 1.270 | 1.246 | 1.265 |
| <u>Assessed Valuations</u> | | | |
| 2016 | <u>\$ 6,816,801,735.00</u> | | |
| 2015 | | <u>\$ 6,807,464,377.00</u> | |
| 2014 | | | <u>\$ 6,597,114,873.00</u> |

Comparison of Tax Levies and Collection

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-------------------|-------------------------|---------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
| 2016 | \$ 133,527,748.03 | \$ 133,030,107.33 | 99.62% |
| 2015 | 130,746,281.38 | 130,261,818.35 | 99.62% |
| 2014 | 128,100,334.91 | 127,575,841.00 | 99.59% |

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 10: Cash and Cash Equivalents

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

Investments are stated at cost, which approximates market. 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 Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, 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 risk is the risk that in the event of bank failure, the government's deposits may not be returned.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 10: Cash and Cash Equivalents (Cont'd)

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments 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 permitted under state statutes 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 permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or 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; and in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 10: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (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) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2016, cash and cash equivalents of the Township of Bernards consisted of the following:

| Fund | Cash on Hand | Checking Accounts | New Jersey Cash Manage- ment Fund | Totals |
|------------------------|------------------|-------------------------|---|-------------------------|
| Current | \$ 565.00 | \$ 18,235,179.57 | \$ 4,161,900.15 | \$ 22,397,644.72 |
| Animal Control | 25.00 | 9,565.87 | 959.57 | 10,550.44 |
| Other Trust | | 2,798,525.06 | 3,392,842.75 | 6,191,367.81 |
| General Capital | | 2,203,900.71 | 2,402,813.58 | 4,606,714.29 |
| Golf Utility Operating | 100.00 | 105,617.40 | 5,779.81 | 111,497.21 |
| Public Assistance | | | 10,000.00 | 10,000.00 |
| | <u>\$ 690.00</u> | <u>\$ 23,352,788.61</u> | <u>\$ 9,974,295.86</u> | <u>\$ 33,327,774.47</u> |

The Township did not hold any investments during the year ended December 31, 2016. The carrying amount of the Township's cash and cash equivalents at year end was \$33,327,774.47 and the bank balance was \$33,652,381.02. The \$9,974,295.86 in the New Jersey Cash Management Fund is uninsured and unregistered.

Note 11: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township obtains their health benefit coverage through the New Jersey State Health Benefits Plan.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 11: Risk Management (Cont'd)

The Township is currently a member of the Municipal Excess Liability Joint Insurance Fund (MEL), the Environmental Joint Insurance Fund (EJIF) and the Suburban Municipal Joint Insurance Fund (SMJIF) (the "Funds"). These joint insurance funds provide insurance to participating members, including but not limited to, general liability, automobile liability and automobile physical damage coverage known as comprehensive/collision, workers' compensation, environmental liability for spills and other environmental incidents, hazard and theft insurance on property and contents, employment practices and public officials liability (EPL/POL) coverage.

The Funds are risk-sharing public entity risk pools that are both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

The gross claim fund assessment is determined by the actuary and, when combined with expense and premium projections, constitutes the Funds' budgets. Assessments for participating members are determined by underwriting criteria established by the executive committee. As a member of these Funds, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Funds' liabilities.

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

Selected, summarized financial information for the EJIF as of December 31, 2016 is as follows. The December 31, 2016 audit reports for the MEL and SMJIF were not available as of the date of this report. Selected, summarized financial information for the Funds as of December 31, 2015 is as follows.

| | <u>Municipal Excess Liability Joint Insurance Fund</u> | <u>N.J. Municipal Environmental Management Fund</u> | <u>Suburban Municipal Joint Insurance Fund</u> |
|------------------------|--|---|--|
| Total Assets | \$ 85,525,087 | \$ 28,644,314 | \$ 5,714,307 |
| Net Position | \$ 19,113,098 | \$ 16,587,396 | \$ 2,885,508 |
| Total Revenue | \$ 47,184,584 | \$ 4,501,716 | \$ 5,240,091 |
| Total Expenditures | \$ 49,159,578 | \$ 2,554,274 | \$ 4,436,480 |
| Change in Net Position | \$ (1,974,994) | \$ 1,947,442 | \$ 803,611 |
| Members Dividends | \$ -0- | \$ 550,000 | \$ -0- |

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

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7633

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 11: Risk Management (Cont'd)

In 1983, the Township adopted an ordinance creating a Self-Insurance Fund, administered by two officials of the Township who are appointed by the Township Committee and who serve as Insurance Fund Commissioners. The fund operates pursuant to provisions of R.S.40A:10-6 et seq.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years:

| <u>Year</u> | <u>Township Contribution</u> | <u>Interest Earned</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|----------------------------------|----------------------------|-----------------------------------|------------------------------|---------------------------|
| 2016 | \$ 30,000.00 | \$ 323.58 | \$ 39,601.71 | \$ 11,167.37 | \$ 116,009.84 |
| 2015 | 30,000.00 | 56.36 | 744.16 | 13,738.58 | 57,251.92 |
| 2014 | 30,000.00 | 18.03 | 16,125.71 | 31,393.89 | 40,189.98 |

Note 12: Open Space Trust Reserve

In 1997, the Township created an Open Space Trust Fund with a tax levy of up to \$.02 per \$100 of assessed valuation. In 2001, the Township increased the Open Space tax levy to \$.04 per \$100 of assessed valuation with voters' approval. The funds collected are used to acquire and maintain open space property and for recreation purposes in the Township. The funds are being held in the Open Space Trust Fund Reserve on the Other Trust Funds balance sheet. As of December 31, 2016, the balance in the Reserve for Open Space is \$247,497.15.

Note 13: Contingencies

The Township is periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Town's financial position as of December 31, 2016.

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's Tax Assessor will aggressively defend the Township's assessments.

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.

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 14: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2016:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------------------------|---------------------------------|------------------------------|
| Current | \$ 148,447.21 | |
| Current - Federal and State Grant | | \$ 148,317.01 |
| Animal Control | | 0.38 |
| Other Trust | | 40.07 |
| General Capital | | 89.75 |
| | <u>\$ 148,447.21</u> | <u>\$ 148,447.21</u> |

The interfund receivable in the Federal and State Grant Fund reflects the net of Federal and State Grant Fund expenditures paid by the Current Fund and Federal and State Grant Fund receipts collected by the Current Fund. The interfund payable in the Animal Control Fund, Other Trust Fund and General Capital Fund is December 2016 interest due to the Current Fund.

Note 15: Economic Dependency

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

Note 16: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2016 and 2015:

| | <u>Balance Dec. 31, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Balance Dec. 31, 2016</u> |
|-------------------|----------------------------------|----------------------|----------------------|--------------------|----------------------------------|
| Land | \$68,039,818.73 | | | | \$68,039,818.73 |
| Land Improvements | 4,370,126.88 | \$ 18,955.00 | \$ 5,040.00 | | 4,384,041.88 |
| Buildings | 9,259,080.39 | 19,594.00 | 43,792.00 | \$ 3,125.00 | 9,238,007.39 |
| Vehicles | 8,218,566.05 | 344,184.80 | 363,708.87 | 58,552.10 | 8,257,594.08 |
| Equipment | 5,928,533.99 | 382,461.37 | 391,465.49 | (59,682.10) | 5,859,847.77 |
| | <u>\$95,816,126.04</u> | <u>\$ 765,195.17</u> | <u>\$ 804,006.36</u> | <u>\$ 1,995.00</u> | <u>\$95,779,309.85</u> |
| | <u>Balance Dec. 31, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Balance Dec. 31, 2015</u> |
| Land | \$68,039,818.73 | | | | \$68,039,818.73 |
| Land Improvements | 4,394,726.68 | | \$ 24,599.80 | | 4,370,126.88 |
| Buildings | 9,297,580.39 | | 38,500.00 | | 9,259,080.39 |
| Vehicles | 8,033,182.58 | \$ 411,783.92 | 268,400.45 | \$ 42,000.00 | 8,218,566.05 |
| Equipment | 5,561,095.74 | 510,652.99 | 101,214.74 | (42,000.00) | 5,928,533.99 |
| | <u>\$95,326,404.12</u> | <u>\$ 922,436.91</u> | <u>\$ 432,714.99</u> | <u>\$ -0-</u> | <u>\$95,816,126.04</u> |

TOWNSHIP OF BERNARDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 17: Related Party Transactions

The following 2016 Township Committee members were also members of the Township of Bernards Sewerage Authority:

| | |
|----------------|-----------------|
| John Carpenter | John Malay |
| Carol Bianchi | Carolyn Gaziano |

The Township of Bernards provides certain administrative, financial and bookkeeping services by means of a shared service agreement. The total amount paid to the Township for these services in 2016 was \$445,786. Additionally, there exists a service contract between the Township and the Authority which requires the Township to pay to the Authority an annual service charge and to make up any deficit in the Authority's operating and maintenance expenses and debt service expenses to the extent that accumulated surpluses in the Authority's various funds do not cover such deficits. Since 1994, it has not been necessary for the Township to make such contributions to cover deficits. The Authority currently has no outstanding debt.

Note 18: Tax Abatements

During the year ended December 31, 2016, the Township implemented Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatements*, which requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

As of December 31, 2016, The Township provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Township pursuant to N.J.S.A. 15A:1-1 (the "Law") and a resolution of the governing body dated June 23, 2009 and an agreement dated July 28, 2009. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Township an annual service charge. The annual service charge made by the nonprofit corporation will be equal to 15% of the annual gross rents derived from such housing project as detailed in the tax abatement agreement. The tax abatement provided under the agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

The Township recognized revenue in the amount of \$266,099.30 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue anticipated in the Current Fund. The taxes which would have been paid on this property for 2016 without the abatement would have been \$462,131.42 of which \$76,271.82 would have been for the local municipal tax, minimum library tax and municipal open space tax.

TOWNSHIP OF BERNARDS

SUPPLEMENTARY DATA

TOWNSHIP OF BERNARDS
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2016

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

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> | <u>Name of Corporate Surety</u> |
|----------------------------|--|---------------------------|-------------------------------------|
| <u>Elected Officials</u> | | | |
| Carol Bianchi | Mayor | | |
| Carolyn Gaziano | Deputy Mayor | | |
| John Carpenter | Committeeperson | | |
| John Malay | Committeeperson | | |
| Thomas Russo | Committeeperson | | |
| <u>Appointed Officials</u> | | | |
| Bruce McArthur | Township Administrator | ** | ** |
| Denise Szabo | Municipal Clerk; Assessment Search Officer | ** | ** |
| Terri Johnson | Chief Financial Officer | ** | ** |
| David Centrelli | Tax Assessor | ** | ** |
| Peggy Warren | Tax Collector; Tax Search Officer | ** | ** |
| Francis Decibus | Purchasing Agent | ** | ** |
| Thomas Timko | Township Engineer | ** | ** |
| David Schley | Township Planner | ** | ** |
| Nancy Koederitz | Zoning Enforcement Officer | ** | ** |
| Dennis Bettler | Construction Code Official | ** | ** |
| Brian Bobowicz | Police Chief | ** | ** |
| Jennifer Gander | Director of Parks and Recreation, Community Pool and Golf Utility | ** | ** |
| Ruth Lufkin | Library Director | ** | ** |
| Lucy Forgione | Health Officer; Registrar; Dog License Clerk | ** | ** |
| Donald Bogosian | Magistrate | ** | ** |
| Luisa DeLeon | Municipal Court Administrator ; Violations Clerk | ** | ** |

** All employees, who are not specifically bonded, are covered under \$950,000 and \$50,000 Faithful Performance Blanket Bonds with the Municipal Excess Liability Joint Insurance Fund and Suburban Municipal Joint Insurance Fund, respectively.

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
CURRENT FUND

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|--|-------------|-------------------|
| Balance December 31, 2015 | A | \$ 20,842,399.77 |
| Increased by Receipts: | | |
| Tax Collector | | \$ 134,452,709.96 |
| Revenue Accounts Receivable | | 7,167,487.77 |
| Due to State of N.J.: | | |
| Veterans and Senior Citizens' Deductions | | 121,549.09 |
| Marriage License Fees | | 2,500.00 |
| DCA Training Fees | | 138,558.00 |
| Nonbudget Revenue | | 430,792.47 |
| 2016 Appropriation Refunds | | 463,060.52 |
| Due to Federal and State Grant Fund: | | |
| Federal and State Grants Receivable | | 189,431.77 |
| Unappropriated Grant Reserves | | 10,297.80 |
| Due from Animal Control Fund: | | |
| Settlement of Prior Year Interfund | | 1.54 |
| Due from Other Trust Funds: | | |
| Settlement of Prior Year Interfund | | 46.85 |
| Due from General Capital Fund: | | |
| Settlement of Prior Year Interfund | | 103.46 |
| Due from Payroll Accounts: | | |
| Settlement of Prior Year Interfund | | 60.45 |
| Reserve for: | | |
| Library | | 90,240.83 |
| Sale of Municipal Assets | | 136,829.96 |
| Green Initiatives | | 14,400.00 |
| Employee Recognition | | 1,000.00 |
| Recreation Donations | | 2,455.00 |
| Memorial Tree Donations | | 4,000.00 |
| Tree Replacement | | 60,300.00 |
| Solar Lease | | 450,000.00 |
| Police Equipment Donation | | 3,765.00 |
| 1st Responder Recognition | | 2,323.00 |
| | | 143,741,913.47 |
| | | 164,584,313.24 |

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF CASH - TREASURER
(Continued)

Ref.

Decreased by Disbursements:

| | |
|--|------------------|
| 2016 Appropriation Expenditures | \$ 25,943,826.76 |
| 2015 Appropriation Reserves | 1,121,877.80 |
| Due to State of N.J.: | |
| Marriage License Fees | 2,450.00 |
| DCA Training Fees | 131,195.00 |
| Due from Federal and State Grant Fund: | |
| Appropriated Grant Reserves | 440,025.35 |
| Local School District Taxes | 86,555,824.00 |
| County Taxes | 24,520,986.73 |
| Municipal Open Space Taxes | 2,737,721.51 |
| Refund of Tax Overpayments | 10,312.51 |
| Refund of Revenue | 26,928.43 |
| Refund of Tax Sale Premiums | 291,800.00 |
| Refund of Outside Liens | 157,996.91 |
| Reserve for: | |
| Library | 86,189.73 |
| Library Bequest | 144,333.48 |
| Recreation Donations | 6,599.15 |
| Memorial Tree Donations | 6,828.16 |
| Community Policing | 15.00 |
| 1st Responder Recognition | 2,323.00 |

\$ 142,187,233.52

Balance December 31, 2016

A

\$ 22,397,079.72

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

Increased by Receipts:

| | |
|--|-------------------|
| Taxes Receivable | \$ 132,630,724.56 |
| Payment in Lieu of Taxes | 266,099.30 |
| Tax Title Liens Redemption | 197.80 |
| 2017 Prepaid Taxes | 868,187.82 |
| Interest and Costs on Taxes | 124,325.76 |
| Tax Sale Premiums | 391,500.00 |
| Redemption of Outside Liens | 157,345.73 |
| Other Fees and Permits Anticipated | 10.00 |
| Miscellaneous Revenue Not Anticipated: | |
| Tax Sale Costs | 5.10 |
| Miscellaneous | 4,001.38 |
| Tax Overpayments | 10,312.51 |

\$ 134,452,709.96

Decreased by:

Payments to Treasurer

\$ 134,452,709.96

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

| Year | Balance | 2016 Levy | Collections | | State of NJ Veterans' and Senior Citizens' Deductions | Cancelled | Transferred to Tax Title Liens | Balance |
|------|---------------|-------------------|---------------|-------------------|--|--------------|--------------------------------------|---------------|
| | Dec. 31, 2015 | | 2015 | 2016 | | | | Dec. 31, 2016 |
| 2014 | \$ 23.21 | | | \$ 23.21 | | | | |
| 2015 | 406,319.20 | | | 407,497.15 | \$ (1,610.42) | | \$ 432.47 | |
| | 406,342.41 | | | 407,520.36 | (1,610.42) | | 432.47 | |
| 2016 | | \$ 133,527,748.03 | \$ 683,045.46 | 132,223,204.20 | 123,857.67 | \$ 12,583.96 | 4,045.64 | \$ 481,011.10 |
| | \$ 406,342.41 | \$ 133,527,748.03 | \$ 683,045.46 | \$ 132,630,724.56 | \$ 122,247.25 | \$ 12,583.96 | \$ 4,478.11 | \$ 481,011.10 |
| Ref. | A | | | | | | | A |

Analysis of 2016 Property Tax Levy:

Tax Yield:

| | |
|---------------------------------|-------------------|
| General Purpose Tax | \$ 132,995,807.18 |
| Added Taxes (54:4-63.1 et seq.) | 531,940.85 |

\$ 133,527,748.03

Tax Levy:

| | |
|--|----------------------|
| Local School District Taxes | \$ 86,555,824.00 |
| County Taxes: | |
| County Taxes | \$ 22,327,086.87 |
| County Open Space Taxes | 2,095,990.46 |
| Due County for Added and Omitted Taxes | 97,909.40 |
| | <u>24,520,986.73</u> |
| | 111,076,810.73 |

| | |
|----------------------------------|---------------|
| Local Tax for Municipal Purposes | 16,915,483.47 |
| Minimum Library Taxes | 2,367,776.00 |
| Municipal Open Space Taxes | 2,726,777.00 |
| Municipal Open Space Added Taxes | 10,944.51 |
| Additional Taxes Levied | 429,956.32 |

22,450,937.30

\$ 133,527,748.03

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

| | <u>Ref.</u> | |
|--------------------------------|-------------|----------------------------|
| Balance December 31, 2015 | A | \$ 35,312.14 |
| Increased by: | | |
| Transfer from Taxes Receivable | | \$ 4,478.11 |
| Interest and Costs on Tax Sale | | <u>67.64</u> |
| | | <u>4,545.75</u> |
| | | <u>39,857.89</u> |
| Decreased by: | | |
| Tax Title Liens Redeemed | | <u>197.80</u> |
| Balance December 31, 2016 | A | <u><u>\$ 39,660.09</u></u> |

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Accrued In</u> <u>2016</u> | <u>Collected by</u> <u>Collector</u> | <u>Collected by</u> <u>Treasurer</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|---|--|----------------------------------|---|---|--|
| Licenses: | | | | | |
| Alcoholic Beverages | | \$ 33,840.00 | | \$ 33,840.00 | |
| Fees and Permits | | 725,723.84 | \$ 10.00 | 725,713.84 | |
| Fines and Costs: | | | | | |
| Municipal Court | \$ 24,270.01 | 300,604.98 | | 303,204.43 | \$ 21,670.56 |
| Interest and Costs on Taxes | | 124,325.76 | 124,325.76 | | |
| Interest on Investments and Deposits | | 73,828.16 | | 73,828.16 | |
| Swimming Pool: | | | | | |
| Membership Fees | | 521,705.00 | | 521,705.00 | |
| Gate Fees | | 61,511.00 | | 61,511.00 | |
| Refreshment Stand | | 5,500.00 | | 5,500.00 | |
| Recreation - Fees & Permits | | 634,559.68 | | 634,559.68 | |
| Development Application Fees | | 5,865.93 | | 5,865.93 | |
| Payment in Lieu of Taxes | | 266,099.30 | 266,099.30 | | |
| Hotel Occupancy Tax | | 751,286.23 | | 751,286.23 | |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | | 1,798,308.00 | | 1,798,308.00 | |
| Uniform Construction Code Fees | | 1,280,645.00 | | 1,280,645.00 | |
| Bernards Township Sewerage Authority - Service Contract | | 445,786.00 | | 445,786.00 | |
| Interlocal Health Contract | | 368,272.24 | | 368,272.24 | |
| Uniform Fire Safety Act | | 29,905.25 | | 29,905.25 | |
| Rental Agreements | | 127,557.01 | | 127,557.01 | |
| | <u>\$ 24,270.01</u> | <u>\$ 7,555,323.38</u> | <u>\$ 390,435.06</u> | <u>\$ 7,167,487.77</u> | <u>\$ 21,670.56</u> |

Ref.

A

A

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Balance</u> <u>After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|----------------------------------|--|---|----------------------------------|---------------------------------|
| GENERAL GOVERNMENT: | | | | |
| General Administration: | | | | |
| Salaries and Wages | \$ 11,682.01 | \$ 11,682.01 | \$ 10,702.02 | \$ 979.99 |
| Other Expenses | 13,323.27 | 13,323.27 | 91.35 | 13,231.92 |
| Human Resources: | | | | |
| Salaries and Wages | 21,853.26 | 21,853.26 | 3,562.89 | 18,290.37 |
| Other Expenses | 11,165.24 | 11,165.24 | 1,545.57 | 9,619.67 |
| Township Committee: | | | | |
| Other Expenses | 39,919.27 | 39,919.27 | 12,035.00 | 27,884.27 |
| Municipal Clerk: | | | | |
| Salaries and Wages | 28,192.42 | 28,192.42 | 6,832.34 | 21,360.08 |
| Other Expenses | 11,188.85 | 11,188.85 | 87.55 | 11,101.30 |
| Financial Administration: | | | | |
| Salaries and Wages | 17,033.75 | 17,033.75 | 12,619.15 | 4,414.60 |
| Other Expenses | 2,625.13 | 2,625.13 | 906.20 | 1,718.93 |
| Annual Audit | 15,990.00 | 15,990.00 | 15,985.40 | 4.60 |
| Purchasing: | | | | |
| Salaries and Wages | 5,024.96 | 5,024.96 | 3,411.78 | 1,613.18 |
| Other Expenses | 4,782.96 | 4,782.96 | 1,385.82 | 3,397.14 |
| Computer Network Administration: | | | | |
| Salaries and Wages | 11,285.52 | 11,285.52 | 10,232.48 | 1,053.04 |
| Other Expenses | 13,617.48 | 13,617.48 | 792.30 | 12,825.18 |
| Revenue Administration: | | | | |
| Salaries and Wages | 7,040.48 | 7,040.48 | 6,511.68 | 528.80 |
| Other Expenses | 12,167.56 | 12,167.56 | 1,947.47 | 10,220.09 |
| Tax Assessment Administration: | | | | |
| Salaries and Wages | 20,484.91 | 20,484.91 | 8,402.04 | 12,082.87 |
| Other Expenses | 4,404.53 | 4,404.53 | 3,169.67 | 1,234.86 |
| Legal Services: | | | | |
| Other Expenses | 224,769.09 | 224,769.09 | 25,827.68 | 198,941.41 |
| Engineering Services: | | | | |
| Salaries and Wages | 47,510.35 | 47,510.35 | 22,338.59 | 25,171.76 |
| Other Expenses | 39,515.06 | 39,515.06 | 7,594.58 | 31,920.48 |
| LAND USE ADMINISTRATION: | | | | |
| Planning Board: | | | | |
| Salaries and Wages | 12,286.38 | 12,286.38 | 3,061.88 | 9,224.50 |
| Other Expenses | 49,963.56 | 49,963.56 | 25,754.43 | 24,209.13 |
| Board of Adjustment: | | | | |
| Salaries and Wages | 14,896.73 | 14,896.73 | 5,406.38 | 9,490.35 |
| Other Expenses | 55,354.98 | 55,354.98 | 6,212.13 | 49,142.85 |
| Environmental Commission: | | | | |
| Salaries and Wages | 400.00 | 400.00 | | 400.00 |
| Other Expenses | 1,932.12 | 1,932.12 | 6.49 | 1,925.63 |

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Balance</u> <u>After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--------------------------------------|--|---|----------------------------------|---------------------------------|
| LAND USE ADMINISTRATION (Continued): | | | | |
| Agricultural Advisory Committee: | | | | |
| Other Expenses | \$ 2,700.00 | \$ 2,700.00 | | \$ 2,700.00 |
| PUBLIC SAFETY FUNCTIONS: | | | | |
| Police Department: | | | | |
| Salaries and Wages | 282,491.82 | 282,491.82 | \$ 184,650.39 | 97,841.43 |
| Other Expenses | 64,351.26 | 64,351.26 | 19,984.40 | 44,366.86 |
| Purchase of Police Cars | 6,619.47 | 6,619.47 | 1,726.98 | 4,892.49 |
| Emergency Management Services: | | | | |
| Salaries and Wages | 19,958.64 | 19,958.64 | | 19,958.64 |
| Other Expenses | 7,022.49 | 7,022.49 | | 7,022.49 |
| Uniform Fire Sub-Code/Fire Hydrants: | | | | |
| Salaries and Wages | 13,763.62 | 13,763.62 | 5,085.14 | 8,678.48 |
| Other Expenses | 36,648.17 | 36,648.17 | 34,358.44 | 2,289.73 |
| Municipal Prosecutor: | | | | |
| Other Expenses | 738.50 | 738.50 | | 738.50 |
| INSURANCE: | | | | |
| Liability Insurance | 1,414.42 | 1,414.42 | 50.00 | 1,364.42 |
| Workers Compensation Insurance | 10,641.51 | 10,641.51 | | 10,641.51 |
| Group Insurance | 303,940.91 | 303,940.91 | | 303,940.91 |
| Waiver for Health Coverage | 4,153.18 | 4,153.18 | 2,423.26 | 1,729.92 |
| Other Employee Benefits | 37,147.69 | 37,147.69 | | 37,147.69 |
| PUBLIC WORKS FUNCTIONS: | | | | |
| Streets and Roads Maintenance: | | | | |
| Salaries and Wages | 145,837.57 | 145,837.57 | 47,150.90 | 98,686.67 |
| Other Expenses | 70,467.09 | 70,467.09 | 7,839.65 | 62,627.44 |
| Snow Removal: | | | | |
| Other Expenses | 8,900.68 | 8,900.68 | 714.65 | 8,186.03 |
| Other Public Works Functions: | | | | |
| Shade Tree Commission: | | | | |
| Salaries and Wages | 520.12 | 520.12 | 100.00 | 420.12 |
| Other Expenses | 2,703.01 | 2,703.01 | | 2,703.01 |
| Street Light Maintenance: | | | | |
| Other Expenses | 27,707.08 | 27,707.08 | 3,163.00 | 24,544.08 |
| Solid Waste Collections: | | | | |
| Salaries and Wages | 13,769.97 | 13,769.97 | 1,861.19 | 11,908.78 |
| Other Expenses | 14,235.60 | 14,235.60 | 8,187.74 | 6,047.86 |
| Public Buildings: | | | | |
| Salaries and Wages | 18,383.24 | 18,383.24 | 6,909.68 | 11,473.56 |
| Other Expenses | 54,467.27 | 54,467.27 | 13,842.83 | 40,624.44 |
| Vehicle Maintenance: | | | | |
| Salaries and Wages | 18,003.48 | 18,003.48 | 7,470.64 | 10,532.84 |
| Other Expenses | 26,520.71 | 26,520.71 | 15,926.34 | 10,594.37 |

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | Balance Dec. 31, 2015 | Balance After Modification | Paid or Charged | Balance Lapsed |
|---|--------------------------|----------------------------------|--------------------|-------------------|
| PUBLIC WORKS FUNCTIONS (Continued): | | | | |
| Municipal Service Act: | | | | |
| Other Expenses | \$ 178,790.00 | \$ 178,790.00 | \$ 174,370.28 | \$ 4,419.72 |
| HEALTH AND HUMAN SERVICES FUNCTIONS: | | | | |
| Public Health Services: | | | | |
| Salaries and Wages | 46,268.80 | 46,268.80 | 19,370.09 | 26,898.71 |
| Other Expenses | 32,824.25 | 32,824.25 | 9,790.75 | 23,033.50 |
| Animal Control: | | | | |
| Salaries and Wages | 9,042.81 | 9,042.81 | 1,733.82 | 7,308.99 |
| Contributions to Social Service Agencies: | | | | |
| Other Expenses | 5.00 | 5.00 | | 5.00 |
| PARKS AND RECREATION FUNCTIONS: | | | | |
| Parks and Recreation: | | | | |
| Salaries and Wages | 70,435.98 | 70,435.98 | 13,286.38 | 57,149.60 |
| Other Expenses | 50,847.38 | 50,847.38 | 3,767.24 | 47,080.14 |
| Maintenance of Parks & Public Grounds: | | | | |
| Salaries and Wages | 100,312.89 | 100,312.89 | 18,113.88 | 82,199.01 |
| Other Expenses | 22,764.63 | 22,764.63 | 974.44 | 21,790.19 |
| Community Pool Commission: | | | | |
| Salaries and Wages | 12,781.05 | 12,781.05 | 290.67 | 12,490.38 |
| Other Expenses | 21,582.28 | 21,582.28 | 815.66 | 20,766.62 |
| OTHER COMMON OPERATING FUNCTIONS: | | | | |
| Community Service: | | | | |
| Salaries and Wages | 11,265.23 | 11,265.23 | 2,242.83 | 9,022.40 |
| Other Expenses | 4,939.29 | 4,939.29 | 252.93 | 4,686.36 |
| Charter Day Community Celebration: | | | | |
| Other Expenses | 1,988.97 | 1,988.97 | | 1,988.97 |
| Labor Day Races: | | | | |
| Other Expenses | 342.91 | 342.91 | | 342.91 |
| Deer Task Force: | | | | |
| Salaries and Wages | 2,668.81 | 2,668.81 | 43.73 | 2,625.08 |
| Other Expenses | 28,454.64 | 28,454.64 | 7,297.66 | 21,156.98 |
| Pay for Performance: | | | | |
| Salaries and Wages | 11,287.51 | 11,287.51 | | 11,287.51 |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | |
| Other Expenses | 498,944.92 | 498,944.92 | 41,049.96 | 457,894.96 |
| Landfill/Solid Waste Disposal Costs: | | | | |
| Salaries and Wages | 3,900.64 | 3,900.64 | 2,352.96 | 1,547.68 |
| Other Expenses | 21,026.00 | 21,026.00 | 4,093.22 | 16,932.78 |
| UNIFORM CONSTRUCTION CODE: | | | | |
| Construction Official: | | | | |
| Salaries and Wages | 20,714.77 | 20,714.77 | 16,924.16 | 3,790.61 |
| Other Expenses | 22,608.79 | 22,608.79 | 2,072.51 | 20,536.28 |

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Balance</u> <u>After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--|--|---|----------------------------------|---------------------------------|
| UNCLASSIFIED: | | | | |
| Municipal Court: | | | | |
| Salaries and Wages | \$ 7,631.20 | \$ 7,631.20 | \$ 6,080.29 | \$ 1,550.91 |
| Other Expenses | 9,382.34 | 9,382.34 | 862.51 | 8,519.83 |
| Public Defender (P.L. 1997, C.256): | | | | |
| Other Expenses | 3,157.00 | 3,157.00 | | 3,157.00 |
| STATUTORY EXPENDITURES: | | | | |
| Contributions to: | | | | |
| Public Employees' Retirement System | 5.93 | 5.93 | | 5.93 |
| Social Security System (O.A.S.I.) | 100,116.45 | 100,116.45 | 26,203.21 | 73,913.24 |
| Police and Firemen's Retirement System of NJ | 2.00 | 2.00 | | 2.00 |
| Defined Contribution Retirement Program | 7,308.45 | 7,308.45 | 271.65 | 7,036.80 |
| Operations Excluded from "CAPS": | | | | |
| Public Safety: | | | | |
| L.O.S.A.P. | 87,200.00 | 87,200.00 | 84,541.26 | 2,658.74 |
| Education: | | | | |
| Municipal Library | 129,858.53 | 129,858.53 | 129,858.53 | |
| | <u>\$ 3,409,976.82</u> | <u>\$ 3,409,976.82</u> | <u>\$ 1,124,528.72</u> | <u>\$ 2,285,448.10</u> |
| <u>Ref.</u> | | | | |
| <u>Analysis of Balance on December 31, 2015:</u> | | | | |
| Unencumbered | A \$ 2,557,187.18 | | | |
| Encumbered | A <u>852,789.64</u> | | | |
| | <u>\$ 3,409,976.82</u> | | | |
| Cash Disbursed | | | \$ 1,121,877.80 | |
| Accounts Payable | | | <u>2,650.92</u> | |
| | | | <u>\$ 1,124,528.72</u> | |

TOWNSHIP OF BERNARDS
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Increased by:

Levy Calendar Year 2016

\$ 86,555,824.00

Decreased by:

Payments to Local School District

\$ 86,555,824.00

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

| | Balance Dec. 31, 2015 | Budget Revenue Realized | Received | Transferred from Unappropriated Reserves | Balance Dec. 31, 2016 |
|--|--------------------------|-------------------------------|----------------------|--|--------------------------|
| Bulletproof Vest Partnership - 2015 | | \$ 1,786.64 | | \$ 1,786.64 | |
| NJ Department of Law and Public Safety: | | | | | |
| Drive Sober or Get Pulled Over: | | | | | |
| 2015 Year End Holiday Crackdown | \$ 5,000.00 | | \$ 4,117.26 | | \$ 882.74 |
| Comprehensive Traffic Safety Program Grant: | | | | | |
| 2015 DWI Safe Passage - Thanksgiving | 725.00 | | 725.00 | | |
| Hazard Mitigation Grant Program - Energy Allocation Initiative | 250,000.00 | | | | 250,000.00 |
| Emergency Management Performance Grant | | 7,000.00 | 7,000.00 | | |
| NJDOT Municipal Aid Grant | | 223,500.00 | | | 223,500.00 |
| Municipal Alliance on Alcoholism and Drug Abuse: | | | | | |
| Fiscal Year 2014 | 19,207.00 | | 19,207.00 | | |
| Fiscal Year 2015 | 19,207.00 | | 19,207.00 | | |
| Fiscal Year 2016 | | 19,038.04 | 3,350.01 | | 15,688.03 |
| Clean Communities Program | | 67,855.86 | 67,855.86 | | |
| Recycling Tonnage Grant - 2016 | | 38,210.13 | 38,210.13 | | |
| Drunk Driving Enforcement Grant - 2015 | | 3,646.90 | | 3,646.90 | |
| Body Armor Replacement Grant - 2015 | | 3,699.38 | | 3,699.38 | |
| Hepatitis B Grant - 2015 | | 345.00 | | 345.00 | |
| Hazard Mitigation Grant Program | | 25,000.00 | | | 25,000.00 |
| Somerset County Cultural and Heritage Grant: | | | | | |
| Plays in the Park | | 4,000.00 | | 4,000.00 | |
| Lyons Train Station | 51,728.00 | | | | 51,728.00 |
| Lyons Station Canopy | 48,290.00 | | | | 48,290.00 |
| Somerset County Youth Services Commission | | 10,000.00 | 10,000.00 | | |
| Sustainable Jersey | | 30,000.00 | 15,000.00 | | 15,000.00 |
| Municipal Alliance Trust Fund 25% Matching Funds | | 4,759.51 | 4,759.51 | | |
| | <u>\$ 394,157.00</u> | <u>\$ 438,841.46</u> | <u>\$ 189,431.77</u> | <u>\$ 13,477.92</u> | <u>\$ 630,088.77</u> |
| Ref. | A | | | | A |
| Federal Grants | | \$ 232,286.64 | \$ 11,842.26 | | |
| State Grants | | 157,795.31 | 147,830.00 | | |
| Local Grants | | 44,000.00 | 25,000.00 | | |
| Local Matching Funds | | 4,759.51 | 4,759.51 | | |
| | | <u>\$ 438,841.46</u> | <u>\$ 189,431.77</u> | | |

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

| | Balance Dec. 31, 2015 | Transferred from Budget Appropriations | Expended | Balance Dec. 31, 2016 |
|---|--------------------------|--|-------------|--------------------------|
| Bulletproof Vest Partnership: | | | | |
| 2014 | \$ 894.00 | | | \$ 894.00 |
| 2015 | | \$ 1,786.64 | | 1,786.64 |
| NJ Department of Law and Public Safety: | | | | |
| Drive Sober or Get Pulled Over: | | | | |
| 2015 Year End Holiday Crackdown | 4,655.76 | | \$ 3,773.02 | 882.74 |
| Hazard Mitigation Grant Program: | | | | |
| Energy Allocation Initiative | 235,341.62 | | 235,341.62 | |
| Bridging Cultures Bookshelf Grant - Muslim Journeys | 149.98 | | | 149.98 |
| NJDOT-Municipal Aid Grant | | | | |
| 2016 | | 223,500.00 | | 223,500.00 |
| NJ Office of Emergency Management: | | | | |
| Emergency Management Grant | | 7,000.00 | 7,000.00 | |
| Municipal Alliance on Alcoholism and Drug Abuse: | | | | |
| Fiscal Year 2015 | 12,016.48 | | 12,016.48 | |
| Fiscal Year 2016 | | 19,038.04 | 6,964.92 | 12,073.12 |
| NJDEP Clean Communities Program: | | | | |
| 2015 | 5,272.28 | | 5,272.28 | |
| 2016 | | 67,855.86 | 67,600.86 | 255.00 |
| Recycling Tonnage Grant - 2016 | | 38,210.13 | 38,210.13 | |
| Drunk Driving Enforcement Grant: | | | | |
| 2014 | 1,210.36 | | 836.76 | 373.60 |
| 2015 | | 3,646.90 | 200.00 | 3,446.90 |

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

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Transferred</u> <u>from Budget</u> <u>Appropriations</u> | <u>Expended</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|--|--|---|-----------------|--|
| Body Armor Replacement Grant: | | | | |
| 2014 | \$ 3,430.78 | | \$ 3,430.78 | |
| 2015 | 3,705.35 | | 3,597.92 | \$ 107.43 |
| 2016 | | \$ 3,699.38 | | 3,699.38 |
| NJ Department of Human and Senior Services: | | | | |
| Hepatitis B Grant: | | | | |
| 2005 | 397.33 | | | 397.33 |
| 2006 | 856.00 | | | 856.00 |
| 2008 | 1,079.00 | | 65.00 | 1,014.00 |
| 2009 | 316.00 | | | 316.00 |
| 2010 | 390.00 | | | 390.00 |
| 2011 | 273.00 | | | 273.00 |
| 2013 | 748.00 | | | 748.00 |
| 2014 | 260.00 | | | 260.00 |
| 2015 | | 345.00 | | 345.00 |
| Hazard Mitigation Grant Program: | | | | |
| Hazard Mitigation Grant | | 25,000.00 | 25,000.00 | |
| NJ State Library: | | | | |
| 2011 Salton Inc./George Foreman Grills Anti Trust Settlement Grant | 0.80 | | | 0.80 |
| Somerset County Cultural and Heritage Grant: | | | | |
| Plays in the Park | 1,500.00 | 4,000.00 | 3,500.00 | 2,000.00 |
| Lyons Train Station | 99,581.11 | | 10,997.75 | 88,583.36 |
| Lyons Station Canopy | 96,580.00 | | 5,100.00 | 91,480.00 |

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

| | Balance Dec. 31, 2015 | Transferred from Budget Appropriations | Expended | Balance Dec. 31, 2016 |
|--|--------------------------|--|---------------|--------------------------|
| Somerset County Youth Services Commission | \$ 4,000.00 | \$ 10,000.00 | \$ 6,358.32 | \$ 7,641.68 |
| Sustainable Jersey | | 30,000.00 | | 30,000.00 |
| Municipal Alliance on Alcoholism and Drug Abuse: | | | | |
| Local Match | | 4,759.51 | 4,759.51 | |
| | \$ 472,657.85 | \$ 438,841.46 | \$ 440,025.35 | \$ 471,473.96 |
| <u>Ref.</u> | A | | | A |
| Federal Grants | | \$ 232,286.64 | \$ 246,114.64 | |
| State Grants | | 157,795.31 | 163,195.13 | |
| Local Grants | | 44,000.00 | 25,956.07 | |
| Local Matching Funds | | 4,759.51 | 4,759.51 | |
| | | \$ 438,841.46 | \$ 440,025.35 | |

TOWNSHIP OF BERNARDS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Grant</u> <u>Funds</u> <u>Received</u> | <u>Transferred</u> <u>to 2016</u> <u>Budget</u> <u>Revenue</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|--|--|---|---|--|
| Bulletproof Vest Partnership Program | \$ 1,786.64 | \$ 3,648.90 | \$ 1,786.64 | \$ 3,648.90 |
| Drunk Driving Enforcement Fund | 3,646.90 | 3,101.35 | 3,646.90 | 3,101.35 |
| Body Armor Replacement Grant | 3,699.38 | 3,547.55 | 3,699.38 | 3,547.55 |
| NJ Department of Human and Senior Services: | | | | |
| Hepatitis B Grant | 345.00 | | 345.00 | |
| Somerset County Cultural and Heritage Grant: | | | | |
| Plays in the Park | 4,000.00 | | 4,000.00 | |
| | <u>\$ 13,477.92</u> | <u>\$ 10,297.80</u> | <u>\$ 13,477.92</u> | <u>\$ 10,297.80</u> |

Ref.

A

A

| | |
|----------------|---------------------|
| Federal Grants | \$ 3,648.90 |
| State Grants | <u>6,648.90</u> |
| | <u>\$ 10,297.80</u> |

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
TRUST FUNDS

TOWNSHIP OF BERNARDS
TRUST FUNDS
SCHEDULE OF CASH

| Ref. | Animal Control Fund | Other Trust Funds |
|-------------------------------------|---------------------|-------------------|
| Decreased by Disbursements: | | |
| Expenditures Under R.S.4:19-15.11 | \$ 57,069.50 | |
| Due to State of New Jersey | 2,987.40 | |
| Due to Current Fund: | | |
| Settlement of Prior Year Interfund | 1.54 | |
| Other Trust Funds | | \$ 46.85 |
| Payroll | | 60.45 |
| Interest Turnover: | 7.67 | |
| Other Trust Funds | | 759.45 |
| Payroll | | 70.27 |
| Reserve for: | | |
| Developers Escrow | | 1,488,154.82 |
| Library State Aid | | 11,655.00 |
| Recycling Expenditures | | 276,209.93 |
| Accumulated Sick Leave Expenditures | | 243,664.87 |
| Uniform Fire Safety Act Penalties | | 999.00 |
| Public Defender | | 4,508.00 |
| County Environmental Health Act | | 1,250.00 |
| Municipal Alliance | | 9,511.05 |
| Affordable Housing | | 195,871.38 |
| Open Space | | 3,009,224.00 |
| Unemployment Compensation | | 11,167.37 |
| Self Insurance | | 42,087.26 |
| Storm Recovery | | 4,995.84 |
| Recreation | | 58,904.74 |
| Landfill Closure | | 5,420.46 |
| Payroll Deductions | | 16,162,439.28 |
| | \$ 60,066.11 | \$ 21,527,000.02 |
| Balance December 31, 2016 | \$ 10,525.44 | \$ 6,191,367.81 |

TOWNSHIP OF BERNARDS
ASSESSMENT TRUST FUND
ANALYSIS OF ASSESSMENT TRUST FUND CASH
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|----|-----------|
| Balance December 31, 2015 | B | \$ | 56.67 |
| Increased by: | | | |
| Cash Received in Animal Control Fund: | | | |
| Municipal Dog License Fees | | \$ | 38,130.60 |
| Cat License Fees | | | 3,789.50 |
| Dog License Late Fees | | | 3,200.00 |
| Dog Replacement Tag Fees | | | 104.00 |
| Restitution Fees | | | 13,749.99 |
| Miscellaneous Fees | | | 725.00 |
| Prior Year Prepaid Licenses | | | 3,534.00 |
| | | | 63,233.09 |
| | | | 63,289.76 |
| Decreased by: | | | |
| Expenditures Under R.S.4:19-15.11 | | | 57,069.50 |
| Balance December 31, 2016 | B | \$ | 6,220.26 |

License Fees Collected

| <u>Year</u> | | | <u>Amount</u> |
|---------------------------|--|----|---------------|
| 2014 | | \$ | 44,935.10 |
| 2015 | | | 44,244.40 |
| | | | 89,179.50 |
| Maximum Allowable Reserve | | \$ | 89,179.50 |

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
GENERAL CAPITAL FUND

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | |
|---|-------------|------------------------|
| Balance December 31, 2015 | C | \$ 4,614,013.37 |
| Increased by: | | |
| Budget Appropriation: | | |
| Capital Improvement Fund | | \$ 3,125,850.00 |
| Due to Current Fund: | | |
| Interest Earned | | 1,020.94 |
| Funds Received on Fully Funded | | |
| Improvement Authorizations: | | |
| Federal/State Aid Receivables: | | |
| NJ Historic Trust - Farmstead | | 11,694.50 |
| New Jersey Department of Transportation: | | |
| Annin Rd & Canterbury Way | | 131,250.00 |
| Federal Bullet Proof Vest Grant | | 7,009.98 |
| Off Tract Transportation Contributions | | 11,150.00 |
| Reserve for Off Tract Transportation | | 9,000.00 |
| | | <u>3,296,975.42</u> |
| | | <u>7,910,988.79</u> |
| Decreased by: | | |
| Due to Current Fund: | | |
| Settlement of Prior Year Interfund | | 103.46 |
| Paid to Current Fund-Current Year Interest Earned | | 931.19 |
| Improvement Authorization Expenditures | | 3,292,089.85 |
| Reserve for Off Tract Transportation | | 11,150.00 |
| | | <u>3,304,274.50</u> |
| Balance December 31, 2016 | C | <u>\$ 4,606,714.29</u> |

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH

| | Balance/ (Deficit) Dec. 31, 2015 | Receipts | | Disbursements | | Transfers | | Balance/ (Deficit) Dec. 31, 2016 |
|--|--|---------------|-------------------------|---------------|--|-----------------|---------------|--|
| | | Miscellaneous | Budget Appropriation | Miscellaneous | Improvement Authorization Expenditures | From | To | |
| | | | | | | | | |
| Capital Improvement Fund | \$ 894,113.74 | \$ 18,159.98 | \$ 3,125,850.00 | | | \$ 3,792,200.00 | \$ 359,441.82 | \$ 605,365.54 |
| Due To Current Fund | 103.46 | 1,020.94 | | \$ 1,034.65 | | | | 89.75 |
| Reserve for Preliminary Expenses | 100.00 | | | | | | | 100.00 |
| Reserve for Off-Tract Contributions | 142,965.00 | 9,000.00 | | 11,150.00 | | | | 140,815.00 |
| Reserve for Federal/State Aid Receivable | (186,694.50) | 142,944.50 | | | | | | (43,750.00) |
| Federal/State Aid Receivable | 186,694.50 | | | | | 142,944.50 | | 43,750.00 |
| <u>Ord. No.</u> | <u>Improvement Description</u> | | | | | | | |
| 1873D | Security Upgrades | 1,361.67 | | | \$ 1,361.67 | | | |
| 2082 | Pool Improvements | 2,169.79 | | | | | | 2,169.79 |
| 2120F | Police | 11,754.98 | | | | | | 11,754.98 |
| 2120I | BRFC Equipment | 10,000.00 | | | | | | 10,000.00 |
| 2161C | Facility Improvements | 10,023.67 | | | | | | 10,023.67 |
| 2161F | Police Equipment | 24,000.00 | | | | 4,190.35 | | 19,809.65 |
| 2161K | Grounds Equipment | 9,694.40 | | | | 9,694.40 | | |
| 2180A | Emergency Communications Equipment | 394,779.43 | | | | | | 394,779.43 |
| 2193A | Engineering Projects | 13,381.49 | | | | | | 13,381.49 |
| 2193C | Facility Improvements | 4,000.00 | | | | | | 4,000.00 |
| 2193F | Police Equipment | 12,000.00 | | | | | | 12,000.00 |
| 2193J | LCFC Equipment | 11,207.78 | | | | 10,974.96 | | 232.82 |
| 2193K | Grounds Equipment | 8,656.31 | | | | 8,656.31 | | |
| 2233A | Engineering Projects | 130,466.33 | | | | 78,802.60 | | 51,663.73 |
| 2233C | Facility Improvements | 102,297.67 | | | | | | 102,297.67 |
| 2233D | DPW Equipment Repairs | 20.07 | | | | 20.07 | | |
| 2233E | Systems Administration | 13,877.91 | | | | | | 13,877.91 |
| 2238A | Emergency Generator | 253,384.82 | | | | 30,065.10 | 216,497.32 | 6,822.40 |
| 2238C | BRFC Emergency Equipment | 9,500.20 | | | | 7,296.25 | | 2,203.95 |
| 2238D | LCFC Emergency Equipment | 20,000.00 | | | | 12,879.55 | | 7,120.45 |
| 2238E | Park Infrastructure Improvements | 12,134.19 | | | | 8,224.99 | | 3,909.20 |
| 2238F | Police Equipment | 97.50 | | | | 97.50 | | |
| 2264A | Engineering Projects | 109,804.36 | | | | 72,097.04 | | 37,707.32 |
| 2264B | DPW Equipment and Repairs | 8,412.44 | | | | 8,372.25 | | 40.19 |
| 2270A | Engineering Projects | 57,481.34 | | | | 17,650.00 | | 39,831.34 |
| 2270B | Fleet | 16,990.50 | | | | 16,990.50 | | |
| 2270C | Facility Improvements | 81,677.05 | | | | 55,099.69 | | 26,577.36 |
| 2270D | Park Infrastructure Improvements | 101,566.97 | | | | 4,928.01 | | 96,638.96 |

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH

| Ord. No. | Improvement Description | Balance Dec. 31, 2015 | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2016 |
|-------------|----------------------------------|--------------------------|----------------------|-------------------------|---------------------|--|------------------------|------------------------|--------------------------|
| | | | Miscellaneous | Budget Appropriation | Miscellaneous | Improvement Authorization Expenditures | From | To | |
| 2270E | Pool Bathrooms | \$ 20.78 | | | \$ 20.78 | | | | |
| 2270F | Police Equipment | 21,450.00 | | | | | | | \$ 21,450.00 |
| 2270G | Systems Administration | 7,546.63 | | | | 5,137.13 | | | 2,409.50 |
| 2270H | BRFA Equipment | 8,338.20 | | | | 8,338.20 | | | |
| 2270I | BRFC Equipment | 20,000.00 | | | | 19,492.92 | | | 507.08 |
| 2270J | LCFC Equipment | 12,636.86 | | | | | | | 12,636.86 |
| 2305A | Turf Fields - Mountain Park | 388,884.60 | | | | 360,417.22 | | | 28,467.38 |
| 2309A | Engineering Projects | 15,789.80 | | | | | | | 15,789.80 |
| 2312A | Engineering Projects | 258,287.17 | | | | 231,697.60 | | | 26,589.57 |
| 2312B | Fleet | 335,140.58 | | | | 335,140.58 | | | |
| 2312C | Facility Improvements | 119,000.00 | | | | 62,415.00 | | | 56,585.00 |
| 2312D | DPW Equipment and Repairs | 35,912.06 | | | | 6,774.00 | | | 29,138.06 |
| 2312E | Pool Infrastructure Improvements | 62,022.01 | | | | 43,805.69 | | | 18,216.32 |
| 2312F | Police Equipment | 11,657.50 | | | | 3,847.50 | | | 7,810.00 |
| 2312G | Systems Administration | 61,171.45 | | | | 56,462.10 | | | 4,709.35 |
| 2312H | BRFA Equipment | 10,000.00 | | | | 10,000.00 | | | |
| 2312I | BRFC Equipment | 712,040.46 | | | | 515,924.26 | | | 196,116.20 |
| 2312J | LCFC Equipment | 20,000.00 | | | | | | | 20,000.00 |
| 2312K | Grounds Equipment | 25,092.20 | | | | 8,748.94 | | | 16,343.26 |
| 2312L | Park Infrastructure Improvements | 21,000.00 | | | | | | | 21,000.00 |
| 2336A | DPW-PD Duct Work | | | | | 139,819.46 | \$ 150,000.00 | | 10,180.54 |
| 2337A | Engineering Projects | | | | | 833,373.66 | 2,490,000.00 | | 1,656,626.34 |
| 2337B | Fleet | | | | | 4,170.88 | 250,500.00 | | 246,329.12 |
| 2337C | Facility Improvements | | | | | 7,220.00 | 238,150.00 | | 230,930.00 |
| 2337D | DPW Equipment and Repairs | | | | | 250,185.00 | 310,000.00 | | 59,815.00 |
| 2337E | Police Equipment | | | | | 2,679.00 | 32,750.00 | | 30,071.00 |
| 2337F | Systems Administration | | | | | 18,579.37 | 75,400.00 | | 56,820.63 |
| 2337G | BRFA Equipment | | | | | 5,145.88 | 10,000.00 | | 4,854.12 |
| 2337H | BRFC Equipment | | | | | 15,293.44 | 70,000.00 | | 54,706.56 |
| 2337I | LCFC Equipment | | | | | | 20,000.00 | | 20,000.00 |
| 2337J | Grounds Equipment | | | | | | 5,000.00 | | 5,000.00 |
| 2337K | Park Infrastructure Improvements | | | | | | 140,400.00 | | 140,400.00 |
| | | <u>\$ 4,614,013.37</u> | <u>\$ 171,125.42</u> | <u>\$ 3,125,850.00</u> | <u>\$ 12,184.65</u> | <u>\$ 3,292,089.85</u> | <u>\$ 4,008,697.32</u> | <u>\$ 4,008,697.32</u> | <u>\$ 4,606,714.29</u> |

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2015 Funded | 2016 Authorizations | | Balance Dec. 31, 2016 Funded |
|-------------|------------------------------------|-----------|--------------|------------------------------------|--------------------------------|--------------------|------------------------------------|
| | | Date | Amount | | Capital Improvement Fund | Paid or Charged | |
| 1873D | Security Upgrades | 04/25/06 | \$ 30,000.00 | \$ 1,361.67 | | \$ 1,361.67 | |
| 2082 | Pool Improvements | 08/11/09 | 80,000.00 | 2,169.79 | | | \$ 2,169.79 |
| 2120F | Police | 08/10/10 | 79,680.00 | 11,754.98 | | | 11,754.98 |
| 2120I | BRFC Equipment | 08/10/10 | 50,000.00 | 10,000.00 | | | 10,000.00 |
| 2161C | Facility Improvements | 05/24/11 | 143,000.00 | 10,023.67 | | | 10,023.67 |
| 2161F | Police Equipment | 05/24/11 | 37,400.00 | 24,000.00 | | 4,190.35 | 19,809.65 |
| 2161K | Grounds Equipment | 05/24/11 | 60,000.00 | 9,694.40 | | 9,694.40 | |
| 2180A | Emergency Communications Equipment | 12/13/11 | 600,000.00 | 394,779.43 | | | 394,779.43 |
| 2193A | Engineering Projects | 04/10/12 | 1,580,000.00 | 13,381.49 | | | 13,381.49 |
| 2193C | Facility Improvements | 04/10/12 | 105,000.00 | 4,000.00 | | | 4,000.00 |
| 2193F | Police Equipment | 04/10/12 | 12,000.00 | 12,000.00 | | | 12,000.00 |
| 2193J | LCFC Equipment | 04/10/12 | 20,000.00 | 11,207.78 | | 10,974.96 | 232.82 |
| 2193K | Grounds Equipment | 04/10/12 | 75,000.00 | 8,656.31 | | 8,656.31 | |
| 2233A | Engineering Projects | 04/23/13 | 1,620,000.00 | 130,466.33 | | 78,802.60 | 51,663.73 |
| 2233C | Facility Improvements | 04/23/13 | 302,000.00 | 102,297.67 | | | 102,297.67 |
| 2233D | DPW Equipment Repairs | 04/23/13 | 310,000.00 | 20.07 | | 20.07 | |
| 2233E | Systems Administration | 04/23/13 | 106,400.00 | 13,877.91 | | | 13,877.91 |
| 2238A | Emergency Generator | 07/09/13 | 260,000.00 | 253,384.82 | | 30,065.10 | \$ 216,497.32 |
| 2238C | BRFC Emergency Equipment | 07/09/13 | 20,000.00 | 9,500.20 | | 7,296.25 | 2,203.95 |
| 2238D | LCFC Emergency Equipment | 07/09/13 | 20,000.00 | 20,000.00 | | 12,879.55 | 7,120.45 |
| 2238E | Park Infrastructure Improvements | 07/09/13 | 50,000.00 | 12,134.19 | | 8,224.99 | 3,909.20 |
| 2238F | Police Equipment | 07/09/13 | 5,000.00 | 97.50 | | 97.50 | |
| 2264A | Engineering Projects | 04/15/14 | 1,670,000.00 | 109,804.36 | | 72,097.04 | 37,707.32 |
| 2264B | DPW Equipment and Repairs | 04/15/14 | 460,000.00 | 8,412.44 | | 8,372.25 | 40.19 |
| 2270A | Engineering Projects | 05/13/14 | 160,000.00 | 57,481.34 | | 17,650.00 | 39,831.34 |
| 2270B | Fleet | 05/13/14 | 335,000.00 | 16,990.50 | | 16,990.50 | |

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
(Continued)

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2015 Funded | 2016 Authorizations | | Balance Dec. 31, 2016 Funded |
|-------------|----------------------------------|-----------|---------------|------------------------------------|--------------------------------|--------------------|------------------------------------|
| | | Date | Amount | | Capital Improvement Fund | Paid or Charged | |
| 2270C | Facility Improvements | 05/13/14 | \$ 177,400.00 | \$ 81,677.05 | | \$ 55,099.69 | \$ 26,577.36 |
| 2270D | Park Infrastructure Improvements | 05/13/14 | 175,000.00 | 101,566.97 | | 4,928.01 | 96,638.96 |
| 2270E | Pool Bathrooms | 05/13/14 | 222,000.00 | 20.78 | | 20.78 | |
| 2270F | Police Equipment | 05/13/14 | 35,150.00 | 21,450.00 | | | 21,450.00 |
| 2270G | Systems Administration | 05/13/14 | 33,400.00 | 7,546.63 | | 5,137.13 | 2,409.50 |
| 2270H | BRFA Equipment | 05/13/14 | 10,000.00 | 8,338.20 | | 8,338.20 | |
| 2270I | BRFC Equipment | 05/13/14 | 20,000.00 | 20,000.00 | | 19,492.92 | 507.08 |
| 2270J | LCFC Equipment | 05/13/14 | 20,000.00 | 12,636.86 | | | 12,636.86 |
| 2305A | Turf Fields - Mountain Park | 02/10/15 | 1,700,000.00 | 388,884.60 | | 360,417.22 | 28,467.38 |
| 2309A | Engineering Projects | 02/24/15 | 1,000,000.00 | 15,789.80 | | | 15,789.80 |
| 2312A | Engineering Projects | 04/28/15 | 900,000.00 | 258,287.17 | | 231,697.60 | 26,589.57 |
| 2312B | Fleet | 04/28/15 | 414,000.00 | 335,140.58 | | 335,140.58 | |
| 2312C | Facility Improvements | 04/28/15 | 119,000.00 | 119,000.00 | | 62,415.00 | 56,585.00 |
| 2312D | DPW Equipment and Repairs | 04/28/15 | 275,000.00 | 35,912.06 | | 6,774.00 | 29,138.06 |
| 2312E | Pool Infrastructure Improvements | 04/28/15 | 65,000.00 | 62,022.01 | | 43,805.69 | 18,216.32 |
| 2312F | Police Equipment | 04/28/15 | 19,150.00 | 11,657.50 | | 3,847.50 | 7,810.00 |
| 2312G | Systems Administration | 04/28/15 | 63,400.00 | 61,171.45 | | 56,462.10 | 4,709.35 |
| 2312H | BRFA Equipment | 04/28/15 | 10,000.00 | 10,000.00 | | 10,000.00 | |
| 2312I | BRFC Equipment | 04/28/15 | 720,000.00 | 712,040.46 | | 515,924.26 | 196,116.20 |
| 2312J | LCFC Equipment | 04/28/15 | 20,000.00 | 20,000.00 | | | 20,000.00 |
| 2312K | Grounds Equipment | 04/28/15 | 57,000.00 | 25,092.20 | | 8,748.94 | 16,343.26 |
| 2312L | Park Infrastructure Improvements | 04/28/15 | 21,000.00 | 21,000.00 | | | 21,000.00 |
| 2336A | DPW-PD Duct Work | 03/29/16 | 150,000.00 | | \$ 150,000.00 | 139,819.46 | 10,180.54 |
| 2337A | Engineering Projects | 05/10/16 | 2,490,000.00 | | 2,490,000.00 | 833,373.66 | 1,656,626.34 |
| 2337B | Fleet | 05/10/16 | 250,500.00 | | 250,500.00 | 4,170.88 | 246,329.12 |
| 2337C | Facility Improvements | 05/10/16 | 238,150.00 | | 238,150.00 | 7,220.00 | 230,930.00 |

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
(Continued)

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2015 Funded | 2016 Authorizations | Paid or Charged | Authorizations Cancelled | Balance Dec. 31, 2016 Funded |
|-------------|----------------------------------|-----------|---------------|------------------------------------|--------------------------------|------------------------|-----------------------------|------------------------------------|
| | | Date | Amount | | Capital Improvement Fund | | | |
| 2337D | DPW Equipment and Repairs | 05/10/16 | \$ 310,000.00 | | \$ 310,000.00 | \$ 250,185.00 | | \$ 59,815.00 |
| 2337E | Police Equipment | 05/10/16 | 32,750.00 | | 32,750.00 | 2,679.00 | | 30,071.00 |
| 2337F | Systems Administration | 05/10/16 | 75,400.00 | | 75,400.00 | 18,579.37 | | 56,820.63 |
| 2337G | BRFA Equipment | 05/10/16 | 10,000.00 | | 10,000.00 | 5,145.88 | | 4,854.12 |
| 2337H | BRFC Equipment | 05/10/16 | 70,000.00 | | 70,000.00 | 15,293.44 | | 54,706.56 |
| 2337I | LCFC Equipment | 05/10/16 | 20,000.00 | | 20,000.00 | | | 20,000.00 |
| 2337J | Grounds Equipment | 05/10/16 | 5,000.00 | | 5,000.00 | | | 5,000.00 |
| 2337K | Park Infrastructure Improvements | 05/10/16 | 140,400.00 | | 140,400.00 | | | 140,400.00 |
| | | | | | <u>\$ 3,576,731.17</u> | <u>\$ 3,292,089.85</u> | <u>\$ 216,497.32</u> | <u>\$ 3,860,344.00</u> |
| <u>Ref.</u> | | | | | C | | | C |

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|---|-------------|-----------------------------|
| Balance December 31, 2015 | C | \$ 894,113.74 |
| Increased by: | | |
| 2016 Budget Appropriation | | \$ 3,125,850.00 |
| Funds Received on Fully Funded Improvement Authorizations: | | |
| Federal/State Aid Receivables: | | |
| NJ Historic Trust - Farmstead | | 11,694.50 |
| New Jersey Department of Transportation: | | |
| Annin Rd & Canterbury Way | | 131,250.00 |
| Federal Bullet Proof Vest Grant | | 7,009.98 |
| Off Tract Transportation | | 11,150.00 |
| Improvement Authorizations Cancelled | | <u>216,497.32</u> |
| | | <u>3,503,451.80</u> |
| | | <u>4,397,565.54</u> |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>3,792,200.00</u> |
| Balance December 31, 2016 | C | <u><u>\$ 605,365.54</u></u> |

TOWN OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|--------------------------------------|---------------|--------------------------|---------------------|----------------------|---------------|------------------------|------------------------|------------------------|
| | | | Outstanding Date | Dec. 31, 2016 Amount | | | | |
| General Bonds of 2009 - Open Space | 09/15/09 | \$ 15,000,000.00 | 09/15/17 | \$ 1,875,000.00 | 5.00% | \$ 3,750,000.00 | \$ 1,875,000.00 | \$ 1,875,000.00 |
| Refunding Bonds of 2010 - Open Space | 11/04/10 | 5,460,000.00 | 12/01/17 | 910,000.00 | 4.00% | 1,785,000.00 | 875,000.00 | 910,000.00 |
| | | | | | | <u>\$ 5,535,000.00</u> | <u>\$ 2,750,000.00</u> | <u>\$ 2,785,000.00</u> |
| | | | | | <u>Ref.</u> | C | | C |

TOWNSHIP OF BERNARDS
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
GOLF UTILITY FUND

TOWNSHIP OF BERNARDS
GOLF UTILITY FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Operating</u> |
|---|-------------|-----------------------------|
| Balance December 31, 2015 | D | \$ 240,789.03 |
| Increased by Receipts: | | |
| Memberships | | \$ 344,330.00 |
| Miscellaneous Revenue | | 71,928.79 |
| Irrigation Assessments | | 17,375.00 |
| | | <u>433,633.79</u> |
| | | 674,422.82 |
| Decreased by Disbursements: | | |
| 2016 Appropriation Expenditures | | 536,405.99 |
| 2015 Appropriation Reserves | | 16,479.62 |
| Refund of Revenue | | 140.00 |
| Due to New Jersey Department of Veteran Affairs | | 10,000.00 |
| | | <u>563,025.61</u> |
| Balance December 31, 2016 | D | <u><u>\$ 111,397.21</u></u> |

TOWNSHIP OF BERNARDS
GOLF UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

Increased by:

Membership Fees Charged in 2016

\$ 344,330.00

Decreased by:

Collections

\$ 344,330.00

TOWNSHIP OF BERNARDS
GOLF UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Balance</u> <u>After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--------------------|--|---|----------------------------------|---------------------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 3,922.35 | \$ 3,922.35 | \$ 282.13 | \$ 3,640.22 |
| Other Expenses | 18,372.17 | 18,372.17 | 16,197.49 | 2,174.68 |
| | <u>\$ 22,294.52</u> | <u>\$ 22,294.52</u> | <u>\$ 16,479.62</u> | <u>\$ 5,814.90</u> |

| | <u>Ref.</u> | |
|--|-------------|---------------------|
| <u>Analysis of Balance December 31, 2015</u> | | |
| Unencumbered | D | \$ 8,850.49 |
| Encumbered | D | 13,444.03 |
| | | <u>\$ 22,294.52</u> |

TOWNSHIP OF BERNARDS
COUNTY OF SOMERSET
2016
PUBLIC ASSISTANCE FUND

TOWNSHIP OF BERNARDS
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|---------------------------|-------------|---------------------|
| Balance December 31, 2015 | E | \$ 10,000.00 |
| Balance December 31, 2016 | E | <u>\$ 10,000.00</u> |

TOWNSHIP OF BERNARDS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF BERNARDS
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| Name of Federal Agency or Department/Cluster Title | C.F.D.A. Account No. | Name of Program | State Account # | Grant Award Amount | Grant Period | | Current Year Receipts | Current Year Expenditures | Cumulative Expenditures | Provided to Subrecipients |
|---|-------------------------|--|-----------------------------|-----------------------|--------------|----------|--------------------------|------------------------------|----------------------------|------------------------------|
| | | | | | From | To | | | | |
| <u>U.S. Department of Justice</u> (Passed thru N.J. Department of Law and Public Safety) | 16.607 | Bulletproof Vest Partnership Program 2016 | N/A | \$ 10,658.88 | 01/01/16 | 12/31/17 | \$ 10,658.88 | \$ 7,009.98 | \$ 7,009.98 | |
| Total Department of Justice | | | | 10,658.88 | | | 10,658.88 | 7,009.98 | 7,009.98 | |
| <u>U.S. Department of Transportation</u> (Passed thru NJ Department of Transportation) | 20.205 | Highway Planning and Construction Cluster: Transportation Trust Fund Authority Act: Municipal Aid: 2015 - Annin Road and Canterbury Way | 078-6320-480- AL5-609165 | 175,000.00 | 01/01/15 | 12/31/17 | 131,250.00 | | | |
| Total Highway Planning and Construction Cluster | | | | 175,000.00 | | | 131,250.00 | | | |
| (Passed thru NJ Department of Law and Public Safety) | 20.616 | Drive Sober or Get Pulled Over: 2015 Year End Holiday Crackdown | N/A | 10,000.00 | 01/01/15 | 12/31/17 | 4,117.26 | 3,773.02 | 9,117.26 | |
| | 20.616 | Comprehensive Traffic Safety Program Grant: 2015 DWI Safe Passage - Thanksgiving | N/A | 800.00 | 01/01/15 | 12/31/15 | 725.00 | | 725.00 | |
| Total Department of Transportation | | | | 185,800.00 | | | 136,092.26 | 3,773.02 | 9,842.26 | |
| <u>U.S. Department of Homeland Security</u> (Passed Through NJ Department of Law and Public Safety) | 97.036 | Disaster Grants - Public Assistance - FEMA: Super Storm Sandy | 066-1200-100- A92-068280 | 165,329.79 | 01/01/12 | 12/31/12 | 165,329.79 | 165,329.79 * | 165,329.79 | |
| (Passed Through NJ Department of Emergency Management) | 97.039 | Hazard Mitigation Grant Program: Energy Allocation Initiative | N/A | 250,000.00 | 01/01/15 | 12/31/16 | | 235,341.62 | 250,000.00 | |
| | 97.042 | Office of Emergency Management - Emergency Management Grant | 066-1200-100- 726-062600 | 7,000.00 | 01/01/16 | 12/31/16 | 7,000.00 | 7,000.00 | 7,000.00 | |
| Total U.S. Department of Homeland Security | | | | 422,329.79 | | | 172,329.79 | 407,671.41 | 422,329.79 | |
| Total Federal Awards | | | | \$ 618,788.67 | | | \$ 319,080.93 | \$ 418,454.41 | \$ 439,182.03 | \$ -0- |

* Expended in 2012.

N/A - Not Available/Applicable

TOWNSHIP OF BERNARDS
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

| Name of State Agency or Department | Name of Program | Grant I.D. No. | Grant Award Amount | Grant Period | | Current Year Receipts | Current Year Expenditures | Cumulative Expenditures |
|--|---|-------------------|--------------------------|--------------|----------|--------------------------|------------------------------|----------------------------|
| | | | | From | To | | | |
| <u>Department of Law and Public Safety</u> | | | | | | | | |
| | Drunk Driving Enforcement Fund | | | | | | | |
| | 2014 | N/A | \$ 3,412.69 | 01/01/14 | 12/31/17 | | \$ 836.76 | \$ 3,039.09 |
| | 2015 | N/A | 3,646.90 | 01/01/15 | 12/31/17 | | 200.00 | 200.00 |
| | 2016 | N/A | 3,101.35 | 01/01/16 | 12/31/17 | \$ 3,101.35 | | |
| | | | <u>10,160.94</u> | | | <u>3,101.35</u> | <u>1,036.76</u> | <u>3,239.09</u> |
| | Body Armor Replacement Grant | | | | | | | |
| | 2013 | | 4,838.27 | 01/01/13 | 12/31/16 | | 3,430.78 | 4,838.27 |
| | 2014 | 066-1020-718- | 3,705.35 | 01/01/14 | 12/31/17 | | 3,597.92 | 3,597.92 |
| | 2016 | 001-090160 | 3,547.55 | 01/01/16 | 12/31/17 | 3,547.55 | | |
| | | | <u>12,091.17</u> | | | <u>3,547.55</u> | <u>7,028.70</u> | <u>8,436.19</u> |
| Total Department of Law and Public Safety | | | <u>22,252.11</u> | | | <u>6,648.90</u> | <u>8,065.46</u> | <u>11,675.28</u> |
| <u>N.J. Department of Health and Senior Services</u> | | | | | | | | |
| | Hepatitis B Grant | | | | | | | |
| | 2008 | N/A | 1,079.00 | 01/01/08 | 12/31/17 | | 65.00 | 65.00 |
| Total Department of Health and Senior Services | | | <u>1,079.00</u> | | | | <u>65.00</u> | <u>65.00</u> |
| <u>Department of Treasury</u> | | | | | | | | |
| (Passed through the County of Somerset) | Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance | | | | | | | |
| | 2013 | N/A | 19,207.00 | 07/01/13 | 06/30/15 | 19,207.00 | | 19,207.00 |
| | 2014 | N/A | 19,207.00 | 07/01/14 | 06/30/16 | 19,207.00 | 12,016.48 | 19,207.00 |
| | 2015 | N/A | 19,038.04 | 07/01/15 | 06/30/17 | 3,350.01 | 6,964.92 | 6,964.92 |
| Total Department of Treasury | | | <u>57,452.04</u> | | | <u>41,764.01</u> | <u>18,981.40</u> | <u>45,378.92</u> |

TOWNSHIP OF BERNARDS
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

| Name of State Agency or Department | Name of Program | Grant I.D. No. | Grant Award Amount | Grant Period | | Current Year Receipts | Current Year Expenditures | Cumulative Expenditures |
|---|---------------------------|-------------------------------|--------------------------|--------------|----------|--------------------------|------------------------------|----------------------------|
| | | | | From | To | | | |
| <u>Department of Environmental Protection</u> | | | | | | | | |
| | Clean Communities Grant | | | | | | | |
| | 2015 | 042-4900-765- | \$ 59,344.00 | 01/01/15 | 12/31/16 | | \$ 5,272.28 | \$ 59,344.00 |
| | 2016 | 004-178910 | 67,855.86 | 01/01/16 | 12/31/17 | \$ 67,855.86 | 67,600.86 | 67,600.86 |
| | | | <u>127,199.86</u> | | | <u>67,855.86</u> | <u>72,873.14</u> | <u>126,944.86</u> |
| | Recycling Tonnage Grant | N/A | 38,210.13 | 01/01/16 | 12/31/16 | 38,210.13 | 38,210.13 | 38,210.13 |
| | Hazard Mitigation Grant | 100-042-4870- 074-3FLP0000 | 25,000.00 | 01/01/16 | 12/31/16 | | 25,000.00 | 25,000.00 |
| Total Department of Environmental Protection | | | <u>190,409.99</u> | | | <u>106,065.99</u> | <u>136,083.27</u> | <u>190,154.99</u> |
| <u>Department of Community Affairs</u> | | | | | | | | |
| | New Jersey Historic Trust | N/A | 176,483.00 | 01/01/11 | 12/31/16 | 11,694.50 | | 176,483.00 |
| Total Department of Community Affairs | | | <u>176,483.00</u> | | | <u>11,694.50</u> | | <u>176,483.00</u> |
| Total State Awards | | | <u>\$ 447,676.14</u> | | | <u>\$ 166,173.40</u> | <u>\$ 163,195.13</u> | <u>\$ 423,757.19</u> |

N/A - Not Available

TOWNSHIP OF BERNARDS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") includes the federal and state grant activity of the Township of Bernards under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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

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

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Bernards
 Basking Ridge, 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 and account group of the Township of Bernards, in the County of Somerset (the "Township") as of and for the year ended December 31, 2016 and the related notes to the financial statements and have issued our report thereon dated May 18, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

The Honorable Mayor and Members
of the Township Committee
Township of Bernards
Page 2

Compliance and Other Matters

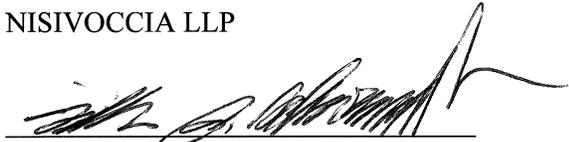
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Purpose of this Report

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

Mount Arlington, New Jersey
May 18, 2017

NISIVOCCIA LLP



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

TOWNSHIP OF BERNARDS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2016 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 did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF BERNARDS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

The Township had no prior year audit findings.

TOWNSHIP OF BERNARDS

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF BERNARDS
COMMENTS AND RECOMMENDATIONS

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 Township of Bernards 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".

TOWNSHIP OF BERNARDS
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

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

On January 4, 2016, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, the Township of Bernards wishes to set forth procedures for the collection of taxes;

NOW, THEREFORE, BE IT ORDAINED by the Township Committee of the Township of Bernards that the procedures are set forth as follows:

DELINQUENT TAX PAYMENTS

The below-stated charges shall be assessed against delinquent accounts:

Interest – 8% per annum on first \$1,500. 18% per annum on amounts in excess of \$1,500.

Penalties – Additional 6% on amounts in excess of \$10,000 as of December 31 current year.

Grace Period – A ten (10) day grace period shall be granted for the payment of current taxes.

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

Delinquent Taxes and Tax Title Liens/Assessment Liens

The last tax sale was held on April 20, 2016, and was complete with respect to all items eligible for sale.

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

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2016 | 7 |
| 2015 | 6 |
| 2014 | 4 |

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

TOWNSHIP OF BERNARDS
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

| <u>Type</u> | <u>Number Mailed</u> |
|------------------------|----------------------|
| Payments of 2017 Taxes | 20 |
| Payments of 2016 Taxes | 20 |
| Delinquent Taxes | 15 |
| Tax Title Liens | 3 |

Municipal Court

A summary of Municipal Court transactions for the year 2016 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|-----------------------|--|----------------------|----------------------|--|
| State of New Jersey | \$ 13,434.84 | \$ 193,214.26 | \$ 190,562.42 | \$ 16,086.68 |
| County | 10,915.50 | 125,735.79 | 127,810.53 | 8,840.76 |
| Municipality | 24,270.01 | 300,604.98 | 303,204.43 | 21,670.56 |
| Municipality - POAA | 2.00 | 84.00 | 82.00 | 4.00 |
| Conditional Discharge | 75.00 | 1,125.00 | 1,125.00 | 75.00 |
| Public Defender | 375.00 | 5,058.00 | 5,133.00 | 300.00 |
| Weights and Measures | | 7,650.00 | 7,650.00 | |
| Restitution | | 599.97 | 599.97 | |
| Conditional Dismissal | | 150.00 | 150.00 | |
| | <u>\$ 49,072.35</u> | <u>\$ 634,222.00</u> | <u>\$ 636,317.35</u> | <u>\$ 46,977.00</u> |

Payroll

During our review of the payroll records, it was noted that the Township allows employees to receive a monetary reimbursement when they opt out of health benefit insurance participation. However, the Township Employee Handbook does not state the approved dollar amount. However, since the Township already has plans in place to revise the handbook in 2017 to include the approved dollar amounts, no formal recommendation is deemed warranted.

Outside Offices

Our audit procedures revealed that the Recreation Department only submits daily deposit reports to the Finance Department. However, since the Township has already initiated plans for the Recreation Department to submit monthly reports in order to reconcile with collections per the Finance Department, no formal recommendation is deemed warranted.

TOWNSHIP OF BERNARDS
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Miscellaneous Other Reserves

Our audit procedures noted that there are several reserves on the Current Fund Balance Sheet that would be more appropriately classified as Other Trust reserves. It is suggested that these reserves in the Current Fund be reviewed and reclassified to the Other Trust Fund for proper account tracking. It is also suggested that dedication for riders be approved for all new reserves in the Other Trust Fund.

Governmental Accounting Standards Board Statements

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

Status of Prior Year Recommendations

There were none.

TOWNSHIP OF BERNARDS
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None.

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