

*TOWNSHIP OF BERNARDS*

*COUNTY OF SOMERSET*

*REPORT OF AUDIT*

*2018*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF BERNARDS

COUNTY OF SOMERSET

REPORT OF AUDIT

2018

TOWNSHIP OF BERNARDS  
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TOWNSHIP OF BERNARDS

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018



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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 years ended December 31, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

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

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

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

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

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

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, 2018 and 2017, or the changes in financial position or where applicable, cash flows thereof for the years 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, 2018 and 2017, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the year ended December 31, 2018. Our opinions are not modified with respect to this matter.

***Other Matters***

***Supplementary Information***

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Bernards  
Page 3

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 14, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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 14, 2019

NISIVOCCIA LLP



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



TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
CURRENT FUND

TOWNSHIP OF BERNARDS  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2018	2017
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 23,197,320.77	\$ 40,924,871.04
Change Funds		565.00	565.00
		<u>23,197,885.77</u>	<u>40,925,436.04</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	444,233.09	394,735.71
Tax Title Liens Receivable	A-7	48,104.59	43,970.26
Property Acquired for Taxes at Assessed Valuation		195,100.00	195,100.00
Revenue Accounts Receivable	A-8	13,844.60	14,096.77
Due from:			
Federal and State Grant Fund	A	101,479.89	149,523.64
Animal Control Fund	B	13.22	9.06
General Capital Fund	C	2,388.73	368.30
Payroll Accounts - Other Trust Funds	B	26,436.05	25,145.73
Total Receivables and Other Assets With Full Reserves	A	<u>831,600.17</u>	<u>822,949.47</u>
Total Regular Fund		<u>24,029,485.94</u>	<u>41,748,385.51</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-11	686,087.68	630,819.63
		<u>686,087.68</u>	<u>630,819.63</u>
<u>TOTAL ASSETS</u>		<u>\$ 24,715,573.62</u>	<u>\$ 42,379,205.14</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 2,510,087.68	\$ 2,358,601.59
Encumbered	A-3;A-9	649,937.97	1,331,243.22
Total Appropriation Reserves		3,160,025.65	3,689,844.81
Accounts Payable - Vendors		21,100.00	5,020.90
Prepaid Taxes		1,594,798.60	18,029,848.54

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

	Ref.	December 31,	
		2018	2017
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>			
Regular Fund (Cont'd):			
Due to:			
Other Trust Funds	B	\$ 1,666.48	\$ 589,724.71
State of New Jersey:			
Senior Citizen and Veteran Deductions		23,755.51	23,415.43
Marriage License Fees		375.00	1,242.00
DCA Training Fees		13,255.00	26,481.00
Burial Permit Fees		20.00	15.00
Reserve for:			
Redemption of Outside Liens		1,201.13	866.50
Sale of Municipal Assets		78,192.98	149,121.50
Public Library Expenditures		1,039,015.56	1,078,113.78
Landfill Solar Project		380,000.00	415,000.00
Appropriated Reserve for:			
Crystal Ridge Street Maintenance			1,282.50
Tree Replacement			1,500.00
Public Library Expenditures Bequest		151,339.41	168,944.41
Unappropriated Reserve for:			
Recreation Fields - Turf Replacement		218,397.47	100,000.00
		<u>6,683,142.79</u>	<u>24,280,421.08</u>
Reserve for Receivables and Other Assets	A	831,600.17	822,949.47
Fund Balance	A-1	<u>16,514,742.98</u>	<u>16,645,014.96</u>
Total Regular Fund		<u>24,029,485.94</u>	<u>41,748,385.51</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-12	581,059.66	435,211.85
Unappropriated Reserves	A-13	3,548.13	46,084.14
Due to Current Fund	A	<u>101,479.89</u>	<u>149,523.64</u>
Total Federal and State Grant Fund		<u>686,087.68</u>	<u>630,819.63</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 24,715,573.62</u>	<u>\$ 42,379,205.14</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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 13,000,000.00	\$ 12,500,000.00
Miscellaneous Revenue Anticipated		8,311,404.52	8,476,649.59
Receipts from:			
Delinquent Taxes		398,256.54	479,960.62
Current Taxes		136,494,732.57	135,449,831.40
Nonbudget Revenue		297,444.81	748,181.89
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		2,324,623.94	2,297,354.20
Cancel Federal and State Grant Fund Appropriated Reserve			44,969.76
Cancellation of Prior Year Accounts Payable		1,129.30	
Interfunds and Other Receivables Returned		175,046.73	148,452.28
Total Income		<u>161,002,638.41</u>	<u>160,145,399.74</u>
<u>Expenditures</u>			
Budget Appropriations		33,675,575.84	30,375,432.76
County Taxes		24,464,983.68	24,585,011.69
County Share of Added and Omitted Taxes		82,804.61	145,730.16
Local School District Taxes		89,693,941.00	88,123,762.00
Municipal Open Space Taxes		3,319.60	2,732,645.48
Refund of Prior Year Revenue		38,310.91	31,940.00
Refund of Prior Year Taxes		40,136.03	
Prior Year Senior Citizens' Deductions Disallowed		3,520.83	1,000.00
Cancel Federal and State Grant Fund Receivables			44,969.76
Reserve for Recreation Fields - Turf Replacement			100,000.00
Interfunds and Other Receivables Advanced		130,317.89	150,046.73
Total Expenditures		<u>148,132,910.39</u>	<u>146,290,538.58</u>
Excess in Revenue / Statutory Excess to Fund Balance		12,869,728.02	13,854,861.16
<u>Fund Balance</u>			
Balance January 1		<u>16,645,014.96</u>	<u>15,290,153.80</u>
		29,514,742.98	29,145,014.96
Decreased by:			
Utilized as Anticipated Revenue		<u>13,000,000.00</u>	<u>12,500,000.00</u>
Balance December 31	A	<u>\$ 16,514,742.98</u>	<u>\$ 16,645,014.96</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, 2018

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 13,000,000.00		\$ 13,000,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	27,500.00		34,020.00	\$ 6,520.00
Fees and Permits	370,000.00		792,524.16	422,524.16
Fines and Costs:				
Municipal Court	245,000.00		180,400.97	64,599.03 *
Interest and Costs on Taxes	60,000.00		133,685.86	73,685.86
Interest on Investments and Deposits	19,000.00		575,766.61	556,766.61
Swimming Pool:				
Membership Fees	486,000.00		518,210.00	32,210.00
Gate Fees	60,000.00		64,772.00	4,772.00
Refreshment Stand	5,100.00		5,500.00	400.00
Recreation - Fees & Permits	360,000.00		635,250.76	275,250.76
Development Application Fees	400.00		11,182.50	10,782.50
Payment in Lieu of Taxes	200,000.00		366,443.15	166,443.15
Uniform Fire Safety Act	20,000.00		32,366.51	12,366.51
Hotel Occupancy Tax	300,000.00		679,909.06	379,909.06
Rental Agreements	110,000.00		137,843.39	27,843.39
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,798,308.00		1,798,308.00	
Uniform Construction Code Fees	545,000.00		816,074.00	271,074.00
Bernards Township Sewerage Authority - Service Contract	463,796.00		463,796.00	
Interlocal Health Contract	273,792.49		273,792.49	
Reserve for Recycling Tonnage Grant	39,036.28		39,036.28	
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	
Reserve for Body Armor Fund:				
State	3,553.11		3,553.11	
Federal	1,001.55		1,001.55	
Emergency Management Service		10,000.00	10,000.00	
Reserve for Drunk Driving Enforcement Fund	2,493.20		2,493.20	
Clean Communities		55,177.37	55,177.37	
NJDOT Municipal Aid - Douglas Road Improvements from				
Liberty Corner Road to Minebrook Road	500,000.00		500,000.00	
Somerset County Youth Services Commission:				
8th Grade Programming		5,000.00	5,000.00	
Annual		5,000.00	5,000.00	
Somerset County Cultural & Heritage Commission		1,500.00	1,500.00	

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2018  
(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	\$ 35,000.00		\$ 35,000.00	
Reserve for Sale of Municipal Assets	110,000.00		110,000.00	
Total Miscellaneous Revenue	<u>6,034,980.63</u>	<u>\$ 100,474.92</u>	<u>8,311,404.52</u>	<u>\$ 2,175,948.97</u>
Receipts from Delinquent Taxes	<u>305,000.00</u>		<u>398,256.54</u>	<u>93,256.54</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	19,924,291.84		23,942,174.83	4,017,882.99
Minimum Library Tax	2,399,932.00		2,399,932.00	
	<u>22,324,223.84</u>		<u>26,342,106.83</u>	<u>4,017,882.99</u>
Budget Totals	41,664,204.47	100,474.92	48,051,767.89	6,287,088.50
Nonbudget Revenue			297,444.81	297,444.81
	<u>\$ 41,664,204.47</u>	<u>\$ 100,474.92</u>	<u>\$ 48,349,212.70</u>	<u>\$ 6,584,533.31</u>

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

Allocation of Current Tax Collections

Collections		\$ 136,494,732.57
Allocated to:		
County Taxes	\$ 22,350,445.81	
Open Space Taxes	2,114,537.87	
Due to County for Added and Omitted Taxes	82,804.61	
School Taxes	<u>89,693,941.00</u>	
		<u>114,241,729.29</u>
		22,253,003.28
Add: Appropriation "Reserve for Uncollected Taxes"		<u>4,089,103.55</u>
Realized for Support of Municipal Budget		26,342,106.83
<u>Interest on Investments and Deposits:</u>		
Cash Received - Treasurer		570,421.22
Due from Other Trust Fund		1,653.12
Due from General Capital Fund		2,388.73
Due from Animal Control Fund		13.22
Due from Payroll Accounts		<u>1,290.32</u>
		<u>\$ 575,766.61</u>

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

Analysis of Nonbudget Revenue:

Treasurer:

Clerk	\$	4,965.00	
Registrar		306.00	
Engineer		6,082.00	
Board of Health		57,702.50	
Public Works		10,592.61	
Senior Citizen and Veterans Deductions			
Administrative Fee		2,184.06	
Traffic Control Administrative Fees		77,659.68	
Purchasing		269.45	
Inspection Fees		7,965.00	
Prior Year Refunds		867.59	
Fire Prevention		50.52	
Municipal Court		2,107.00	
Planning Board Escrow Fees Administrative Fees		13,517.54	
Insurance Dividends		9,262.00	
Police		601.68	
Construction Fines		8,600.00	
Prior Year Check Voided		367.84	
Farmland Inspection Fees		325.00	
Copies		217.22	
Return Check Fees		40.00	
Mayor Marriage Donations		100.00	
Miscellaneous		90,291.76	
			\$ 294,074.45

Collector:

Other Miscellaneous		3,370.36	
			\$ 297,444.81

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, 2018

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 285,739.00	\$ 285,739.00	\$ 271,814.76	\$ 1,250.65	\$ 12,673.59
Other Expenses	61,809.00	61,809.00	4,230.33	10,744.67	46,834.00
Human Resources:					
Salaries and Wages	177,102.00	177,102.00	147,028.74	7,453.49	22,619.77
Other Expenses	63,220.00	63,220.00	15,376.41	12,843.59	35,000.00
Township Committee:					
Salaries and Wages	27,200.00	27,200.00	27,199.96	0.04	
Other Expenses	125,375.00	125,375.00	10,621.05	26,753.95	88,000.00
Municipal Clerk:					
Salaries and Wages	212,282.00	212,282.00	188,248.07	696.74	23,337.19
Other Expenses	61,094.00	61,094.00	24,042.31	2,072.69	34,979.00
Financial Administration:					
Salaries and Wages	245,732.00	245,732.00	238,250.87	355.17	7,125.96
Other Expenses	43,965.00	43,965.00	17,992.91	2,207.09	23,765.00
Annual Audit	36,635.00	36,635.00	16,585.00	50.00	20,000.00
Purchasing:					
Salaries and Wages	86,190.00	86,190.00	78,381.07	0.82	7,808.11
Other Expenses	40,207.00	40,207.00	12,704.56	3,265.44	24,237.00
Computer Network Administration:					
Salaries and Wages	298,902.00	298,902.00	268,696.14	5,205.57	25,000.29
Other Expenses	148,753.00	148,753.00	79,008.99	19,743.51	50,000.50
Revenue Administration:					
Salaries and Wages	128,781.00	128,781.00	105,569.80	677.02	22,534.18
Other Expenses	57,948.00	57,948.00	22,612.04	7,884.96	27,451.00
Tax Assessment Administration:					
Salaries and Wages	352,695.00	352,695.00	245,022.61	1,934.20	105,738.19
Other Expenses	145,532.00	145,532.00	103,569.03	15,580.97	26,382.00

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
GENERAL GOVERNMENT (Cont'd):					
Legal Services:					
Other Expenses	\$ 798,753.00	\$ 798,753.00	\$ 278,508.51	\$ 103,790.49	\$ 416,454.00
Engineering Services:					
Salaries and Wages	518,268.00	518,268.00	455,281.74	31,658.81	31,327.45
Other Expenses	127,848.00	127,848.00	45,118.82	15,491.18	67,238.00
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	124,969.00	124,969.00	90,252.75	1,154.64	33,561.61
Other Expenses	188,149.00	188,149.00	43,384.89	14,775.11	129,989.00
Board of Adjustment:					
Salaries and Wages	163,155.00	163,155.00	144,453.37	12,229.58	6,472.05
Other Expenses	136,644.00	136,644.00	11,567.40	64,132.60	60,944.00
Environmental Commission:					
Salaries and Wages	4,197.00	4,197.00	500.00	700.00	2,997.00
Other Expenses	14,910.00	14,910.00	36.41	688.59	14,185.00
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	4,743,078.00	4,743,078.00	4,598,924.72	114,152.89	30,000.39
Other Expenses	264,630.00	264,630.00	192,929.36	51,700.64	20,000.00
Purchase of Police Cars	121,115.00	121,115.00	87,907.48	9,592.52	23,615.00
Crossing Guards:					
Salaries and Wages	135,000.00	135,000.00	96,725.75	28,274.25	10,000.00
Other Expenses	17,250.00	17,250.00	6,558.96	5,691.04	5,000.00
Emergency Management Services:					
Salaries and Wages	17,620.00	17,620.00	13,650.86	2,349.14	1,620.00
Other Expenses	21,093.00	21,093.00	18,039.83	1,960.17	1,093.00
Aid to Volunteer Fire Company	90,000.00	90,000.00	90,000.00		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
PUBLIC SAFETY FUNCTIONS (Cont'd):					
Aid to Volunteer Ambulance Companies					
Uniform Fire Sub-Code/Fire Hydrants:					
Salaries and Wages	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00		
Other Expenses	152,764.00	152,764.00	132,427.75	\$ 7,464.95	\$ 12,871.30
Municipal Prosecutor:	501,484.00	501,484.00	382,339.73	61,950.11	57,194.16
Other Expenses	65,490.00	65,490.00	41,066.73	933.27	23,490.00
INSURANCE:					
Unemployment Trust Account Contribution					
Liability Insurance	27,500.00	27,500.00	19,000.00		8,500.00
Workers Compensation Insurance	441,635.00	441,635.00	320,085.73	82,123.99	39,425.28
Group Insurance	300,274.00	300,274.00	229,779.24	43,926.79	26,567.97
Waiver for Health Coverage	1,876,744.44	1,876,744.44	1,575,015.97	211,100.47	90,628.00
Other Employee Benefits	90,952.56	90,952.56	65,313.44	11,366.56	14,272.56
PUBLIC WORKS FUNCTIONS:	137,608.00	137,608.00	79,100.59	21,307.03	37,200.38
Streets and Roads Maintenance:					
Salaries and Wages	1,419,164.00	1,419,164.00	1,343,431.66	41,472.33	34,260.01
Other Expenses	608,576.00	608,576.00	344,302.81	79,567.19	184,706.00
Snow Removal:					
Salaries and Wages	295,750.00	295,750.00	162,761.11	22,238.89	110,750.00
Other Expenses	741,020.00	741,020.00	551,892.69	5,127.31	184,000.00
Other Public Works Functions:					
Shade Tree Commission:					
Salaries and Wages	4,578.00	4,578.00	1,168.30	331.70	3,078.00
Other Expenses	15,035.00	15,035.00	1,338.65	2,441.35	11,255.00
Street Light Maintenance:					
Other Expenses	80,575.00	80,575.00	25,627.92	8,372.08	46,575.00

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
PUBLIC WORKS FUNCTIONS (Cont'd):					
Solid Waste Collections:					
Salaries and Wages	\$ 84,625.00	\$ 84,625.00	\$ 71,908.21	\$ 2,591.79	\$ 10,125.00
Other Expenses	118,994.00	118,994.00	21,900.00	3,650.00	93,444.00
Public Buildings:					
Salaries and Wages	188,212.00	188,212.00	149,652.59	4,020.76	34,538.65
Other Expenses	320,357.00	320,357.00	219,028.09	40,821.91	60,507.00
Vehicle Maintenance:					
Salaries and Wages	312,926.00	312,926.00	228,102.68	2,823.66	81,999.66
Other Expenses	408,281.00	408,281.00	276,341.35	81,533.65	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	370,845.00	370,845.00	273,337.18	30,228.95	67,278.87
Other Expenses	143,632.00	143,632.00	74,860.64	1,039.36	67,732.00
Animal Control:					
Salaries and Wages	66,236.00	66,236.00	38,469.39	10,375.48	17,391.13
Contributions to Social Service Agencies:					
Other Expenses	28,631.00	28,631.00	20,596.00	2,704.00	5,331.00
PARKS AND RECREATION FUNCTIONS:					
Parks and Recreation:					
Salaries and Wages	452,200.00	452,200.00	375,024.61	20,621.22	56,554.17
Other Expenses	327,880.00	327,880.00	249,345.39	29,229.61	49,305.00
Maintenance of Parks & Public Grounds:					
Salaries and Wages	582,304.00	582,304.00	532,321.98	47,534.16	2,447.86
Other Expenses	214,998.00	214,998.00	115,843.84	21,556.16	77,598.00

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
HEALTH AND HUMAN SERVICES FUNCTIONS (Cont'd):					
Community Pool Commission:					
Salaries and Wages	\$ 309,192.00	\$ 309,192.00	\$ 296,447.94	\$ 6,384.80	\$ 6,359.26
Other Expenses	291,845.00	291,845.00	234,042.02	26,740.13	31,062.85
OTHER COMMON OPERATING FUNCTIONS:					
Community Service:					
Salaries and Wages	90,370.00	90,370.00	50,706.19	11,500.11	28,163.70
Other Expenses	32,010.00	32,010.00	4,381.39	3,818.61	23,810.00
Accumulated Leave Compensation:					
Other Expenses	215,300.00	215,300.00	110,000.00		105,300.00
Charter Day Community Celebration:					
Salaries and Wages	10,597.00	10,597.00	858.07	3,641.93	6,097.00
Other Expenses	26,480.00	26,480.00	15,641.76	4,358.24	6,480.00
Labor Day Races:					
Salaries and Wages	2,550.00	2,550.00	2,050.00	300.00	200.00
Other Expenses	1,015.00	1,015.00	262.82	252.18	500.00
Deer Task Force:					
Salaries and Wages	10,878.00	10,878.00	7,038.63	761.37	3,078.00
Other Expenses	44,420.00	44,420.00	10,818.21	20,556.79	13,045.00
Pay for Performance:					
Salaries and Wages	61,000.00	61,000.00	51,811.11	9,188.89	
UTILITY EXPENSES AND BULK PURCHASES:					
Other Expenses	812,865.00	812,865.00	251,012.09	400,679.21	161,173.70
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Landfill/Solid Waste Disposal Costs:					
Salaries and Wages	84,878.00	84,878.00	71,713.29	545.51	12,619.20
Other Expenses	216,008.00	216,008.00	78,415.28	38,934.72	98,658.00

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries and Wages	\$ 608,402.00	\$ 608,402.00	\$ 517,851.82	\$ 28,567.85	\$ 61,982.33
Other Expenses	604,942.00	604,942.00	299,388.54	15,669.91	289,883.55
UNCLASSIFIED:					
Municipal Court:					
Salaries and Wages	238,117.00	238,117.00	218,825.72	12,892.88	6,398.40
Other Expenses	120,404.00	120,404.00	96,734.46	13,669.12	10,000.42
Public Defender (P.L. 1997, C.256):					
Other Expenses	14,045.00	14,045.00	13,300.00		745.00
Total Operations Within "CAPS"	24,531,649.00	24,531,649.00	18,333,479.11	2,252,769.20	3,945,400.69
Detail:					
Salaries and Wages	12,866,498.00	12,866,498.00	11,495,909.44	471,580.24	899,008.32
Other Expenses	11,665,151.00	11,665,151.00	6,837,569.67	1,781,188.96	3,046,392.37
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	832,540.00	832,540.00	831,539.96		1,000.04
Social Security System (O.A.S.I.)	846,399.27	846,399.27	742,609.17	61,690.83	42,099.27
Police and Firemen's Retirement System of NJ	1,131,808.00	1,131,808.00	1,130,308.00		1,500.00
Defined Contribution Retirement Program	23,000.00	23,000.00	5,303.02	7,696.98	10,000.00
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,833,747.27	2,833,747.27	2,709,760.15	69,387.81	54,599.31

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

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS" (Cont'd):					
Total General Appropriations for Municipal					
Purposes Within "CAPS"	\$ 27,365,396.27	\$ 27,365,396.27	\$ 21,043,239.26	\$ 2,322,157.01	\$ 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	2,399,932.00	2,399,932.00	2,299,201.33	100,730.67	
Shared Service Agreements:					
Bernards Township Sewerage Authority:					
General Administration:					
Salaries & Wages	118,387.09	118,387.09	118,387.09		
Financial & Revenue Administration:					
Salaries & Wages	116,251.76	116,251.76	116,251.76		
Employee Group Insurance	229,157.16	229,157.16	229,157.16		
Other Expenses					
Interlocal Somerset County Curbside Recycling Pickup:					
Other Expenses	175,000.00	175,000.00	175,000.00		
Public Health Services:					
Salaries & Wages	179,586.25	179,586.25	179,586.25		
Other Expenses	94,206.25	94,206.25	94,206.25		
Public and Private Program Offset by Revenue:					
NJ Office of Emergency Management:					
Other Expenses (N.J.S.A.40A:4-87 + \$10,000.00)		10,000.00	10,000.00		
Reserve for Drunk Driving Enforcement Fund					
Other Expenses	2,493.20	2,493.20	2,493.20		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Cont'd):					
Public and Private Program Offset by Revenue:					
Reserve for Body Armor Fund:					
State:					
Other Expenses	\$ 3,553.11	\$ 3,553.11	\$ 3,553.11		
Federal:					
Other Expenses	1,001.55	1,001.55	1,001.55		
Reserve for Recycling Tonnage Grant:					
Other Expenses	39,036.28	39,036.28	39,036.28		
NJDEP Clean Communities					
Other Expenses (N.J.S.A.40A:4-87 + \$55,177.37)			55,177.37		
Municipal Alliance on Alcoholism and Drug Abuse:					
State - Other Expenses (N.J.S.A.40A:4-87 + \$19,038.04)			19,038.04		
Local Match - Other Expenses (N.J.S.A.40A:4-87 + \$4,759.51)			4,759.51		
Somerset County Cultural & Heritage					
Other Expenses (N.J.S.A.40A:4-87 + \$1,500.00)			1,500.00		
Somerset County Youth Services Commission					
Annual - Other Expenses (N.J.S.A.40A:4-87 + \$5,000.00)			5,000.00		
8th Grade Program - Other Expenses					
(N.J.S.A.40A:4-87 + \$5,000.00)			5,000.00		
Total Operations Excluded from "CAPS"	3,445,804.65	3,546,279.57	3,358,348.90	\$ 187,930.67	
Detail:					
Salaries & Wages	414,225.10	414,225.10	414,225.10		
Other Expenses	3,031,579.55	3,132,054.47	2,944,123.80	187,930.67	



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

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	\$ 6,263,900.00	\$ 6,263,900.00	\$ 6,263,900.00		
NJDOT Municipal Aid - Douglas Road Improvements from					
Liberty Corner Road to Minebrook Road	500,000.00	500,000.00	500,000.00		
Other Expenses					
Total Capital Improvements Excluded from "CAPS"	6,763,900.00	6,763,900.00	6,763,900.00		
Total General Appropriations Excluded from "CAPS"	10,209,704.65	10,310,179.57	10,122,248.90	\$ 187,930.67	
Subtotal General Appropriations	37,575,100.92	37,675,575.84	31,165,488.16	2,510,087.68	\$ 4,000,000.00
Reserve for Uncollected Taxes	4,089,103.55	4,089,103.55	4,089,103.55		
Total General Appropriations	\$ 41,664,204.47	\$ 41,764,679.39	\$ 35,254,591.71	\$ 2,510,087.68	\$ 4,000,000.00

Ref.

A

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

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 41,664,204.47	
Added by:			
N.J.S.A. 40A:4-87		100,474.92	
		<u>\$ 41,764,679.39</u>	
Cash Disbursed			\$ 30,223,342.75
Reserve for Uncollected Taxes			4,089,103.55
Encumbrances	A		649,937.97
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			641,799.55
Local Matching Funds			4,759.51
			<u>35,608,943.33</u>
Less: Appropriation Refunds			<u>354,351.62</u>
			<u>\$ 35,254,591.71</u>

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
TRUST FUNDS

TOWNSHIP OF BERNARDS  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2018	2017
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 15,104.01	\$ 8,591.23
Change Fund		25.00	25.00
		<u>15,129.01</u>	<u>8,616.23</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	6,209,620.32	7,868,305.96
Due from Current Fund	A	1,666.48	589,724.71
		<u>6,211,286.80</u>	<u>8,458,030.67</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,226,415.81</u>	<u>\$ 8,466,646.90</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 13.22	\$ 9.06
Due to State of NJ - Dog License Fees		267.00	250.80
Prepaid Animal Licenses		4,254.00	4,135.00
Reserve for Animal Control Expenditures	B-6	10,594.79	4,221.37
		<u>15,129.01</u>	<u>8,616.23</u>

TOWNSHIP OF BERNARDS  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>LIABILITIES AND RESERVES (Cont'd)</u>			
Other Trust Funds:			
Due to Current Fund:			
Payroll	A	\$ 26,436.05	\$ 25,145.73
Due to Bernards Township Sewerage Authority		65,000.00	65,000.00
Reserve for:			
Developers Escrow		2,811,711.72	3,652,033.22
Library State Aid		11,665.00	11,554.00
Recycling Expenditures		12,176.99	103,852.11
Accumulated Sick Leave Expenditures		497,691.12	627,311.62
Uniform Fire Safety Act Penalties		21,090.15	6,165.15
Public Defender		2,375.00	
Parking Offenses Adjudication Act		434.00	386.00
County Environmental Health Act		10,526.42	10,031.42
Municipal Alliance		25,197.03	20,189.50
Affordable Housing		296,156.74	1,302,116.17
Open Space		3,319.60	68,144.49
Unemployment Compensation		184,099.81	129,565.84
Self Insurance		710,263.18	717,899.31
Forfeited Assets		26,891.88	26,626.49
Storm Recovery		564,908.09	564,908.09
Recreation		16,467.60	6,520.15
Landfill Closure		44,086.38	54,445.43
Payroll Deductions		119,902.40	132,078.42
Animal Control Expense Donations		1,700.00	1,700.00
Employee Recognition Program Donations		6,340.32	6,340.32
Green Initiatives Donations		82,050.00	61,800.00
Health Prevention Program Donations		3,519.05	3,519.05
Police Equipment Donations		13,697.20	12,520.40
Police Program Donations		6,720.28	6,720.28
DARE Program Donations		739.07	739.07
Community Policing Program Donations		3,811.35	3,811.35
Recreation Program Donations		12,182.43	19,160.66
Memorial Trees & Benches Donations		11,347.74	10,216.20
Street Signage-Hills Donations		13,550.00	13,550.00
Tree Arboretum Donations			1,500.00
Tree Replacement Donations		202,230.20	200,780.20
Tax Sale Premiums		403,000.00	591,700.00
		<u>6,211,286.80</u>	<u>8,458,030.67</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 6,226,415.81</u>	<u>\$ 8,466,646.90</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, 2018

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, 2018

NOT APPLICABLE

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

NOT APPLICABLE

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
GENERAL CAPITAL FUND



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

		December 31,	
	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 5,966,885.00	\$ 4,884,292.89
Federal/State Aid Receivables:			
New Jersey Department of Transportation:			
Annin Rd & Canterbury Way			43,750.00
<u>TOTAL ASSETS</u>		<u>\$ 5,966,885.00</u>	<u>\$ 4,928,042.89</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 5,327,218.39	\$ 4,183,283.48
Due to Current Fund	A	2,388.73	368.30
Capital Improvement Fund	C-6	477,212.88	456,726.11
Reserve for:			
Reserve for Preliminary Expenses		17,850.00	103,100.00
Reserve for Off-Tract Contributions		142,215.00	140,815.00
Reserve for Federal/State Aid Receivables			43,750.00
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,966,885.00</u>	<u>\$ 4,928,042.89</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, 2018

NOT APPLICABLE

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
GOLF UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents - Treasurer	D-4	\$ 27,082.48	\$ 43,549.67
Change Fund		100.00	100.00
Total Operating Fund		27,182.48	43,649.67
<u>TOTAL ASSETS</u>		<u>\$ 27,182.48</u>	<u>\$ 43,649.67</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3; D-6	\$ 25,056.74	\$ 18,703.52
Encumbered	D-3; D-6	1,153.55	1,678.92
Total Appropriation Reserves		26,210.29	20,382.44
Prepays Fees			3,395.00
		26,210.29	23,777.44
Fund Balance	D-1	972.19	19,872.23
Total Operating Fund		27,182.48	43,649.67
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 27,182.48</u>	<u>\$ 43,649.67</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

		Year Ended December 31,	
	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 19,000.00	\$ 81,993.00
Memberships		330,737.50	345,590.00
Miscellaneous Revenue		62,142.90	66,820.41
Irrigation Assessments		11,550.00	16,520.00
Other Credits to Income:			
Appropriation Reserves Lapsed		14,560.56	10,519.62
Total Income		<u>437,990.96</u>	<u>521,443.03</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		433,809.13	515,486.00
Deferred Charges and Statutory Expenditures		4,081.87	
Total Expenditures		<u>437,891.00</u>	<u>515,486.00</u>
Excess in Revenue		99.96	5,957.03
<u>Fund Balance</u>			
Balance January 1		<u>19,872.23</u>	<u>95,908.20</u>
		19,972.19	101,865.23
Decreased by:			
Utilization as Anticipated Revenue		<u>19,000.00</u>	<u>81,993.00</u>
Balance December 31	D	<u>\$ 972.19</u>	<u>\$ 19,872.23</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, 2018

	Budget Anticipated	Added by N.J.S.A. 40A:4-87	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 19,000.00		\$ 19,000.00	
Memberships	345,590.00		330,737.50	\$ 14,852.50 *
Miscellaneous Revenue	66,820.00	\$ 10,561.00	62,142.90	15,238.10 *
Irrigation Assessments	16,520.00		11,550.00	4,970.00 *
	<u>\$ 447,930.00</u>	<u>\$ 10,561.00</u>	<u>\$ 423,430.40</u>	<u>\$ 35,060.60 *</u>

Analysis of Miscellaneous Revenue

Treasurer:

Interest on Investments	\$ 1,985.90
Miscellaneous - Gate Revenue	49,981.00
Miscellaneous - Donation	10,561.00
	<u>62,527.90</u>
Less: Refund of Revenue	<u>(385.00)</u>
	<u>\$ 62,142.90</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, 2018

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 121,726.08	\$ 121,726.08	\$ 108,862.08	\$ 2,264.00	\$ 10,600.00
Other Expenses (N.J.S.A. 40A:4-87 + \$10,561.00)	322,122.05	332,683.05	299,890.31	22,792.74	10,000.00
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	4,081.87	4,081.87	4,081.87		
	<u>\$ 447,930.00</u>	<u>\$ 458,491.00</u>	<u>\$ 412,834.26</u>	<u>\$ 25,056.74</u>	<u>\$ 20,600.00</u>

Ref.

D

Adopted Budget	\$ 447,930.00
Added by: N.J.S.A. 40A:4-87	<u>10,561.00</u>
	<u>\$ 458,491.00</u>

Cash Disbursed	\$ 411,680.71
Encumbrances Payable	<u>1,153.55</u>
	<u>\$ 412,834.26</u>

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
PUBLIC ASSISTANCE FUND



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

		December 31,	
	<u>Ref.</u>	2018	2017
<u>ASSETS</u>			
Cash and Cash Equivalents	E-1	\$ 10,000.00	\$ 10,000.00
TOTAL ASSETS		<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
<u>RESERVES</u>			
Reserve for Public Assistance		\$ 10,000.00	\$ 10,000.00
TOTAL RESERVES		<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>

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

TOWNSHIP OF BERNARDS

COUNTY OF SOMERSET

2018

GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2018	2017
<u>ASSETS</u>		
Land	\$ 68,039,818.73	\$ 68,039,818.73
Land Improvements	4,439,039.96	4,385,557.88
Buildings	9,241,297.49	9,241,297.49
Vehicles	8,602,159.25	8,311,463.32
Equipment	7,212,892.16	6,793,442.05
Other Improvements	3,000.00	3,000.00
<u>TOTAL ASSETS</u>	<u>\$ 97,538,207.59</u>	<u>\$ 96,774,579.47</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 97,538,207.59</u>	<u>\$ 96,774,579.47</u>
 <u>TOTAL RESERVES</u>	<u>\$ 97,538,207.59</u>	<u>\$ 96,774,579.47</u>

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

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

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, 2018  
(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, 2018  
 (Continued)

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

C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded and 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 OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, 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.

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, 2018  
(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 Golf 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, 2018  
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2018	2017	2016
<u>Issued</u>			
General:			
Bonds			\$ 2,785,000.00
Net Debt Issued	\$ -0-	\$ -0-	2,785,000.00
 Less:			
Funds Temporarily Held to Pay			
Bonds:			
Open Space Trust Fund			247,497.15
Net Bonds, Notes and Loans Issued and Authorized but not Issued	\$ -0-	\$ -0-	\$ 2,537,502.85

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 0.0%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 59,920,000.00	\$ 59,920,000.00	
	\$ 59,920,000.00	\$ 59,920,000.00	\$ -0-

Net Debt of \$0 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$7,174,755,489.67 = 0.0%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 251,116,442.14
Net Debt	-0-
Remaining Borrowing Power	\$ 251,116,442.14

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, 2018  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Serial Bonds:				
General Capital Fund	\$ 2,785,000.00		\$ 2,785,000.00	
Total	<u>\$ 2,785,000.00</u>	<u>\$ -0-</u>	<u>\$ 2,785,000.00</u>	<u>\$ -0-</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

As of 12/31/2018, the Township is completely debt free.

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 \$20,931,374 at June 30, 2018. 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 \$17,050,034 at June 30, 2018. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2018, which is included in the adopted budget for the Current and Golf Utility Operating Funds for the year ending December 31, 2019 is as follows:

Current Fund	\$ 12,950,000.00
Golf Utility Operating Fund	-0-

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

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/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.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:

<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

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

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$835,621.83 for 2018.

The employee contribution rate was 7.34% effective July 1, 2017 and increased to 7.50% effective July 1, 2018. Subsequent increases after October 1, 2011 were being phased in over 7 years effective on each July 1<sup>st</sup> 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, 2018, the Township's liability was \$20,931,374 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018.

The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Township's proportion was 0.106%, which was a decrease of 0.001% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township recognized actual pension expense in the amount of \$835,621.83.

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

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018  
(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, 2018 are summarized in the following table:

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

Discount Rate

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

TOWNSHIP OF BERNARDS  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018  
 (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, 2018 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's proportionate share of the Net Pension Liability	\$ 26,318,791	\$ 20,931,374	\$ 16,411,675

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

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, 2018  
(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 the retirement system, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual amounts over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

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

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

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to \$1,130,308 for the year ended December 31, 2018. During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$137,161 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$274,322.

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

Pension Liabilities and Pension Expense

At June 30, 2018, the Township's liability for its proportionate share of the net pension liability was \$17,050,034. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the Township's proportion was 0.126%, which was a decrease of 0.002% from its proportion measured as of June 30, 2017.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,315,965 as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the State's proportion was 0.126%, which was a decrease of 0.002% from its proportion measured as of June 30, 2017 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 17,050,034
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,315,965</u>
Total Net Pension Liability	<u><u>\$ 19,365,999</u></u>

For the year ended December 31, 2018, the Township recognized total pension expense of \$1,130,308.



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

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases:	
Through 2017	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.00%

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

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

Long Term Expected Rate of Return

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

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

Note 5: Pension Plans (Cont'd)

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

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>
Risk Management Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – PFRS

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

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

Note 5: Pension Plans (Cont'd)

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

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, 2018 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, 2018		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 25,918,987	\$ 19,365,999	\$ 13,960,978

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 \$5,524.07 for the year ended December 31, 2018. Employee contributions to DCRP amounted to \$17,104.45 for the year ended December 31, 2018.

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

Note 6: 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, 2018, 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, 2018, total unpaid compensation for non-union Library employees would approximate \$110,089.96, of which \$53,803.37 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. As of December 31, 2018, \$1,039,015.56 is reserved in the Current Fund for public library expenditures.

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

Note 6: Accrued Sick Benefits (Cont'd)

A. Non-Union Employees (Cont'd)

As of December 31, 2018, total unpaid compensation for other non-union employees would approximate \$697,272.31, of which \$313,140.99 is currently collectible by employees that are eligible and choose to retire.

B. Chief of Police

As of December 31, 2018, total unpaid compensation for Chief of Police would approximate \$128,142.84, of which \$98,127.59 is currently collectible by the Chief who is eligible and could choose to retire.

C. Teamster Local #469

Resolution #2017-0280 dated June 27, 2017 memorialized a new contract between the Township and Teamster Local #469 which covers the period July 1, 2017 through June 30, 2020. This contract maintains a maximum IPRP 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, 2018, 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 amount. Total unpaid compensation for this bargaining unit would approximate \$95,902.74, 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, 2015; a new contract was established as of March 29, 2016 which covers the period January 1, 2016 through December 31, 2019. 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, 2018, total unpaid compensation for this bargaining unit would approximate \$659,096.89, of which \$350,871.55 is currently collectible by employees that are eligible and choose to retire.

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

Note 6: 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 \$1,690,504.74, of which \$896,251.86 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 \$497,691.12 reflected on the Other Trust Funds' balance sheet as of December 31, 2018. 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	\$ 110,089.96	\$ 53,803.37
Non-Union - Other	RHSP	697,272.31	313,140.99
Chief of Police	IPRP	128,142.84	98,127.59
Teamster Local #469	IPRP	95,902.74	80,308.36
PBA #357	IPRP	659,096.89	350,871.55
		<u>\$ 1,690,504.74</u>	<u>\$ 896,251.86</u>

Note 7: 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, 2018, 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, 2018  
 (Continued)

Note 7: 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	10,934	\$ 659,096.89		X
Teamster Local #469**	2,664	95,902.74		X
Non-Union - Library*	2,974	110,089.96	X	
Non-Union - Other*	16,630	825,415.15	X	
Totals	33,202	\$ 1,690,504.74		

Note 8: 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, 2018  
 (Continued)

Note 8: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	\$ 2.005	\$ 1.989	\$ 1.951
<u>Apportionment of Tax Rate</u>			
Municipal	.327	.329	.322
County	.361	.363	.359
Local School	1.317	1.297	1.270
<u>Assessed Valuations</u>			
2018	\$ 6,807,978,961.00		
2017		\$ 6,791,301,442.00	
2016			\$ 6,816,801,735.00

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>
2018	\$ 136,956,778.80	\$ 136,494,732.57	99.66%
2017	135,875,887.33	135,449,831.40	99.68%
2016	133,527,748.03	133,030,107.33	99.62%

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 9: 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. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or 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.



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

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

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 collected public funds on deposit, and

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

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

Note 9: 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) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined 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, 2018, cash and cash equivalents of the Township of Bernards consisted of the following:

Fund	Cash on Hand	Checking Accounts	New Jersey Cash Management Fund	Money Market Accounts	Totals
Current	\$ 565.00	\$ 17,802,281.53	\$ 4,874,688.11	\$ 520,351.13	\$ 23,197,885.77
Animal Control	25.00	14,877.96	226.05		15,129.01
Other Trust/Payroll		3,985,979.36	2,223,640.96		6,209,620.32
General Capital		2,680,995.81	3,285,889.19		5,966,885.00
Golf Utility Operating	100.00	22,000.27	5,082.21		27,182.48
Public Assistance			10,000.00		10,000.00
	<u>\$ 690.00</u>	<u>\$ 24,506,134.93</u>	<u>\$ 10,399,526.52</u>	<u>\$ 520,351.13</u>	<u>\$ 35,426,702.58</u>

The carrying amount of the Township's cash and cash equivalents at year end was \$35,426,702.58 and the bank balance was \$36,386,390.81. The \$10,399,526.52 in the New Jersey Cash Management Fund is uninsured and unregistered.

Note 10: 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, 2018  
(Continued)

Note 10: Risk Management (Cont'd)

The Township is currently a member of the Municipal Excess Liability Joint Insurance Fund (MEL), the Environmental Risk Management 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.

The December 31, 2018 audit reports for the MEL, EJIF and SMJIF were not available as of the date of this report. Selected, summarized financial information for the Funds as of December 31, 2017 is as follows.

	<u>Municipal Excess Liability Joint Insurance Fund</u>	<u>N.J. Municipal Environmental Risk Management Fund</u>	<u>Suburban Municipal Joint Insurance Fund</u>
Total Assets	\$ 74,965,192	\$ 30,789,643	\$ 7,438,737
Net Position	\$ 30,788,695	\$ 19,805,537	\$ 4,157,526
Total Revenue	\$ 44,832,572	\$ 4,581,077	\$ 5,412,992
Total Expenditures	\$ 44,042,488	\$ 362,936	\$ 4,409,914
Change in Net Position	\$ 790,084	\$ 4,218,141	\$ 1,003,077
Members Dividends	\$ -0-	\$ 1,000,000	\$ -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) 881-7632

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

Note 10: 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>
2018	\$ 19,000.00	\$ 2,762.98	\$ 33,281.25	\$ 510.26	\$ 184,099.81
2017	19,000.00	1,051.19	-0-	6,495.19	129,565.84
2016	30,000.00	323.58	39,601.71	11,167.37	116,009.84

Note 11: 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, 2018, the balance in the Reserve for Open Space is \$3,319.60.

Note 12: 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, 2018.

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, 2018  
 (Continued)

Note 13: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
Current	\$ 130,317.89	\$ 1,666.48
Current - Federal and State Grant		101,479.89
Animal Control		13.22
Other Trust	1,666.48	
Other Trust - Payroll		26,436.05
General Capital		2,388.73
	\$ 131,984.37	\$ 131,984.37

The interfund payable 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 payables in the Animal Control Fund and General Capital Fund are December 2018 interest due to the Current Fund. The interfund receivable in the Other Trust Fund represents the open space added and omitted tax levy; net of December 2018 interest due to Current Fund. The interfund payable from Other Trust Fund – Payroll is due to Current Fund for an advance and interest accrued during the year.

Note 14: Economic Dependency

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

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

Note 15: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2018 and 2017:

	Balance Dec. 31, 2017	Additions	Deletions	Adjustments	Balance Dec. 31, 2018
Land	\$ 68,039,818.73				\$ 68,039,818.73
Land Improvements	4,385,557.88	\$ 64,208.08	\$ 15,276.00	\$ 4,550.00	4,439,039.96
Buildings	9,241,297.49	2,790.00		(2,790.00)	9,241,297.49
Vehicles	8,311,463.32	332,878.68	135,682.75	93,500.00	8,602,159.25
Equipment	6,793,442.05	651,323.09	136,612.98	(95,260.00)	7,212,892.16
Other Improvements	3,000.00				3,000.00
	<u>\$ 96,774,579.47</u>	<u>\$ 1,051,199.85</u>	<u>\$ 287,571.73</u>	<u>\$ -0-</u>	<u>\$ 97,538,207.59</u>
	Balance Dec. 31, 2016	Additions	Deletions	Adjustments	Balance Dec. 31, 2017
Land	\$ 68,039,818.73				\$ 68,039,818.73
Land Improvements	4,384,041.88	\$ 2,714.88	\$ 3,914.88	\$ 2,716.00	4,385,557.88
Buildings	9,238,007.39	3,290.10			9,241,297.49
Vehicles	8,257,594.08	302,660.00	243,815.76	(4,975.00)	8,311,463.32
Equipment	5,859,847.77	1,152,658.40	221,323.12	2,259.00	6,793,442.05
Other Improvements		3,000.00			3,000.00
	<u>\$ 95,779,309.85</u>	<u>\$ 1,464,323.38</u>	<u>\$ 469,053.76</u>	<u>\$ -0-</u>	<u>\$ 96,774,579.47</u>

Note 16: Related Party Transactions

The following 2018 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 to the Authority by means of a shared service agreement. The total amount paid to the Township for these services in 2018 was \$463,796. 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.

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

Note 17: Tax Abatements

GASB 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, 2018, 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 \$366,443.15 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 2018 without the abatement would have been \$478,527.34 of which \$78,044.11 would have been for the local municipal tax and minimum library tax.

Note 18: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

Note 18: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.



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

Note 18: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Special Funding Situation (Cont'd)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. 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 OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2016 through June 30, 2017. Employer and nonemployer allocation percentages were rounded for presentation purposes.

OPEB Expense

The total OPEB liability as of June 30, 2018 was not available from the State of New Jersey Division of Pensions and Benefits as of the date of this report. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017.

At June 30, 2017, the State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2017 was \$15,619,571. At June 30, 2017, the State's proportion related to the Township was .179630%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

During the year ended June 30, 2017, the State of New Jersey's OPEB expense related to the Township was \$1,117,832.

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

Note 18: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% - 8.98%
Thereafter	2.65% to 9.98%

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

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

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 was 3.58%. The discount rate for June 30, 2016 was 2.85%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

TOWNSHIP OF BERNARDS

SUPPLEMENTARY DATA

TOWNSHIP OF BERNARDS  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2018

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>			
John Carpenter	Mayor		
John Malay	Deputy Mayor		
Carol Bianchi	Committeeperson		
Carolyn Gaziano	Committeeperson		
Thomas Russo	Committeeperson		
<u>Appointed Officials</u>			
Bruce McArthur	Township Administrator (until 5/31/18)	**	**
Pasquale Monaco	Township Administrator (from 5/14/18)	**	**
Denise Szabo	Municipal Clerk; Assessment Search Officer	**	**
Terri Johnson	Chief Financial Officer (until 11/30/18)	**	**
Sean McCarthy	Chief Financial Officer (from 9/3/18)	**	**
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	**	**
Mike Shimsky	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  
2018  
CURRENT FUND

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2017	A	\$ 40,924,871.04
Increased by Receipts:		
Tax Collector		\$ 122,101,113.26
Revenue Accounts Receivable		7,014,371.06
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions		107,703.16
Marriage License Fees		2,550.00
DCA Training Fees		62,720.00
Burial Permit Fees		5.00
Nonbudget Revenue		294,074.45
2018 Appropriation Refunds		354,351.62
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable		545,206.87
Unappropriated Grant Reserves		3,548.13
Due from Animal Control Fund:		
Settlement of Prior Year Interfund		9.06
Due from General Capital Fund:		
Settlement of Prior Year Interfund		368.30
Reserve for:		
Library		103,130.05
Sale of Municipal Assets		39,071.48
Recreation Fields		118,397.47
		<hr/>
		130,746,619.91
		<hr/>
		171,671,490.95

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

Ref.

Decreased by Disbursements:

2018 Appropriation Expenditures	\$ 30,223,342.75
2017 Appropriation Reserves	1,344,120.87
Accounts Payable	3,891.60
Due to State of N.J.:	
Marriage License Fees	3,417.00
DCA Training Fees	75,946.00
Due from Federal and State Grant Fund:	
Appropriated Grant Reserves	500,711.25
Due to Other Trust Funds:	
Settlement of Prior Year Interfund	589,724.71
Local School District Taxes	89,693,941.00
County Taxes	24,547,788.29
Refund of Tax Overpayments	600,939.44
Refund of Prior Year Revenue	38,310.91
Refund of Outside Liens	649,284.56
Refund of Prior Year Taxes	40,136.03
Reserve for:	
Library	142,228.27
Library Bequest	17,605.00
Developer Tree Replacement	1,500.00
Crystal Ridge Maintenance	1,282.50

\$ 148,474,170.18

Balance December 31, 2018

A

\$ 23,197,320.77

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

## Increased by Receipts:

Taxes Receivable	\$ 118,752,256.66
Payment in Lieu of Taxes	366,443.15
2019 Prepaid Taxes	1,594,798.60
Interest and Costs on Taxes	133,685.86
Redemption of Outside Liens	649,619.19
Miscellaneous Revenue Not Anticipated:	
Miscellaneous	3,370.36
Tax Overpayments	600,939.44

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\$ 122,101,113.26

## Decreased by:

Payments to Treasurer

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\$ 122,101,113.26

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

Year	Balance Dec. 31, 2017	2018 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2018
2014				\$	500.00	\$ (500.00)		
2015					500.00	(500.00)		
2016	\$ 6.95				256.95	(250.00)		
2017	394,728.76				396,999.59	(2,270.83)		
	394,735.71				398,256.54	(3,520.83)		
2018		\$ 136,956,778.80	\$ 18,029,848.54		118,354,000.12	110,883.91	\$ 4,134.33	\$ 444,233.09
	\$ 394,735.71	\$ 136,956,778.80	\$ 18,029,848.54		\$ 118,752,256.66	\$ 107,363.08	\$ 4,134.33	\$ 444,233.09
Ref.	A							A

Analysis of 2018 Property Tax Levy:"

Tax Yield:	
General Purpose Tax	\$ 136,500,002.57
Added Taxes (54:4-63.1 et seq.)	456,776.23
	<u>\$ 136,956,778.80</u>
Tax Levy:	
Local School District Taxes	
County Taxes:	\$ 89,693,941.00
County Taxes	
County Open Space Taxes	\$ 22,350,445.81
Due County for Added and Omitted Taxes	2,114,537.87
	<u>82,804.61</u>
Local Tax for Municipal Purposes	
Minimum Library Taxes	19,924,291.84
Municipal Open Space Added Taxes	2,399,932.00
Additional Taxes Levied	3,319.60
	<u>387,506.07</u>
	<u>22,715,049.51</u>
	<u>\$ 136,956,778.80</u>

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2017	A	\$ 43,970.26
Increased by:		
Transfer from Taxes Receivable		<u>4,134.33</u>
Balance December 31, 2018	A	<u><u>\$ 48,104.59</u></u>

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2017	Accrued In 2018	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2018
Licenses:					
Alcoholic Beverages		\$ 34,020.00		\$ 34,020.00	
Fees and Permits		792,524.16		792,524.16	
Fines and Costs:					
Municipal Court	\$ 14,096.77	180,148.80		180,400.97	\$ 13,844.60
Interest and Costs on Taxes		133,685.86	\$ 133,685.86		
Interest on Investments and Deposits		570,421.22		570,421.22	
Swimming Pool:					
Membership Fees		518,210.00		518,210.00	
Gate Fees		64,772.00		64,772.00	
Refreshment Stand		5,500.00		5,500.00	
Recreation - Fees & Permits		635,250.76		635,250.76	
Development Application Fees		11,182.50		11,182.50	
Payment in Lieu of Taxes		366,443.15	366,443.15		
Hotel Occupancy Tax		679,909.06		679,909.06	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		1,798,308.00		1,798,308.00	
Uniform Construction Code Fees		816,074.00		816,074.00	
Bernards Township Sewerage Authority - Service Contract		463,796.00		463,796.00	
Interlocal Health Contract		273,792.49		273,792.49	
Uniform Fire Safety Act		32,366.51		32,366.51	
Rental Agreements		137,843.39		137,843.39	
	<u>\$ 14,096.77</u>	<u>\$ 7,514,247.90</u>	<u>\$ 500,129.01</u>	<u>\$ 7,014,371.06</u>	<u>\$ 13,844.60</u>
<u>Ref.</u>	A				A

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2018

	Balance Dec. 31, 2017	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 12,454.30	\$ 12,454.30	\$ 12,454.30	
Other Expenses	8,305.11	8,305.11	242.00	\$ 8,063.11
Human Resources:				
Salaries and Wages	11,157.82	11,157.82	5,594.25	5,563.57
Other Expenses	15,280.69	15,280.69	1,560.22	13,720.47
Township Committee:				
Salaries and Wages	2,266.52	2,266.52	2,266.52	
Other Expenses	39,345.44	39,345.44	3,086.31	36,259.13
Municipal Clerk:				
Salaries and Wages	14,457.63	14,457.63	7,543.69	6,913.94
Other Expenses	11,058.24	11,058.24	261.03	10,797.21
Financial Administration:				
Salaries and Wages	27,808.25	27,808.25	17,081.34	10,726.91
Other Expenses	6,891.81	6,891.81	1,279.95	5,611.86
Annual Audit	16,308.00	16,308.00	16,258.00	50.00
Purchasing:				
Salaries and Wages	3,557.24	3,557.24	3,547.88	9.36
Other Expenses	6,335.12	6,335.12	948.84	5,386.28
Computer Network Administration:				
Salaries and Wages	18,812.13	18,812.13	12,109.30	6,702.83
Other Expenses	30,738.49	30,738.49	979.40	29,759.09
Revenue Administration:				
Salaries and Wages	3,300.06	3,300.06	2,609.02	691.04
Other Expenses	10,908.20	10,908.20	234.67	10,673.53
Tax Assessment Administration:				
Salaries and Wages	18,087.07	18,087.07	9,315.97	8,771.10
Other Expenses	16,589.71	16,589.71	6,517.35	10,072.36
Legal Services:				
Other Expenses	222,666.53	222,666.53	26,794.35	195,872.18
Engineering Services:				
Salaries and Wages	95,554.23	95,554.23	23,064.49	72,489.74
Other Expenses	19,835.59	19,835.59	2,509.04	17,326.55
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	11,469.06	11,469.06	3,455.77	8,013.29
Other Expenses	21,574.46	21,574.46	17,766.66	3,807.80
Board of Adjustment:				
Salaries and Wages	21,232.50	21,232.50	5,868.57	15,363.93
Other Expenses	69,855.07	69,855.07	154.97	69,700.10

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

	Balance Dec. 31, 2017	Balance After Modification	Paid or Charged	Balance Lapsed
LAND USE ADMINISTRATION (Continued):				
Environmental Commission:				
Salaries and Wages	\$ 300.00	\$ 300.00	\$ 100.00	\$ 200.00
Other Expenses	468.56	468.56		468.56
PUBLIC SAFETY FUNCTIONS:				
Police Department:	232,704.54	232,704.54	187,609.68	45,094.86
Salaries and Wages	99,650.36	99,650.36	28,465.23	71,185.13
Purchase of Police Cars	2,140.08	2,140.08	1,955.00	185.08
Crossing Gaurds:				
Salaries and Wages	36,124.14	36,124.14	5,180.60	30,943.54
Other Expenses	2,666.38	2,666.38	455.36	2,211.02
Emergency Management Services:				
Salaries and Wages	11,863.88	11,863.88		11,863.88
Other Expenses	9,385.48	9,385.48		9,385.48
Uniform Fire Sub-Code/Fire Hydrants:				
Salaries and Wages	21,078.48	16,078.48	5,421.91	10,656.57
Other Expenses	32,588.27	37,588.27	28,179.62	9,408.65
Municipal Prosecutor:				
Other Expenses	738.50	738.50		738.50
INSURANCE:				
Liability Insurance	133,548.42	133,548.42	93,519.03	40,029.39
Workers Compensation Insurance	91,545.84	91,545.84	91,545.83	0.01
Group Insurance	194,933.21	194,933.21	4,563.69	190,369.52
Waiver for Health Coverage	6,393.28	6,393.28	3,203.34	3,189.94
Other Employee Benefits	5,026.08	5,026.08	344.32	4,681.76
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	94,747.40	94,747.40	54,069.72	40,677.68
Other Expenses	41,642.15	41,642.15	3,290.44	38,351.71
Snow Removal:				
Salaries and Wages	68,746.03	68,746.03	14,163.28	54,582.75
Other Expenses	313,432.06	313,432.06	67,787.12	245,644.94
Other Public Works Functions:				
Shade Tree Commission:				
Salaries and Wages	410.74	410.74	100.00	310.74
Other Expenses	859.89	859.89		859.89
Street Light Maintenance:				
Other Expenses	23,991.91	23,991.91	7,636.44	16,355.47
Solid Waste Collections:				
Salaries and Wages	3,978.89	3,978.89	1,290.26	2,688.63
Other Expenses	7,503.32	7,503.32	3,182.64	4,320.68

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

	Balance Dec. 31, 2017	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS FUNCTIONS (Continued):				
Public Buildings:				
Salaries and Wages	\$ 7,281.59	\$ 7,281.59	\$ 7,281.59	
Other Expenses	72,442.86	72,442.86	26,425.59	\$ 46,017.27
Vehicle Maintenance:				
Salaries and Wages	14,962.50	14,962.50	9,576.80	5,385.70
Other Expenses	47,680.05	47,680.05	9,974.84	37,705.21
Municipal Service Act:				
Other Expenses	178,790.00	178,790.00	100,167.83	78,622.17
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Public Health Services:				
Salaries and Wages	43,064.64	43,064.64	20,388.55	22,676.09
Other Expenses	30,797.66	30,797.66	16,191.96	14,605.70
Animal Control:				
Salaries and Wages	12,959.18	12,959.18	1,883.63	11,075.55
Contributions to Social Service Agencies:				
Other Expenses	42.00	42.00		42.00
PARKS AND RECREATION FUNCTIONS:				
Parks and Recreation:				
Salaries and Wages	35,428.03	35,428.03	13,739.58	21,688.45
Other Expenses	52,055.94	52,055.94	6,084.21	45,971.73
Maintenance of Parks & Public Grounds:				
Salaries and Wages	57,482.88	57,482.88	20,826.40	36,656.48
Other Expenses	61,562.26	61,562.26	7,675.74	53,886.52
Community Pool Commission:				
Salaries and Wages	28,349.78	28,349.78		28,349.78
Other Expenses	10,260.43	10,260.43	664.81	9,595.62
OTHER COMMON OPERATING FUNCTIONS:				
Community Service:				
Salaries and Wages	13,743.72	13,743.72	2,238.70	11,505.02
Other Expenses	5,022.32	5,022.32		5,022.32
Charter Day Community Celebration:				
Other Expenses	2,203.91	2,203.91	174.00	2,029.91
Labor Day Races:				
Other Expenses	305.00	305.00		305.00
Deer Task Force:				
Salaries and Wages	854.47	854.47		854.47
Other Expenses	28,150.15	28,150.15	8,585.47	19,564.68
Pay for Performance:				
Salaries and Wages	9,289.91	9,289.91		9,289.91

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2018  
(Continued)

	Balance Dec. 31, 2017	Balance After Modification	Paid or Charged	Balance Lapsed
UTILITY EXPENSES AND BULK PURCHASES:				
Other Expenses	\$ 354,362.78	\$ 354,362.78	\$ 28,120.37	\$ 326,242.41
Landfill/Solid Waste Disposal Costs:				
Salaries and Wages	2,706.81	2,706.81	2,706.81	
Other Expenses	23,432.61	23,432.61	1,126.96	22,305.65
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	30,671.78	30,671.78	21,577.33	9,094.45
Other Expenses	15,495.75	15,495.75	1,204.28	14,291.47
UNCLASSIFIED:				
Municipal Court:				
Salaries and Wages	29,845.90	29,845.90	8,574.75	21,271.15
Other Expenses	13,273.27	13,273.27	655.64	12,617.63
Public Defender (P.L. 1997, C.256):				
Other Expenses	3,325.00	3,325.00		3,325.00
STATUTORY EXPENDITURES:				
Contributions to:				
Public Employees' Retirement System	7.65	7.65		7.65
Social Security System (O.A.S.I.)	79,974.21	79,974.21	27,966.72	52,007.49
Defined Contribution Retirement Program	9,150.19	9,150.19	221.05	8,929.14
Operations Excluded from "CAPS":				
Public Safety:				
L.O.S.A.P.	87,200.00	87,200.00	80,267.44	6,932.56
Education:				
Municipal Library	155,352.42	155,352.42	155,352.42	
	<u>\$3,689,844.81</u>	<u>\$3,689,844.81</u>	<u>\$1,365,220.87</u>	<u>\$2,324,623.94</u>
<u>Ref.</u>				
<u>Analysis of Balance on December 31, 2017:</u>				
Unencumbered	A	\$2,358,601.59		
Encumbered	A	<u>1,331,243.22</u>		
		<u>\$3,689,844.81</u>		
Cash Disbursed			\$1,344,120.87	
Accounts Payable			<u>21,100.00</u>	
			<u>\$1,365,220.87</u>	

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

Increased by:	
Levy Calendar Year 2018	\$ 89,693,941.00
Decreased by:	
Payments to Local School District	<u>\$ 89,693,941.00</u>

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2018

Increased by:	
Levy Calendar Year 2018	\$ 24,547,788.29
Decreased by:	
Payments to the County of Somerset	<u>24,547,788.29</u>



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

	Balance Dec. 31, 2017	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2018
Bulletproof Vest Partnership - 2018		\$ 1,001.55		\$ 1,001.55	
Hazard Mitigation Grant Program - Energy Allocation Initiative	\$ 250,000.00		\$ 250,000.00		
Emergency Management Performance Grant	9,400.00	10,000.00	9,400.00		\$ 10,000.00
NJDOT Municipal Aid Grant					
2016 - Douglas Road	27,363.59		23,231.95		4,131.64
2017 - Hansom & Watchung	225,000.00		168,750.00		56,250.00
2018 - Douglas Road Improvements from Liberty Corner Road to Minebrook Road		500,000.00			500,000.00
Municipal Alliance on Alcoholism and Drug Abuse:					
Fiscal Year 2017	19,038.04		19,038.04		
Fiscal Year 2018		19,038.04	3,350.00		15,688.04
Clean Communities Program		55,177.37	55,177.37		
Recycling Tonnage Grant - 2018		39,036.28		39,036.28	
Drunk Driving Enforcement Grant - 2018		2,493.20		2,493.20	
Body Armor Replacement Grant - 2018		3,553.11		3,553.11	
Somerset County Cultural and Heritage Grant:					
Plays in the Park		1,500.00	1,500.00		
Lyons Train Station	3,438.00				3,438.00
Lyons Station Canopy	96,580.00				96,580.00
Somerset County Youth Services Commission		10,000.00	10,000.00		
Municipal Alliance Trust Fund 25% Matching Funds		4,759.51	4,759.51		
	\$ 630,819.63	\$ 646,559.06	\$ 545,206.87	\$ 46,084.14	\$ 686,087.68

Ref.

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Federal Grants  
State Grants  
Local Grants  
Local Matching Funds

\$ 11,001.55	\$ 451,381.95
119,298.00	77,565.41
11,500.00	11,500.00
4,759.51	4,759.51
\$ 146,559.06	\$ 545,206.87

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

	Balance Dec. 31, 2017	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2018
Bulletproof Vest Partnership:				
2014	\$ 61.43	\$	61.43	
2016	1,786.64		1,786.64	
2017	3,648.90		3,648.90	
2018		\$ 1,001.55	1,001.55	
Bridging Cultures Bookshelf Grant - Muslim Journeys	149.98		149.98	
NJDOT-Municipal Aid Grant				
2017 - Hansom & Watchung	225,000.00		225,000.00	
2018 - Douglas Road Improvements from Liberty Corner Road to Minebrook Road		500,000.00		\$ 500,000.00
NJ Office of Emergency Management:				
Emergency Management Grant		10,000.00	10,000.00	
Municipal Alliance on Alcoholism and Drug Abuse:				
Fiscal Year 2017	11,179.16		11,179.16	
Fiscal Year 2018		19,038.04	8,183.48	10,854.56
NJDEP Clean Communities Program:				
2018		55,177.37	55,177.37	
Recycling Tonnage Grant		39,036.28	39,036.28	
Drunk Driving Enforcement Grant:				
2014	373.60			373.60
2016	3,446.90		613.60	2,833.30
2017	3,101.35			3,101.35
2018		2,493.20		2,493.20

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

	Balance Dec. 31, 2017	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2018
Body Armor Replacement Grant:				
2016	\$ 2,691.88	\$	2,691.88	
2017	3,547.55		3,547.55	
2018		\$ 3,553.11	3,553.11	
NJ Department of Human and Senior Services:				
Hepatitis B Grant:				\$
2005	397.33			397.33
2006	856.00			856.00
2008	1,014.00			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
2016	345.00			345.00
NJACCHO-Emergency Preparedness	2,320.00		2,309.95	10.05
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	575.00	1,500.00	575.00	1,500.00
Lyons Train Station	78,826.81		56,531.92	22,294.89
Lyons Station Canopy	87,015.88		61,631.37	25,384.51

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

Somerset County Youth Services Commission  
Municipal Alliance on Alcoholism and Drug Abuse:  
Local Match

	Balance Dec. 31, 2017	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2018
	\$ 6,886.64	\$ 10,000.00	\$ 9,271.77	\$ 7,614.87
		4,759.51	4,759.51	
	<u>\$ 435,211.85</u>	<u>\$ 646,559.06</u>	<u>\$ 500,711.25</u>	<u>\$ 581,059.66</u>
<u>Ref.</u>	A			A
Federal Grants	\$ 511,001.55	\$ 241,648.50		
State Grants	119,298.00	123,982.43		
Local Grants	11,500.00	130,320.81		
Local Matching Funds	4,759.51	4,759.51		
	<u>\$ 646,559.06</u>	<u>\$ 500,711.25</u>		

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

	Balance Dec. 31, 2017	Grant Funds Received	Transferred to 2018 Budget Revenue	Balance Dec. 31, 2018
Bulletproof Vest Partnership Program	\$ 1,001.55	\$ 1,001.55	\$ 1,001.55	\$ 1,001.55
Drunk Driving Enforcement Fund	2,493.20	2,546.58	2,493.20	2,546.58
Body Armor Replacement Grant	3,553.11		3,553.11	
Recycling Tonnage Grant	39,036.28		39,036.28	
	<u>\$ 46,084.14</u>	<u>\$ 3,548.13</u>	<u>\$ 46,084.14</u>	<u>\$ 3,548.13</u>

Ref.

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Federal Grants	\$ 1,001.55
State Grants	2,546.58
	<u>\$ 3,548.13</u>

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
TRUST FUNDS

TOWNSHIP OF BERNARDS  
TRUST FUNDS  
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2017	B	\$ 8,591.23	\$ 7,868,305.96
Increased by Receipts:			
Municipal Dog License Fees		\$ 38,451.60	
State Dog License Fees		2,795.40	
Prepaid State Dog License Fees		267.00	
Cat License Fees		3,766.00	
Dog License Late Fees		2,900.00	
Dog Replacement Tag Fees		15.00	
Prepaid Animal Licenses		4,254.00	
Miscellaneous Fees		2,346.38	
Due to/from Current Fund:			
Settlement of Prior Year Interfund			\$ 589,724.71
Interest Earned:			
Animal Control Fund		13.22	
Other Trust Funds			1,653.12
Payroll			1,290.32
Reserve for:			
Developers Escrow			984,743.65
Library State Aid			11,665.00
Recycling Expenditures			228,702.78
Accumulated Sick Leave Expenditures			118,942.48
Uniform Fire Safety Act Penalties			33,605.00
Public Defender			5,262.00
Parking Offenses Adjudication Act			48.00
County Environmental Health Act			1,170.00
Municipal Alliance			14,912.00
Affordable Housing			269,815.91
Open Space			252.98
Unemployment Compensation			55,044.23
Self Insurance			165,516.25
Forfeited Asset			265.39
Recreation			88,610.00
Landfill Closure			499.83
Payroll Deductions			16,369,050.98
Green Initiatives Donations			20,250.00
Police Equipment Donations			2,020.00
Recreation Program Donations			4,692.50
Memorial Trees & Benches Donations			9,300.00
Tree Replacement Donations			1,500.00
Tax Sale Premiums			556,000.00
		<u>54,808.60</u>	<u>19,534,537.13</u>
		63,399.83	27,402,843.09

TOWNSHIP OF BERNARDS  
TRUST FUNDS  
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11		\$ 45,240.56	
Due to State of New Jersey		3,046.20	
Due to Current Fund:			
Settlement of Prior Year Interfund		9.06	
Reserve for:			
Developers Escrow			\$ 1,825,065.15
Library State Aid			11,554.00
Recycling Expenditures			320,377.90
Accumulated Sick Leave Expenditures			248,562.98
Uniform Fire Safety Act Penalties			18,680.00
Public Defender			2,887.00
County Environmental Health Act			675.00
Municipal Alliance			9,904.47
Affordable Housing			1,275,775.34
Open Space			68,397.47
Unemployment Compensation			510.26
Self Insurance			173,152.38
Recreation			78,662.55
Landfill Closure			10,858.88
Payroll Deductions			16,381,227.00
Police Equipment Donations			843.20
Recreation Program Donations			11,670.73
Memorial Trees & Benches Donations			8,168.46
Tree Arboretum Donations			1,500.00
Tree Replacement Donations			50.00
Tax Sale Premiums			744,700.00
		<u>\$ 48,295.82</u>	<u>\$ 21,193,222.77</u>
Balance December 31, 2018	B	<u>\$ 15,104.01</u>	<u>\$ 6,209,620.32</u>



TOWNSHIP OF BERNARDS  
ASSESSMENT TRUST FUND  
ANALYSIS OF ASSESSMENT TRUST FUND CASH  
YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2017	B	\$	4,221.37
Increased by:			
Cash Received in Animal Control Fund:			
Municipal Dog License Fees		\$	38,451.60
Cat License Fees			3,766.00
Dog License Late Fees			2,900.00
Dog Replacement Tag Fees			15.00
Miscellaneous Fees			2,346.38
Prior Year Prepaid Licenses			4,135.00
			<hr/> 51,613.98
			<hr/> 55,835.35
Decreased by:			
Expenditures Under R.S.4:19-15.11			<hr/> 45,240.56
Balance December 31, 2018	B	\$	<hr/> <hr/> 10,594.79

License Fees Collected

<u>Year</u>	<u>Amount</u>
2016	\$ 45,454.10
2017	<hr/> 44,952.80
Maximum Allowable Reserve	<hr/> <hr/> \$ 90,406.90

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
GENERAL CAPITAL FUND

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2017	C	\$ 4,884,292.89
Increased by:		
Budget Appropriation:		
Capital Improvement Fund		\$ 6,263,900.00
Due to Current Fund:		
Interest Earned		2,388.73
Funds Received on Fully Funded		
Improvement Authorizations:		
Federal/State Aid Receivables:		
New Jersey Department of Transportation:		
Annin Rd & Canterbury Way		43,750.00
Local Funds:		
Crystal Ridge Street Maintenance		1,282.50
Far Hills - Douglas Road		2,065.82
Reserve for Off Tract Transportation		1,400.00
		<hr/> 6,314,787.05
		<hr/> 11,199,079.94
Decreased by:		
Due to Current Fund:		
Settlement of Prior Year Interfund		368.30
Improvement Authorization Expenditures		5,146,576.64
Reserve for Preliminary Expenses		85,250.00
		<hr/> 5,232,194.94
Balance December 31, 2018	C	<hr/> <u>\$ 5,966,885.00</u>

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

[illegible]

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

Ord. No.	Improvement Description	Balance		Receipts		Disbursements		Transfers		Balance	
		Dec. 31, 2017	Dec. 31, 2018	Miscellaneous	Budget Appropriation	Miscellaneous	Improvement Authorization Expenditures	From	To	Dec. 31, 2018	
2337H	BRFC Equipment	\$ 1,335.46					\$ 1,335.46				
2337I	LCFC Equipment	15,486.29					15,486.29				
2337J	Grounds Equipment	1,030.00					1,030.00				
2337K	Park Infrastructure Improvements	17,185.26					12,055.15				\$ 5,130.11
2361A	Fleet	201,412.80					201,412.80				515.10
2361B	Pool Infrastructure Improvements	1,131.15					616.05				
2363A	Engineering Projects	189,071.97					189,071.97				
2366A	Engineering Projects	1,193,946.25					741,383.04				452,563.21
2366B	Fleet	32,611.76					950.00				31,661.76
2366C	Facility Improvements	150,880.00					25,000.00				125,880.00
2366D	DPW Equipment and Repairs	67,122.60					67,122.60				
2366E	Systems Administration	20,881.00					16,377.50				4,503.50
2366F	BRFA Equipment	10,000.00					61,679.99				10,000.00
2366G	BRFC Equipment	70,000.00					84,500.46				8,320.01
2366H	LCFC Equipment	85,000.00					37,159.00				499.54
2366I	Grounds Equipment	90,000.00									52,841.00
2366J	Park Infrastructure Improvements	85,927.50									85,927.50
2373	Pool Infrastructure Improvements	37,217.80					10,143.92		\$ 1,020,000.00		27,073.88
2382A	Engineering Projects						966,288.91				53,711.09
2382B	Fleet						236,332.00		372,000.00		135,668.00
2382C	Police Equipment						25,380.10		32,500.00		7,119.90
2387A	Engineering Projects						1,185,766.81		2,155,000.00		969,233.19
2387B	Facility Improvements						25,655.58		430,000.00		404,344.42
2387C	DPW Equipment and Repairs						63,176.80		420,000.00		356,823.20
2387D	Systems Administration						8,710.49		33,400.00		24,689.51
2387E	BRFA Equipment								210,000.00		210,000.00
2387F	BRFC Equipment						498,164.60		85,000.00		85,000.00
2387G	LCFC Equipment						20,595.65		674,000.00		175,835.40
2387H	Grounds Equipment						134,883.54		72,000.00		51,404.35
2387I	Park Infrastructure Improvements						17,396.00		315,000.00		180,116.46
2387J	Police Equipment								30,000.00		12,604.00
2387K	Pool Infrastructure Improvements								65,000.00		65,000.00
2397	Engineering Projects								450,000.00		450,000.00
		\$ 4,884,292.89		\$ 50,887.05	\$ 6,263,900.00	\$ 85,618.30	\$ 5,146,576.64	\$ 6,481,038.45	\$ 6,481,038.45		\$ 5,966,885.00

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2018									
		Ordinance		Balance		Authorizations		Capital		Balance	
		Date	Amount	Dec. 31, 2017 Funded	Paid or Charged	Authorizations Cancelled	Dec. 31, 2018 Funded	Improvement Fund	Charged	Cancelled	Dec. 31, 2018 Funded
2120F	Police	08/10/10	\$ 79,680.00	\$ 4,546.24							\$ 4,546.24
2120I	BRFC Equipment	08/10/10	50,000.00	5,501.55							5,501.55
2161C	Facility Improvements	05/24/11	143,000.00	10,023.67							4,258.67
2161F	Police Equipment	05/24/11	37,400.00	19,809.65					\$ 5,765.00		19,809.65
2180A	Emergency Communications Equipment	12/13/11	600,000.00	301,211.68							301,211.68
2193A	Engineering Projects	04/10/12	1,580,000.00	7,092.00						\$ 7,092.00	
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
2233A	Engineering Projects	04/23/13	1,620,000.00	1,493.32					1,442.40	50.92	
2233C	Facility Improvements	04/23/13	302,000.00	96,587.67							96,587.67
2233E	Systems Administration	04/23/13	106,400.00	13,877.91							13,877.91
2264A	Engineering Projects	04/15/14	1,670,000.00	21,357.32						21,357.32	
2270A	Engineering Projects	05/13/14	160,000.00	39,831.34						2,508.84	37,322.50
2270C	Facility Improvements	05/13/14	177,400.00	19,307.05					13,269.03		6,038.02
2270D	Park Infrastructure Improvements	05/13/14	175,000.00	72,942.16					22,267.00		50,675.16
2270F	Police Equipment	05/13/14	35,150.00	21,450.00							21,450.00
2270G	Systems Administration	05/13/14	33,400.00	2,363.95							2,363.95
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	26,589.57						26,589.57	
2312C	Facility Improvements	04/28/15	119,000.00	44,347.42					21,805.38		22,542.04
2312G	Systems Administration	04/28/15	63,400.00	520.64							520.64
2312L	Park Infrastructure Improvements	04/28/15	21,000.00	16,019.50					10,019.50		6,000.00
2337A	Engineering Projects	05/10/16	2,490,000.00	819,967.87					314,802.68		505,165.19
2337B	Fleet	05/10/16	250,500.00	26,648.14							26,648.14
2337C	Facility Improvements	05/10/16	238,150.00	217,012.41					46,088.27		170,924.14
2337D	DPW Equipment and Repairs	05/10/16	310,000.00	26,457.50					26,457.50		
2337E	Police Equipment	05/10/16	32,750.00	21,295.28					19,747.61		1,547.67
2337F	Systems Administration	05/10/16	75,400.00	40,145.88					12,977.46		27,168.42



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

Ord. No.	Improvement Description	Ordinance		Balance		2018 Authorizations		Paid or Charged	Authorizations Cancelled	Balance	
		Date	Amount	Dec. 31, 2017 Funded	Capital Improvement Fund	Dec. 31, 2018 Funded					
2337G	BRFA Equipment	05/10/16	\$ 10,000.00	\$ 4,854.12			\$ 4,260.10		\$ 594.02		
2337H	BRFC Equipment	05/10/16	70,000.00	1,335.46			1,335.46				
2337I	LCFC Equipment	05/10/16	20,000.00	15,486.29			15,486.29				
2337J	Grounds Equipment	05/10/16	5,000.00	1,030.00			1,030.00				
2337K	Park Infrastructure Improvements	05/10/16	140,400.00	17,185.26			12,055.15			5,130.11	
2361A	Fleet	03/14/17	215,000.00	201,412.80			201,412.80				
2361B	Pool Infrastructure Improvements	03/14/17	65,000.00	1,131.15			616.05			515.10	
2363A	Engineering Projects	04/11/17	1,300,000.00	189,071.97			189,071.97				
2366A	Engineering Projects	05/23/17	1,195,000.00	1,193,946.25			741,383.04			452,563.21	
2366B	Fleet	05/23/17	180,000.00	32,611.76			950.00			31,661.76	
2366C	Facility Improvements	05/23/17	172,000.00	150,880.00			25,000.00			125,880.00	
2366D	DPW Equipment and Repairs	05/23/17	310,000.00	67,122.60			67,122.60				
2366E	Systems Administration	05/23/17	33,400.00	20,881.00			16,377.50			4,503.50	
2366F	BRFA Equipment	05/23/17	10,000.00	10,000.00						10,000.00	
2366G	BRFC Equipment	05/23/17	70,000.00	70,000.00			61,679.99			8,320.01	
2366H	LCFC Equipment	05/23/17	85,000.00	85,000.00			84,500.46			499.54	
2366I	Grounds Equipment	05/23/17	90,000.00	90,000.00			37,159.00			52,841.00	
2366J	Park Infrastructure Improvements	05/23/17	92,000.00	85,927.50						85,927.50	
2373	Pool Infrastructure Improvements	10/10/17	65,000.00	37,217.80			10,143.92			27,073.88	
2382A	Engineering Projects	03/13/18	1,020,000.00		\$ 1,020,000.00		966,288.91			53,711.09	
2382B	Fleet	03/13/18	372,000.00		372,000.00		236,332.00			135,668.00	
2382C	Police Equipment	03/13/18	32,500.00		32,500.00		25,380.10			7,119.90	
2387A	Engineering Projects	04/24/18	2,155,000.00		2,155,000.00		1,185,766.81			969,233.19	
2387B	Facility Improvements	04/24/18	430,000.00		430,000.00		25,655.58			404,344.42	
2387C	DPW Equipment and Repairs	04/24/18	420,000.00		420,000.00		63,176.80			356,823.20	
2387D	Systems Administration	04/24/18	33,400.00		33,400.00		8,710.49			24,689.51	
2387E	BRFA Equipment	04/24/18	210,000.00		210,000.00					210,000.00	
2387F	BRFC Equipment	04/24/18	85,000.00		85,000.00					85,000.00	

## 2018

[illegible]

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2017	C	\$ 456,726.11
Increased by:		
2018 Budget Appropriation		\$ 6,263,900.00
Funds Received on Fully Funded		
Improvement Authorizations:		
Federal/State Aid Receivables:		
New Jersey Department of Transportation:		
Annin Rd & Canterbury Way	43,750.00	
Local Funds:		
Crystal Ridge Street Maintenance	1,282.50	
Far Hills - Douglas Road	2,065.82	
Improvement Authorizations Cancelled	73,388.45	
		<hr/> 6,384,386.77
		<hr/> 6,841,112.88
Decreased by:		
Appropriated to Finance Improvement		
Authorizations		<hr/> 6,363,900.00
Balance December 31, 2018	C	<hr/> \$ 477,212.88

TOWN OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
GOLF UTILITY FUND

TOWNSHIP OF BERNARDS  
GOLF UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2017	D	\$ 43,549.67
Increased by Receipts:		
Memberships	\$ 327,342.50	
Miscellaneous Revenue	62,527.90	
Irrigation Assessments	11,550.00	
		<u>401,420.40</u>
		444,970.07
Decreased by Disbursements:		
2018 Appropriation Expenditures	411,680.71	
2017 Appropriation Reserves	5,821.88	
Refund of Revenue	385.00	
		<u>417,887.59</u>
Balance December 31, 2018	D	<u>\$ 27,082.48</u>



TOWNSHIP OF BERNARDS  
GOLF UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2018

## Increased by:

Membership Fees Charged in 2018	\$ 330,737.50
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## Decreased by:

Collections	\$ 327,342.50	
Prepays Applied	3,395.00	
	<hr/>	
		<u>\$ 330,737.50</u>

TOWNSHIP OF BERNARDS  
GOLF UTILITY OPERATING FUND  
SCHEDULE OF 2017 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2018

	Balance Dec. 31, 2017	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 10,108.65	\$ 10,108.65		\$ 10,108.65
Other Expenses	10,273.79	10,273.79	\$ 5,821.88	4,451.91
	<u>\$ 20,382.44</u>	<u>\$ 20,382.44</u>	<u>\$ 5,821.88</u>	<u>\$ 14,560.56</u>

Ref.

Analysis of Balance December 31, 2017

Unencumbered	D	\$ 18,703.52
Encumbered	D	<u>1,678.92</u>
		<u>\$ 20,382.44</u>

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2018  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF BERNARDS  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2017	E	\$ 10,000.00
Balance December 31, 2018	E	<u><u>\$ 10,000.00</u></u>

TOWNSHIP OF BERNARDS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2018

**TOWNSHIP OF BERNARDS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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.S. Department of Justice (Passed thru N.J. Department of Law and Public Safety)	16.607	Bulletproof Vest Partnership Program 2014 2016 2017 2018 2019	N/A N/A N/A N/A N/A	\$ 894.00 1,786.64 10,658.88 1,001.55 1,001.55	01/01/14 01/01/16 01/01/17 01/01/18 01/01/19	12/31/18 12/31/18 12/31/18 12/31/18 12/31/19	\$ 1,001.55 1,001.55	\$ 61.43 1,786.64 3,648.90 1,001.55 6,498.52	\$ 894.00 1,786.64 10,658.88 1,001.55 14,341.07	
Total Department of Justice				12,554.43			1,001.55	6,498.52	14,341.07	
U.S. Department of Transportation (Passed thru NJ Department of Transportation)	20.205	Highway Planning and Construction Cluster: Transportation Trust Fund Authority Act: Municipal Aid: 2015 - Armin Road and Canterbury Way 2016 - Douglas Road 2017 - Hansom & Watchung	480-078-6320- AL5-609165 AMF-609166 AMQ-605177	175,000.00 223,500.00 223,000.00 623,500.00	01/01/15 01/01/16 01/01/17 01/01/17	12/31/17 12/31/19 12/31/18	43,750.00 23,231.95 168,750.00 235,731.95	225,000.00 225,000.00 225,000.00 225,000.00	175,000.00 179,412.98 225,000.00 579,412.98	
Total Department of Transportation										
National Endowment for the Humanities (Passed thru the American Library Association)	45.164	Bridging Cultures Bookshelf Grant: Muslim Journeys	N/A	3,500.00 3,500.00	01/01/13	12/31/18		149.98 149.98	3,500.00 3,500.00	
Total National Endowment for the Humanities										
U.S. Department of Homeland Security (Passed Through NJ Department of Law and Public Safety)	97.039	Hazard Mitigation Grant Program: Energy Allocation Initiative	N/A	250,000.00	01/01/15	12/31/16	250,000.00		250,000.00	
(Passed Through NJ Department of Emergency Management)	97.042	Office of Emergency Management - 2017 Emergency Management Grant 2018 Emergency Management Grant	066-1200-100- 726-062600	9,400.00 10,000.00 19,400.00	01/01/17 01/01/18	12/31/17 12/31/18	9,400.00 9,400.00	10,000.00 10,000.00	9,400.00 10,000.00 19,400.00	
Total U.S. Department of Homeland Security				269,400.00			259,400.00	10,000.00	269,400.00	
Total Federal Awards				\$ 908,954.43			\$ 496,133.50	\$ 241,648.50	\$ 866,654.05	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

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	N/A	\$ 3,646.90	01/01/16	12/31/18		\$ 613.60	\$ 813.60
		N/A	2,546.58	01/01/19	12/31/19	\$ 2,546.58		
			6,193.48			2,546.58	613.60	813.60
	Body Armor Replacement Grant							
Total Department of Law and Public Safety	2016	066-1020-718-	3,699.38	01/01/16	12/31/18		2,691.88	3,699.38
	2017	001-090160	3,547.55	01/01/17	12/31/18		3,547.55	3,547.55
	2018		3,553.11	01/01/18	12/31/18		3,553.11	3,553.11
			10,800.04				9,792.54	10,800.04
			16,993.52			2,546.58	10,406.14	11,613.64
<u>Department of Treasury</u> (Passed through the County of Somerset)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance	N/A	19,038.04	07/01/17	07/01/18	19,038.04	11,179.16	19,038.04
		N/A	19,038.04	07/01/18	07/01/19	3,350.00	8,183.48	8,183.48
	Fiscal Year 2017							
	Fiscal Year 2018							
Total Department of Treasury			38,076.08			22,388.04	19,362.64	27,221.52
<u>Department of Environmental Protection</u>	Clean Communities Grant	765-042-4900-						
		004-178910	55,177.37	01/01/18	12/31/18	55,177.37	55,177.37	55,177.37
	2018							
	Recycling Tonnage Grant							
Total Department of Environmental Protection	2018	N/A	39,036.28	01/01/18	12/31/18		39,036.28	39,036.28
			94,213.65			55,177.37	94,213.65	94,213.65
	Total State Awards		\$ 149,283.25			\$ 80,111.99	\$ 123,982.43	\$ 133,048.81

N/A - Not Available

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

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, 2018. 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 not 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  
973-298-8500 | 973-298-8501 Fax  
  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

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

Independent 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 years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 14, 2019. 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  
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### **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 14, 2019

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, 2018

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.
- No significant deficiencies or material weaknesses were 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 instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2018 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit 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, 2018

The Township had no prior year audit findings.

TOWNSHIP OF BERNARDS

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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 2, 2018, 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

The last tax sale was held on April 19, 2018, and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2018	7
2017	7
2016	7

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 2019 Taxes	20
Payments of 2018 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2018 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance Dec. 31, 2017	Receipts	Disbursements	Balance Dec. 31, 2018
State of New Jersey	\$ 14,420.23	\$ 184,992.44	\$ 186,769.27	\$ 12,643.40
County	5,480.00	71,873.51	70,887.51	6,466.00
Municipality	14,096.77	180,148.80	180,400.97	13,844.60
Municipality - POAA	8.00	40.00	48.00	
Conditional Discharge		1,125.00	1,125.00	
Public Defender	325.00	5,087.00	5,262.00	150.00
Weights and Measures	1,350.00	4,900.00	6,250.00	
Bail	5,750.00	44,131.00	47,921.00	1,960.00
	<u>\$ 41,430.00</u>	<u>\$ 492,297.75</u>	<u>\$ 498,663.75</u>	<u>\$ 35,064.00</u>

Management Suggestions

Federal and State Grant Balances

As of December 31, 2018, there were various appropriated reserve balances in the Federal and State Grant Fund which have been on the Township's records for several years. It is suggested that the Township review these older grant reserve balances.

Status of Prior Year Recommendations

There were none.



TOWNSHIP OF BERNARDS  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None.

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