

*TOWNSHIP OF BERNARDS*

*COUNTY OF SOMERSET*

*REPORT OF AUDIT*

*2019*

*NISIVOCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF BERNARDS

COUNTY OF SOMERSET

REPORT OF AUDIT

2019

TOWNSHIP OF BERNARDS  
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TOWNSHIP OF BERNARDS

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019



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Independent Member  
BKR International

## 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, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

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

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

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

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

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

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

### ***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, 2019 and 2018, 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, 2019 and 2018, 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.

### ***Other Matters***

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020 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  
June 22, 2020

NISIVOCCIA LLP

*Man C Lee*

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Man C. Lee  
Registered Municipal Accountant No. 562  
Certified Public Accountant



TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
CURRENT FUND

TOWNSHIP OF BERNARDS  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2019	2018
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 22,815,209.60	\$ 23,197,320.77
Change Funds		565.00	565.00
		<u>22,815,774.60</u>	<u>23,197,885.77</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	569,059.35	444,233.09
Tax Title Liens Receivable	A-7	57,619.37	48,104.59
Property Acquired for Taxes at Assessed Valuation		195,100.00	195,100.00
Revenue Accounts Receivable	A-8	12,788.80	13,844.60
Due from:			
Federal and State Grant Fund	A	163,560.69	101,479.89
Animal Control Fund	B		13.22
General Capital Fund	C	629.43	2,388.73
Payroll Accounts - Other Trust Funds	B	25,116.63	26,436.05
Total Receivables and Other Assets With Full Reserves	A	<u>1,023,874.27</u>	<u>831,600.17</u>
Total Regular Fund		<u>23,839,648.87</u>	<u>24,029,485.94</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-11	594,837.68	686,087.68
		<u>594,837.68</u>	<u>686,087.68</u>
<u>TOTAL ASSETS</u>		<u>\$ 24,434,486.55</u>	<u>\$ 24,715,573.62</u>

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

		December 31,	
	Ref.	2019	2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 2,952,184.63	\$ 2,510,087.68
Encumbered	A-3;A-9	747,329.54	649,937.97
Total Appropriation Reserves		3,699,514.17	3,160,025.65
Accounts Payable - Vendors		26,000.00	21,100.00
Prepaid Taxes		1,023,857.13	1,594,798.60
Due to:			
Animal Control Fund	B	132.57	
Other Trust Funds	B	1,570.26	1,666.48
State of New Jersey:			
Senior Citizen and Veteran Deductions		23,913.37	23,755.51
Marriage License Fees		625.00	375.00
DCA Training Fees		10,379.00	13,255.00
Burial Permit Fees		15.00	20.00
Reserve for:			
Redemption of Outside Liens			1,201.13
Sale of Municipal Assets		70,457.53	78,192.98
Public Library Expenditures		1,136,807.89	1,039,015.56
Landfill Solar Project		345,000.00	380,000.00
Appropriated Reserve for:			
Public Library Expenditures Bequest		137,001.78	151,339.41
Unappropriated Reserve for:			
Recreation Fields - Turf Replacement		268,397.47	218,397.47
		6,743,671.17	6,683,142.79
Reserve for Receivables and Other Assets	A	1,023,874.27	831,600.17
Fund Balance	A-1	16,072,103.43	16,514,742.98
Total Regular Fund		23,839,648.87	24,029,485.94
Federal and State Grant Fund:			
Appropriated Reserves	A-12	404,898.45	581,059.66
Unappropriated Reserves	A-13	26,378.54	3,548.13
Due to Current Fund	A	163,560.69	101,479.89
Total Federal and State Grant Fund		594,837.68	686,087.68
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 24,434,486.55	\$ 24,715,573.62

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

		Year Ended December 31,	
	<u>Ref.</u>	2019	2018
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 12,950,000.00	\$ 13,000,000.00
Miscellaneous Revenue Anticipated		8,051,995.41	8,311,404.52
Receipts from:			
Delinquent Taxes		445,156.04	398,256.54
Current Taxes		138,533,468.61	136,494,732.57
Nonbudget Revenue		368,522.27	297,444.81
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		2,230,187.79	2,324,623.94
Cancellation of Prior Year Accounts Payable			1,129.30
Interfunds and Other Receivables Returned		130,317.89	175,046.73
Total Income		<u>162,709,648.01</u>	<u>161,002,638.41</u>
<u>Expenditures</u>			
Budget Appropriations		33,814,030.81	33,675,575.84
County Taxes		24,720,952.61	24,464,983.68
County Share of Added and Omitted Taxes		48,836.79	82,804.61
Local School District Taxes		91,387,676.00	89,693,941.00
Municipal Open Space Taxes			3,319.60
Refund of Prior Year Revenue		33,707.50	38,310.91
Refund of Prior Year Taxes		4,617.52	40,136.03
Prior Year Senior Citizens' Deductions Disallowed		3,159.58	3,520.83
Interfunds and Other Receivables Advanced		189,306.75	130,317.89
Total Expenditures		<u>150,202,287.56</u>	<u>148,132,910.39</u>
Excess in Revenue / Statutory Excess to Fund Balance		12,507,360.45	12,869,728.02
<u>Fund Balance</u>			
Balance January 1		<u>16,514,742.98</u>	<u>16,645,014.96</u>
		29,022,103.43	29,514,742.98
Decreased by:			
Utilized as Anticipated Revenue		<u>12,950,000.00</u>	<u>13,000,000.00</u>
Balance December 31	A	<u><u>\$ 16,072,103.43</u></u>	<u><u>\$ 16,514,742.98</u></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, 2019

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 12,950,000.00		\$ 12,950,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	27,500.00		36,240.00	\$ 8,740.00
Fees and Permits	370,000.00		753,073.99	383,073.99
Fines and Costs:				
Municipal Court	180,000.00		178,750.87	1,249.13
Interest and Costs on Taxes	60,000.00		152,123.90	92,123.90
Interest on Investments and Deposits	84,000.00		504,641.49	420,641.49
Swimming Pool:				
Membership Fees	486,000.00		586,685.00	100,685.00
Gate Fees	60,000.00		68,292.00	8,292.00
Refreshment Stand	5,100.00		5,500.00	400.00
Recreation - Fees & Permits	360,000.00		650,707.42	290,707.42
Development Application Fees	400.00		20,202.50	19,802.50
Payment in Lieu of Taxes	200,000.00		426,710.99	226,710.99
Uniform Fire Safety Act	\$20,000.00		41,581.60	21,581.60
Hotel Occupancy Tax	371,000.00		782,443.29	411,443.29
Rental Agreements	\$110,000.00		112,854.34	2,854.34
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,798,308.00		1,798,308.00	
Uniform Construction Code Fees	545,000.00		621,294.00	76,294.00
Bernards Township Sewerage Authority - Service Contract	473,702.00		473,072.00	630.00
Interlocal Health Contract	273,792.49		273,792.48	0.01
Recycling Tonnage Grant	20,893.22		20,893.22	
Municipal Alliance on Alcoholism and Drug Abuse				
State		\$ 19,038.04	19,038.04	
Municipal Alliance Trust Fund 25% Matching Funds		4,759.51	4,759.51	
Body Armor Fund:				
State	3,957.95		3,957.95	
Federal	6,399.72		6,399.72	
Reserve for Body Armor Fund:				
Federal	1,001.55		1,001.55	
Emergency Management Service	10,000.00		10,000.00	
Reserve for Drunk Driving Enforcement Fund	2,546.58		2,546.58	
Clean Communities		62,003.47	62,003.47	
NJDOT Municipal Aid - North Maple Avenue Project		350,000.00	350,000.00	
Somerset County Youth Services Commission:				
Peer Educators		6,000.00	6,000.00	
Annual		5,000.00	5,000.00	
Reserve for Solar Landfill	35,000.00		35,000.00	
Reserve for Sale of Municipal Assets	39,121.50		39,121.50	
Total Miscellaneous Revenue	5,543,723.01	446,801.02	8,051,995.41	2,061,471.38
Receipts from Delinquent Taxes	305,000.00		445,156.04	140,156.04

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 20,314,913.39		\$ 24,122,409.82	\$ 3,807,496.43
Minimum Library Tax	2,400,487.00		2,400,487.00	
	<u>22,715,400.39</u>		<u>26,522,896.82</u>	<u>3,807,496.43</u>
 Budget Totals	 41,514,123.40	 \$ 446,801.02	 47,970,048.27	 6,009,123.85
 Nonbudget Revenue			<u>368,522.27</u>	<u>368,522.27</u>
	<u>\$ 41,514,123.40</u>	<u>\$ 446,801.02</u>	<u>\$ 48,338,570.54</u>	<u>\$ 6,377,646.12</u>

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Allocation of Current Tax Collections

Collections		\$ 138,533,468.61
Allocated to:		
County Taxes	\$ 22,610,677.62	
Open Space Taxes	2,110,274.99	
Due to County for Added and Omitted Taxes	48,836.79	
School Taxes	<u>91,387,676.00</u>	
		<u>116,157,465.40</u>
		22,376,003.21
Add: Appropriation "Reserve for Uncollected Taxes"		<u>4,146,893.61</u>
Realized for Support of Municipal Budget		<u><u>\$ 26,522,896.82</u></u>

Interest on Investments and Deposits:

Cash Received - Treasurer	\$ 502,107.53
Due from Other Trust Fund	1,749.34
Due from General Capital Fund	629.43
Due from Animal Control Fund	38.56
Due from Payroll Accounts	<u>116.63</u>
	<u><u>\$ 504,641.49</u></u>

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Clerk	\$ 4,222.60	
Registrar	321.00	
Board of Health	35,843.12	
Public Works	20,825.30	
Senior Citizen and Veterans Deductions		
Administrative Fee	2,008.60	
Traffic Control Administrative Fees	112,296.54	
Purchasing	147.15	
Inspection Fees	3,805.00	
Prior Year Refunds	2,088.10	
Fire Prevention	179.55	
Municipal Court	4,902.00	
Planning Board Escrow Fees Administrative Fees	15,158.62	
Insurance Dividends	10,023.00	
Police	270.00	
Construction Fines	11,300.00	
Farmland Inspection Fees	400.00	
Copies	87.46	
Return Check Fees	60.00	
Mayor Marriage Donations	200.00	
FEMA Reimbursements - January 2016 Severe Winter Storm	757.85	
Sale of Property	125,000.00	
Miscellaneous	15,143.99	
		\$ 365,039.88
Collector:		
Other Miscellaneous		3,482.39
		\$ 368,522.27

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, 2019

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 270,002.00	\$ 270,002.00	\$ 241,649.00	\$ 179.42	\$ 28,173.58
Other Expenses	61,809.00	61,809.00	3,303.44	11,671.56	46,834.00
Human Resources:					
Salaries and Wages	208,257.00	208,257.00	173,870.17	766.79	33,620.04
Other Expenses	63,580.00	63,580.00	21,612.30	6,967.70	35,000.00
Township Committee:					
Salaries and Wages	27,200.00	27,200.00	27,200.00		
Other Expenses	96,075.00	96,075.00	17,758.75	20,316.25	58,000.00
Municipal Clerk:					
Salaries and Wages	187,944.00	187,944.00	164,580.74	326.46	23,036.80
Other Expenses	61,234.00	61,234.00	24,802.69	1,452.31	34,979.00
Financial Administration:					
Salaries and Wages	254,233.00	254,233.00	211,389.92	30,717.16	12,125.92
Other Expenses	43,965.00	43,965.00	15,492.30	4,707.70	23,765.00
Annual Audit	36,969.00	36,969.00	16,919.00	50.00	20,000.00
Purchasing:					
Salaries and Wages	87,588.00	87,588.00	79,789.78	38.72	7,759.50
Other Expenses	40,507.00	40,507.00	13,643.18	2,626.82	24,237.00
Computer Network Administration:					
Salaries and Wages	310,986.00	310,986.00	284,989.71	996.54	24,999.75
Other Expenses	160,503.00	160,503.00	103,871.01	6,631.49	50,000.50
Revenue Administration:					
Salaries and Wages	129,733.00	129,733.00	105,982.38	1,216.85	22,533.77
Other Expenses	60,788.00	60,788.00	24,546.86	8,790.14	27,451.00

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
GENERAL GOVERNMENT (Cont'd):					
Tax Assessment Administration:					
Salaries and Wages	\$ 329,142.00	\$ 329,142.00	\$ 264,813.16	\$ 8,591.27	\$ 55,737.57
Other Expenses	145,757.00	145,757.00	103,574.78	15,800.22	26,382.00
Legal Services:					
Other Expenses	798,753.00	798,753.00	316,779.79	108,220.21	373,753.00
Engineering Services:					
Salaries and Wages	530,772.00	530,772.00	499,041.37	403.35	31,327.28
Other Expenses	127,848.00	127,848.00	40,416.33	20,193.67	67,238.00
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	127,376.00	127,376.00	89,481.16	4,333.20	33,561.64
Other Expenses	188,149.00	188,149.00	54,869.46	3,290.54	129,989.00
Board of Adjustment:					
Salaries and Wages	166,980.00	166,980.00	148,355.47	12,152.82	6,471.71
Other Expenses	136,644.00	136,644.00	26,604.89	49,095.11	60,944.00
Environmental Commission:					
Salaries and Wages	4,197.00	4,197.00	1,100.00	100.00	2,997.00
Other Expenses	14,910.00	14,910.00	242.30	482.70	14,185.00
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	4,827,578.00	4,827,578.00	4,475,744.81	271,833.02	80,000.17
Other Expenses	252,805.00	252,805.00	196,441.38	36,363.62	20,000.00
Purchase of Police Cars	132,940.00	132,940.00	99,325.00		33,615.00
Crossing Guards:					
Salaries and Wages	135,000.00	135,000.00	100,388.68	24,611.32	10,000.00
Other Expenses	17,250.00	17,250.00	8,145.60	4,104.40	5,000.00

TOWNSHIP OF BERNARDS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

(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):					
Emergency Management Services:					
Salaries and Wages	\$ 17,620.00	\$ 17,620.00	\$ 9,138.57	\$ 6,861.43	\$ 1,620.00
Other Expenses	21,093.00	21,093.00	2,111.44	17,888.56	1,093.00
Aid to Volunteer Fire Company	90,000.00	90,000.00	90,000.00		
Aid to Volunteer Ambulance Companies	30,000.00	30,000.00	30,000.00		
Uniform Fire Sub-Code/Fire Hydrants:					
Salaries and Wages	154,163.00	154,163.00	118,641.62	22,649.65	12,871.73
Other Expenses	516,424.00	516,424.00	366,289.36	92,940.20	57,194.44
Municipal Prosecutor:					
Other Expenses	65,490.00	65,490.00	41,888.06	111.94	23,490.00
INSURANCE:					
Unemployment Trust Account Contribution	27,500.00	27,500.00	19,000.00		8,500.00
Liability Insurance	490,365.00	490,365.00	360,816.38	90,124.00	39,424.62
Workers Compensation Insurance	307,262.00	307,262.00	210,693.74	69,999.90	26,568.36
Group Insurance	1,875,021.56	1,875,021.56	1,429,894.81	334,498.75	110,628.00
Waiver for Health Coverage	94,672.56	94,672.56	60,273.46	10,126.54	24,272.56
Other Employee Benefits	137,909.00	137,909.00	81,096.54	19,612.45	37,200.01
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	1,473,090.00	1,473,090.00	1,323,201.00	95,628.55	54,260.45
Other Expenses	608,576.00	608,576.00	406,251.82	17,618.18	184,706.00
Snow Removal:					
Salaries and Wages	295,750.00	295,750.00	185,000.00		110,750.00
Other Expenses	741,020.00	741,020.00	518,354.45	38,665.55	184,000.00
Other Public Works Functions:					
Shade Tree Commission:					
Salaries and Wages	4,578.00	4,578.00	1,100.00	400.00	3,078.00
Other Expenses	15,035.00	15,035.00	2,199.78	1,580.22	11,255.00

TOWNSHIP OF BERNARDS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

(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):					
Other Public Works Functions:					
Street Light Maintenance:					
Other Expenses	\$ 80,575.00	\$ 80,575.00	\$ 13,648.18	\$ 20,351.82	\$ 46,575.00
Solid Waste Collections:					
Salaries and Wages	84,625.00	84,625.00	78,522.23	1,977.77	4,125.00
Other Expenses	118,994.00	118,994.00	19,570.00	5,980.00	93,444.00
Public Buildings:					
Salaries and Wages	197,590.00	197,590.00	146,630.69	16,420.40	34,538.91
Other Expenses	320,357.00	320,357.00	252,386.22	7,463.78	60,507.00
Vehicle Maintenance:					
Salaries and Wages	300,303.00	300,303.00	215,876.15	22,427.21	61,999.64
Other Expenses	412,281.00	412,281.00	277,397.31	84,477.69	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	375,734.00	375,734.00	284,100.17	24,355.40	67,278.43
Other Expenses	152,032.00	152,032.00	52,319.03	31,980.97	67,732.00
Animal Control:					
Salaries and Wages	67,555.00	67,555.00	39,370.25	10,793.50	17,391.25
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	447,615.00	447,615.00	379,791.50	11,268.70	56,554.80
Other Expenses	319,912.00	319,912.00	245,595.61	25,011.39	49,305.00
Maintenance of Parks & Public Grounds:					
Salaries and Wages	607,628.00	607,628.00	517,530.87	77,649.20	12,447.93

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Operations Within "CAPS" (Cont'd):  
PARKS AND RECREATION FUNCTIONS (Cont'd):  
Maintenance of Parks & Public Grounds (Cont'd):

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Other Expenses	\$ 207,498.00	\$ 207,498.00	\$ 136,686.11	\$ 3,213.89	\$ 67,598.00
Community Pool Commission:					
Salaries and Wages	338,517.00	338,517.00	283,606.36	48,551.16	6,359.48
Other Expenses	295,439.00	295,439.00	234,645.32	29,731.02	31,062.66

OTHER COMMON OPERATING FUNCTIONS:

Community Service:					
Salaries and Wages	91,960.00	91,960.00	52,296.66	11,500.08	28,163.26
Other Expenses	32,010.00	32,010.00	2,874.17	5,325.83	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		4,500.00	6,097.00
Other Expenses	26,480.00	26,480.00	16,643.23	3,356.77	6,480.00

Labor Day Races:

Salaries and Wages	2,550.00	2,550.00		2,350.00	200.00
Other Expenses	1,015.00	1,015.00		515.00	500.00

Deer Task Force:

Salaries and Wages	10,878.00	10,878.00	7,000.00	800.00	3,078.00
Other Expenses	44,420.00	44,420.00	10,781.75	20,593.25	13,045.00

Pay for Performance:

Salaries and Wages	62,250.00	62,250.00	52,966.25	9,283.75	
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UTILITY EXPENSES AND BULK PURCHASES:

Other Expenses	812,865.00	812,865.00	238,107.69	406,033.61	168,723.70
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LANDFILL/SOLID WASTE DISPOSAL COSTS:

Landfill/Solid Waste Disposal Costs:

Salaries and Wages	86,411.00	86,411.00	72,222.34	1,569.16	12,619.50
Other Expenses	216,008.00	216,008.00	92,309.17	25,040.83	98,658.00

TOWNSHIP OF BERNARDSCURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASISYEAR ENDED DECEMBER 31, 2019

(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	\$ 631,218.00	\$ 631,218.00	\$ 534,752.19	\$ 34,483.03	\$ 61,982.78
Other Expenses	613,726.00	613,726.00	235,912.99	87,928.60	289,884.41
UNCLASSIFIED:					
Municipal Court:					
Salaries and Wages	239,950.00	239,950.00	227,151.84	6,399.51	6,398.65
Other Expenses	113,270.00	113,270.00	96,617.38	6,651.78	10,000.84
Public Defender (P.L. 1997, C.256):					
Other Expenses	14,345.00	14,345.00	12,280.40	1,319.60	745.00
Total Operations Within "CAPS"	24,824,802.12	24,824,802.12	18,172,864.50	2,706,535.98	3,945,401.64
Detail:					
Salaries and Wages	13,097,570.00	13,097,570.00	11,397,275.04	766,135.42	934,159.54
Other Expenses	11,727,232.12	11,727,232.12	6,775,589.46	1,940,400.56	3,011,242.10
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	874,512.00	874,512.00	873,511.79		1,000.21
Social Security System (O.A.S.I.)	858,268.15	858,268.15	734,826.68	81,343.32	42,098.15
Police and Firemen's Retirement System of NJ	1,233,347.00	1,233,347.00	1,231,847.00		1,500.00
Defined Contribution Retirement Program	23,000.00	23,000.00	5,773.48	7,226.52	10,000.00
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,989,127.15	2,989,127.15	2,845,958.95	88,569.84	54,598.36
Total General Appropriations for Municipal Purposes Within "CAPS"	27,813,929.27	27,813,929.27	21,018,823.45	2,795,105.82	4,000,000.00

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public Safety:					
L.O.S.A.P.	\$ 87,200.00	\$ 87,200.00		\$ 87,200.00	
Education:					
Municipal Library	2,400,487.00	2,400,487.00	\$ 2,330,608.19	69,878.81	
Shared Service Agreements:					
Bernards Township Sewerage Authority:					
General Administration:					
Salaries & Wages	120,751.67	120,751.67	120,751.67		
Financial & Revenue Administration:					
Salaries & Wages	118,563.86	118,563.86	118,563.86		
Employee Group Insurance					
Other Expenses	233,756.47	233,756.47	233,756.47		
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	10,000.00	10,000.00	10,000.00		
Reserve for Drunk Driving Enforcement Fund:					
Other Expenses	2,546.58	2,546.58	2,546.58		
Body Armor Fund:					
State:					
Other Expenses	3,957.95	3,957.95	3,957.95		
Federal:					
Other Expenses	6,399.72	6,399.72	6,399.72		

TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(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 (Cont'd):					
Reserve for Body Armor Fund:					
Federal:					
Other Expenses	\$ 1,001.55	\$ 1,001.55	\$ 1,001.55		
Recycling Tonnage Grant:					
Other Expenses	20,893.22	20,893.22	20,893.22		
NJDEP Clean Communities					
Other Expenses (N.J.S.A. 40A:4-87 + \$62,003.47)		62,003.47	62,003.47		
Municipal Alliance on Alcoholism and Drug Abuse:					
State - Other Expenses (N.J.S.A. 40A:4-87 + \$19,038.04)		19,038.04	19,038.04		
Local Match - Other Expenses (N.J.S.A. 40A:4-87 + \$4,759.51)		4,759.51	4,759.51		
Somerset County Youth Services Commission					
Annual - Other Expenses (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Peer Educators Program					
Other Expenses (N.J.S.A. 40A:4-87 + \$6,000.00)		6,000.00	6,000.00		
Total Operations Excluded from "CAPS"	3,454,350.52	3,551,151.54	3,394,072.73	\$ 157,078.81	
Detail:					
Salaries & Wages	418,901.78	418,901.78	418,901.78		
Other Expenses	3,035,448.74	3,132,249.76	2,975,170.95	157,078.81	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund					
NJDOT Municipal Aid - North Maple Avenue Project	6,098,950.00	6,098,950.00	6,098,950.00		
Other Expenses (N.J.S.A. 40A:4-87 + \$350,000)		350,000.00	350,000.00		
Total Capital Improvements Excluded from "CAPS"	6,098,950.00	6,448,950.00	6,448,950.00		



TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations Excluded from "CAPS"	\$ 9,553,300.52	\$ 10,000,101.54	\$ 9,843,022.73	\$ 157,078.81	
Subtotal General Appropriations	37,367,229.79	37,814,030.81	30,861,846.18	2,952,184.63	\$ 4,000,000.00
Reserve for Uncollected Taxes	4,146,893.61	4,146,893.61	4,146,893.61		
Total General Appropriations	\$ 41,514,123.40	\$ 41,960,924.42	\$ 35,008,739.79	\$ 2,952,184.63	\$ 4,000,000.00

Ref.

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TOWNSHIP OF BERNARDS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	<u>Ref.</u>	Analysis of	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 41,514,123.40	
Added by:			
N.J.S.A. 40A:4-87		446,801.02	
		<u>\$ 41,960,924.42</u>	
Cash Disbursed			\$ 30,005,561.70
Reserve for Uncollected Taxes			4,146,893.61
Encumbrances	A		747,329.54
Due to Animal Control Fund			171.13
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			486,840.53
Local Matching Funds			4,759.51
			<u>35,391,556.02</u>
Less: Appropriation Refunds			<u>382,816.23</u>
			<u>\$ 35,008,739.79</u>

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
TRUST FUNDS

TOWNSHIP OF BERNARDS  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 3,364.43	\$ 15,104.01
Change Fund		25.00	25.00
Due from Current Fund	A	132.57	
		<u>3,522.00</u>	<u>15,129.01</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	5,865,150.16	6,209,620.32
Due from Current Fund	A	1,570.26	1,666.48
		<u>5,866,720.42</u>	<u>6,211,286.80</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,870,242.42</u>	<u>\$ 6,226,415.81</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A		\$ 13.22
Due to State of NJ - Dog License Fees		\$ 189.00	267.00
Prepaid Animal Licenses		3,333.00	4,254.00
Reserve for Animal Control Expenditures	B-6		10,594.79
		<u>3,522.00</u>	<u>15,129.01</u>

TOWNSHIP OF BERNARDS  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>LIABILITIES AND RESERVES</u> (Cont'd)			
Other Trust Funds:			
Due to Current Fund:			
Payroll	A	\$ 25,116.63	\$ 26,436.05
Due to Bernards Township Sewerage Authority		65,000.00	65,000.00
Reserve for:			
Developers Escrow		2,342,320.18	2,811,711.72
Library State Aid		11,677.00	11,665.00
Recycling Expenditures		2,333.77	12,176.99
Accumulated Sick Leave Expenditures		382,198.38	497,691.12
Uniform Fire Safety Act Penalties		14,536.15	21,090.15
Public Defender			2,375.00
Parking Offenses Adjudication Act		458.00	434.00
County Environmental Health Act		11,236.42	10,526.42
Municipal Alliance		28,157.05	25,197.03
Affordable Housing		485,755.86	296,156.74
Open Space		3,319.60	3,319.60
Unemployment Compensation		218,320.51	184,099.81
Self Insurance		718,145.65	710,263.18
Forfeited Assets		31,302.32	26,891.88
Storm Recovery		533,740.88	564,908.09
Recreation		27,878.55	16,467.60
Landfill Closure		39,038.65	44,086.38
Payroll Deductions		113,841.30	119,902.40
Animal Control Expense Donations		1,700.00	1,700.00
Employee Recognition Program Donations		12,225.32	6,340.32
Green Initiatives Donations		82,050.00	82,050.00
Health Prevention Program Donations		3,519.05	3,519.05
Police Equipment Donations		15,722.20	13,697.20
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		14,216.23	12,182.43
Memorial Trees & Benches Donations		6,920.57	11,347.74
Street Signage-Hills Donations		13,550.00	13,550.00
Tree Arboretum Donations		2,451.00	
Tree Replacement Donations		196,418.45	202,230.20
Tax Sale Premiums		442,900.00	403,000.00
Stormwater Management		9,400.00	
		<u>5,866,720.42</u>	<u>6,211,286.80</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 5,870,242.42</u>	<u>\$ 6,226,415.81</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, 2019

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, 2019

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
GENERAL CAPITAL FUND



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

		December 31,	
	Ref.	2019	2018
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 4,244,687.15	\$ 5,966,885.00
<u>TOTAL ASSETS</u>		<u>\$ 4,244,687.15</u>	<u>\$ 5,966,885.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 3,592,876.79	\$ 5,327,218.39
Due to Current Fund	A	629.43	2,388.73
Capital Improvement Fund	C-6	507,090.93	477,212.88
Reserve for:			
Reserve for Preliminary Expenses		1,875.00	17,850.00
Reserve for Off-Tract Contributions		142,215.00	142,215.00
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,244,687.15</u>	<u>\$ 5,966,885.00</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, 2019

NOT APPLICABLE

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
GOLF UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents - Treasurer	D-4	\$ 18,142.66	\$ 27,082.48
Change Fund		<u>100.00</u>	<u>100.00</u>
Total Operating Fund		<u>18,242.66</u>	<u>27,182.48</u>
<u>TOTAL ASSETS</u>		<u>\$ 18,242.66</u>	<u>\$ 27,182.48</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3; D-6	\$ 15,916.19	\$ 25,056.74
Encumbered	D-3; D-6	<u>1,220.81</u>	<u>1,153.55</u>
Total Appropriation Reserves		<u>17,137.00</u>	<u>26,210.29</u>
Fund Balance	D-1	<u>1,105.66</u>	<u>972.19</u>
Total Operating Fund		<u>18,242.66</u>	<u>27,182.48</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 18,242.66</u>	<u>\$ 27,182.48</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>2019</u>	<u>2018</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized			\$ 19,000.00
Memberships		\$ 308,337.50	330,737.50
Miscellaneous Revenue		46,293.12	62,142.90
Irrigation Assessments		13,350.00	11,550.00
Other Credits to Income:			
Appropriation Reserves Lapsed		22,022.25	14,560.56
Total Income		<u>390,002.87</u>	<u>437,990.96</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		386,715.91	433,809.13
Deferred Charges and Statutory Expenditures		3,153.49	4,081.87
Total Expenditures		<u>389,869.40</u>	<u>437,891.00</u>
Excess in Revenue		133.47	99.96
<u>Fund Balance</u>			
Balance January 1		<u>972.19</u>	<u>19,872.23</u>
		1,105.66	19,972.19
Decreased by:			
Utilization as Anticipated Revenue			<u>19,000.00</u>
Balance December 31	D	<u>\$ 1,105.66</u>	<u>\$ 972.19</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, 2019

	Budget Anticipated	Realized	Excess/ Deficit*
Memberships	\$ 330,737.50	\$ 308,337.50	\$ 22,400.00 *
Miscellaneous Revenue	51,581.90	46,293.12	5,288.78 *
Irrigation Assessments	11,550.00	13,350.00	1,800.00
	<u>\$ 393,869.40</u>	<u>\$ 367,980.62</u>	<u>\$ 25,888.78 *</u>

Analysis of Miscellaneous Revenue

Treasurer:

Interest on Investments	\$ 2,093.12
Miscellaneous - Gate Revenue	44,200.00
	<u>\$ 46,293.12</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, 2019

	Appropriations		Expended by		
		Budget After Modification	Paid or Charged	Reserved	Unexpended Balances Cancelled
Operating:					
Salaries and Wages	\$ 98,619.77	\$ 98,619.77	\$ 95,862.27	\$ 757.50	\$ 2,000.00
Other Expenses	292,096.14	292,096.14	274,937.45	15,158.69	2,000.00
Statutory Expenditures:					
Contribution to:					
Public Employees'					
Retirement System	3,153.49	3,153.49	3,153.49		
	<u>\$ 393,869.40</u>	<u>\$ 393,869.40</u>	<u>\$ 373,953.21</u>	<u>\$ 15,916.19</u>	<u>\$ 4,000.00</u>

Ref.

D

	Cash Disbursed	\$ 372,732.40
D	Encumbrances Payable	<u>1,220.81</u>
		<u>\$ 373,953.21</u>

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
PUBLIC ASSISTANCE FUND



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

		December 31,	
	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	E-1	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
TOTAL ASSETS		<u><u>\$ 10,000.00</u></u>	<u><u>\$ 10,000.00</u></u>
<u>RESERVES</u>			
Reserve for Public Assistance		<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
TOTAL RESERVES		<u><u>\$ 10,000.00</u></u>	<u><u>\$ 10,000.00</u></u>

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

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2019	2018
<u>ASSETS</u>		
Land	\$ 68,039,818.73	\$ 68,039,818.73
Land Improvements	4,543,284.89	4,439,039.96
Buildings	9,241,297.49	9,241,297.49
Vehicles	8,895,685.97	8,602,159.25
Equipment	7,466,045.51	7,212,892.16
Other Improvements	3,000.00	3,000.00
<u>TOTAL ASSETS</u>	<u>\$ 98,189,132.59</u>	<u>\$ 97,538,207.59</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 98,189,132.59	\$ 97,538,207.59
<u>TOTAL RESERVES</u>	<u>\$ 98,189,132.59</u>	<u>\$ 97,538,207.59</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, 2019

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, 2019  
 (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, 2019  
 (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, 2019  
 (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, 2019  
(Continued)

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

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%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 56,840,000.00	\$ 56,840,000.00	
	<u>\$ 56,840,000.00</u>	<u>\$ 56,840,000.00</u>	<u>\$ -0-</u>

Net Debt of \$0 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$7,174,098,101.33 = 0.0%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 251,093,433.55
Net Debt	<u>-0-</u>
Remaining Borrowing Power	<u>\$ 251,093,433.55</u>

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

As of 12/31/2017, the Township was completely debt free.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2019, which is included in the adopted budget for the Current and Golf Utility Operating Funds for the year ending December 31, 2020 is as follows:

Current Fund	\$ 12,620,000.00
Golf Utility Operating Fund	-0-

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.



TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

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.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members.

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

Township contributions to PERS amounted to \$873,511.79 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2019, the Township's liability was \$19,391,351 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019.

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, 2019, the Township's proportion was 0.108%, which was a decrease of 0.002% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Township recognized actual pension expense in the amount of \$873,511.79.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2019 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:

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(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 (Cont'd)

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Township's proportionate share of the Net Pension Liability	\$ 24,418,179	\$ 19,391,351	\$ 15,044,309

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 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. 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.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

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

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, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer 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, 2019 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, 2019 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$1,231,847 for the year ended December 31, 2019. During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$161,675 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$278,800.

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

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2019, the Township's liability for its proportionate share of the net pension liability was \$15,195,999. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the Township's proportion was 0.124%, which was a decrease of 0.002% from its proportion measured as of June 30, 2018.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,399,477 as of June 30, 2019. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the State's proportion was 0.124%, which was a decrease of 0.002% from its proportion measured as of June 30, 2018 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 15,195,999
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,399,477</u>
Total Net Pension Liability	<u><u>\$ 17,595,476</u></u>

For the year ended December 31, 2019, the Township recognized total pension expense of \$1,231,847.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 15.25% based on years of service
Investment Rate of Return	7.00%

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%



TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% of the actuarially contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2076. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2019 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, 2019		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 23,782,671	\$ 17,595,476	\$ 12,474,680

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.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 \$15,102.51 for the year ended December 31, 2019. Employee contributions to DCRP amounted to \$20,509.02 for the year ended December 31, 2019.

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, 2019, 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.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 6: Accrued Sick Benefits (Cont'd)

A. Non-Union Employees (Cont'd)

As of December 31, 2019, total unpaid compensation for non-union Library employees would approximate \$62,084.26, of which \$28,183.77 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, 2019, \$1,136,807.89 is reserved in the Current Fund for public library expenditures.

As of December 31, 2019, total unpaid compensation for other non-union employees would approximate \$479,257.24, of which \$184,649.07 is currently collectible by employees that are eligible and choose to retire.

B. Chief of Police

As of December 31, 2019, total unpaid compensation for Chief of Police would approximate \$135,959.60, 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. Total unpaid compensation for this bargaining unit would approximate \$7,226.18, of which \$-0- 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, 2019, total unpaid compensation for this bargaining unit would approximate \$707,150.47, of which \$353,830.73 is currently collectible by employees that are eligible and choose to retire.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

Note 6: Accrued Sick Benefits (Cont'd)

It is estimated that the current total cost of such unpaid compensation would approximate \$1,391,677.75, of which \$664,791.16 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 \$382,198.38 reflected on the Other Trust Funds' balance sheet as of December 31, 2019. 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	\$ 62,084.26	\$ 28,183.77
Non-Union - Other	RHSP	479,257.24	184,649.07
Chief of Police	IPRP	135,959.60	98,127.59
Teamster Local #469	IPRP	7,226.18	
PBA #357	IPRP	707,150.47	353,830.73
		<u>\$ 1,391,677.75</u>	<u>\$ 664,791.16</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, 2019, 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, 2019  
(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	11,276	\$ 707,150.47		X
Teamster Local #469**	228	7,226.18		X
Non-Union - Library*	1,957	62,084.26	X	
Non-Union - Other*	12,447	615,216.84	X	
Totals	25,908	\$ 1,391,677.75		

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

\*\* Teamsters are allowed a maximum of 104 hours.

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, 2019  
 (Continued)

Note 8: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2019	2018	2017
<u>Tax Rate</u>	\$ 2.034	\$ 2.005	\$ 1.989
<u>Apportionment of Tax Rate</u>			
Municipal	.332	.327	.329
County	.363	.361	.363
Local School	1.339	1.317	1.297
<u>Assessed Valuations</u>			
2019	\$ 6,826,378,444		
2018		\$ 6,807,978,961	
2017			\$ 6,791,301,442

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>
2019	\$ 139,121,246.45	\$ 138,533,468.61	99.57%
2018	136,956,778.80	136,494,732.57	99.66%
2017	135,875,887.33	135,449,831.40	99.68%

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, 2019  
(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, 2019  
(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, 2019, cash and cash equivalents of the Township of Bernards consisted of the following:

Fund	Cash on Hand	Checking Accounts	New Jersey Cash Management Fund	Totals
Current	\$ 565.00	\$ 18,439,939.76	\$ 4,375,269.84	\$22,815,774.60
Animal Control	25.00	3,149.38	215.05	3,389.43
Other Trust		3,167,329.86	2,697,820.30	5,865,150.16
General Capital		706,442.17	3,538,244.98	4,244,687.15
Golf Utility Operating	100.00	7,005.49	11,137.17	18,242.66
Public Assistance			10,000.00	10,000.00
	<u>\$ 690.00</u>	<u>\$ 22,323,866.66</u>	<u>\$ 10,632,687.34</u>	<u>\$32,957,244.00</u>

The carrying amount of the Township's cash and cash equivalents at year end was \$32,957,244.00 and the bank balance was \$33,319,432.05. The \$10,632,687.34 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, 2019  
(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.

Selected, summarized financial information for the Funds as of December 31, 2019 is as follows.

	Municipal Excess Liability Joint Insurance Fund	N.J. Municipal Environmental Management Fund	Suburban Municipal Joint Insurance Fund
Total Assets	\$ 80,294,462	\$ 33,215,865	\$ 8,405,225
Net Position	\$ 26,272,636	\$ 20,818,512	\$ 4,752,889
Total Revenue	\$ 49,733,294	\$ 5,177,954	\$ 5,386,475
Total Expenditures	\$ 51,222,164	\$ 2,479,087	\$ 5,082,424
Change in Net Position	\$ (1,488,870)	\$ 698,867	\$ 139,379
Members Dividends	\$ -0-	\$ 2,000,000	\$ 164,672

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, 2019  
(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. It is used to pay for insurance claim deductibles or for smaller claims below deductible not submitted to insurance. It is also intended to be available in the event of an unforeseen loss not covered under the Township's insurance policies.

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>
2019	\$ 19,000.00	\$ 4,355.91	\$ 20,000.00	\$ 9,135.21	\$218,320.51
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

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, 2019, 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 Township's financial position as of December 31, 2019.

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, 2019  
 (Continued)

Note 13: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2019:

Fund	Interfund Receivable	Interfund Payable
Current	\$ 189,306.75	\$ 1,702.83
Current - Federal and State Grant		163,560.69
Animal Control	132.57	
Other Trust	1,570.26	
Other Trust - Payroll		25,116.63
General Capital		629.43
	\$ 191,009.58	\$ 191,009.58

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 receivable in the Animal Control Fund is a payment made on behalf of the Current Fund; net of December 2019 interest due to the Current Fund. The interfund receivable in the Other Trust Fund represents the 2018 open space added and omitted tax levy; net of December 2019 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. The interfund payable in the General Capital Fund is December 2019 interest due to the Current Fund.

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.

Note 15: Related Party Transactions

The following 2019 Township Committee members were also members of the Township of Bernards Sewerage Authority:

John Carpenter	John Malay
James Baldassare	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 2019 was \$473,072. 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, 2019  
(Continued)

Note 16: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2019 and 2018:

	Balance Dec. 31, 2018	Additions	Deletions	Adjustments	Balance Dec. 31, 2019
Land	\$68,039,818.73				\$68,039,818.73
Land Improvements	4,439,039.96	\$ 126,125.93	\$ 21,881.00		4,543,284.89
Buildings	9,241,297.49				9,241,297.49
Vehicles	8,602,159.25	848,873.72	555,347.00		8,895,685.97
Equipment	7,212,892.16	474,657.01	221,503.66		7,466,045.51
Other Improvements	3,000.00				3,000.00
	<u>\$97,538,207.59</u>	<u>\$ 1,449,656.66</u>	<u>\$ 798,731.66</u>	<u>\$ -0-</u>	<u>\$98,189,132.59</u>
	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>

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, 2019, 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 \$426,710.99 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 2019 without the abatement would have been \$485,448.68 of which \$79,237.44 would have been for the local municipal tax and minimum library tax.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

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. 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>.

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.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

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

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

Special Funding Situation

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. 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 deferred inflows of resources, and collective OPEB (benefit)/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 (benefit)/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, 2018 through June 30, 2019. Employer and nonemployer allocation percentages were rounded for presentation purposes.

OPEB Expense

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2019 was \$9,638,290. At June 30, 2019, the State's proportion related to the Township was .174426%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

During the year ended June 30, 2019, the State of New Jersey's OPEB expense related to the Township was \$127,758.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(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*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

\* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.7% and decreases to a 4.5% long term trend rate after eight years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years.

TOWNSHIP OF BERNARDS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

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

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%. 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.

Note 19: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the Township's normal financial operations with the municipal office closed to the public and minimal staff working on site. Though the impact on the Township's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on tax collections as well as other revenue in the operating funds.



TOWNSHIP OF BERNARDS

SUPPLEMENTARY DATA

TOWNSHIP OF BERNARDS  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2019

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
<u>Elected Officials</u>			
Carol Bianchi	Mayor		
James Baldassare	Deputy Mayor		
Joan Bannan Harris	Committeeperson		
Joesph Esposito	Committeeperson		
John Carpenter	Committeeperson		
<u>Appointed Officials</u>			
Pasquale Monaco	Township Administrator	**	**
Denise Szabo	Municipal Clerk; Assessment Search Officer	**	**
Sean McCarthy	Chief Financial Officer	**	**
David Centrelli	Tax Assessor	**	**
Peggy Warren	Tax Collector; Tax Search Officer	**	**
Francis Decibus	Purchasing Agent	**	**
Thomas Timko	Township Engineer	**	**
David Schley	Township Planner	**	**
Nancy Koederitz	Zoning Enforcement Officer	**	**
Dennis Bettler	Construction Code Official	**	**
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 (to 3/20/2019)	**	**
Katherine Howes	Magistrate (from 3/20/2019)	**	**
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  
2019  
CURRENT FUND

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 23,197,320.77
Increased by Receipts:		
Tax Collector		\$ 139,257,657.49
Revenue Accounts Receivable		6,904,905.02
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions		99,930.15
Marriage License Fees		2,675.00
DCA Training Fees		49,841.00
Burial Permit Fees		5.00
Nonbudget Revenue		365,039.88
2019 Appropriation Refunds		382,816.23
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable		579,301.91
Unappropriated Grant Reserves		26,378.54
Due from Animal Control Fund:		
Settlement of Prior Year Interfund		13.22
Due from Other Trust Funds:		
Settlement of Prior Year Interfund		1,653.12
Due from General Capital Fund:		
Settlement of Prior Year Interfund		2,388.73
Due from Payroll Accounts:		
Settlement of Prior Year Interfund		1,436.05
Reserve for:		
Library		131,492.33
Sale of Municipal Assets		31,386.05
Recreation Fields		50,000.00
		<hr/>
		147,886,919.72
		<hr/>
		171,084,240.49

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

Ref.

Decreased by Disbursements:

2019 Appropriation Expenditures	\$ 30,005,561.70
2018 Appropriation Reserves	923,837.86
Accounts Payable	1,100.00
Due to State of N.J.:	
Marriage License Fees	2,425.00
DCA Training Fees	52,717.00
Burial Permit Fees	10.00
Due from Federal and State Grant Fund:	
Appropriated Grant Reserves	667,761.25
Local School District Taxes	91,387,676.00
County Taxes	24,769,789.40
Refund of Tax Overpayments	39,778.61
Refund of Prior Year Revenue	33,707.50
Refund of Outside Liens	332,011.42
Refund of Prior Year Taxes	4,617.52
Reserve for:	
Library	33,700.00
Library Bequest	14,337.63

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\$ 148,269,030.89

Balance December 31, 2019

A

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\$ 22,815,209.60

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TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

## Increased by Receipts:

Taxes Receivable	\$ 137,280,894.18	
Payment in Lieu of Taxes	426,710.99	
2020 Prepaid Taxes	1,023,857.13	
Interest and Costs on Taxes	152,123.90	
Redemption of Outside Liens	330,810.29	
Miscellaneous Revenue Not Anticipated:		
Miscellaneous	3,482.39	
Tax Overpayments	39,778.61	
		<u>\$ 139,257,657.49</u>

## Decreased by:

Payments to Treasurer		<u><u>\$ 139,257,657.49</u></u>
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TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2018	2019 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2019
2018	\$ 444,233.09		2018	2019				
			\$	\$	\$		\$	
2019		\$ 139,121,246.45	\$ 1,594,798.60	136,835,738.14	102,931.87	\$ 11,780.51	6,937.98	\$ 569,059.35
	\$ 444,233.09	\$ 139,121,246.45	\$ 1,594,798.60	\$ 137,280,894.18	\$ 99,772.29	\$ 11,780.51	\$ 9,174.61	\$ 569,059.35
<u>Ref.</u>	<u>A</u>							<u>A</u>

Analysis of 2019 Property Tax Levy:

Tax Yield:

General Purpose Tax \$ 138,848,537.59  
 Added Taxes (54:4-63.1 et seq.) 272,708.86

\$ 139,121,246.45

Tax Levy:

Local School District Taxes

County Taxes:

County Taxes

County Open Space Taxes

Due County for Added and Omitted Taxes

\$ 22,610,677.62

2,110,274.99

48,836.79

\$ 91,387,676.00

24,769,789.40

116,157,465.40

Local Tax for Municipal Purposes

Minimum Library Taxes

Additional Taxes Levied

20,314,913.39

2,400,487.00

248,380.66

22,963,781.05

\$ 139,121,246.45

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2018	A	\$ 48,104.59
Increased by:		
Transfer from Taxes Receivable		\$ 9,174.61
Interest and Costs on Tax Sale		340.17
		<hr/>
		9,514.78
		<hr/>
Balance December 31, 2019	A	<u><u>\$ 57,619.37</u></u>



TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2018	Accrued In 2019	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2019
Licenses:					
Alcoholic Beverages		\$ 36,240.00		\$ 36,240.00	
Fees and Permits		753,073.99		753,073.99	
Fines and Costs:					
Municipal Court	\$ 13,844.60	177,695.07		178,750.87	\$ 12,788.80
Interest and Costs on Taxes		152,123.90	\$ 152,123.90		
Interest on Investments and Deposits		502,107.53		502,107.53	
Swimming Pool:					
Membership Fees		586,685.00		586,685.00	
Gate Fees		68,292.00		68,292.00	
Refreshment Stand		5,500.00		5,500.00	
Recreation - Fees & Permits		650,707.42		650,707.42	
Development Application Fees		20,202.50		20,202.50	
Payment in Lieu of Taxes		426,710.99	426,710.99		
Hotel Occupancy Tax		782,443.29		782,443.29	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		1,798,308.00		1,798,308.00	
Uniform Construction Code Fees		621,294.00		621,294.00	
Bernards Township Sewerage Authority - Service Contract		473,072.00		473,072.00	
Interlocal Health Contract		273,792.48		273,792.48	
Uniform Fire Safety Act		41,581.60		41,581.60	
Rental Agreements		112,854.34		112,854.34	
	<u>\$ 13,844.60</u>	<u>\$ 7,482,684.11</u>	<u>\$ 578,834.89</u>	<u>\$ 6,904,905.02</u>	<u>\$ 12,788.80</u>

Ref.

A

A

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries and Wages	\$ 1,250.65	\$ 1,250.65	\$ 223.52	\$ 1,027.13
Other Expenses	11,289.81	11,289.81	105.73	11,184.08
Human Resources:				
Salaries and Wages	7,453.49	7,453.49		7,453.49
Other Expenses	13,319.35	13,319.35	281.24	13,038.11
Township Committee:				
Salaries and Wages	0.04	0.04		0.04
Other Expenses	27,606.79	27,606.79	852.84	26,753.95
Municipal Clerk:				
Salaries and Wages	696.74	696.74	405.04	291.70
Other Expenses	2,801.68	2,801.68	110.72	2,690.96
Financial Administration:				
Salaries and Wages	355.17	355.17	355.17	
Other Expenses	3,484.13	3,484.13	750.93	2,733.20
Annual Audit	16,635.00	16,635.00	16,585.00	50.00
Purchasing:				
Salaries and Wages	0.82	0.82		0.82
Other Expenses	4,378.04	4,378.04	947.98	3,430.06
Computer Network Administration:				
Salaries and Wages	5,205.57	5,205.57	374.16	4,831.41
Other Expenses	21,811.68	21,811.68	5.46	21,806.22
Revenue Administration:				
Salaries and Wages	677.02	677.02	335.76	341.26
Other Expenses	8,814.57	8,814.57	225.14	8,589.43
Tax Assessment Administration:				
Salaries and Wages	1,934.20	1,934.20	370.32	1,563.88
Other Expenses	18,030.82	18,030.82	2,271.55	15,759.27
Legal Services:				
Other Expenses	248,882.44	248,882.44	154,295.87	94,586.57
Engineering Services:				
Salaries and Wages	31,658.81	31,658.81	920.16	30,738.65
Other Expenses	20,628.30	20,628.30	3,527.40	17,100.90
<b>LAND USE ADMINISTRATION:</b>				
Planning Board:				
Salaries and Wages	1,154.64	1,154.64	233.92	920.72
Other Expenses	37,715.18	37,715.18	2,962.48	34,752.70
Board of Adjustment:				
Salaries and Wages	12,229.58	12,229.58	246.72	11,982.86
Other Expenses	70,085.84	70,085.84	197.18	69,888.66

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
LAND USE ADMINISTRATION (Continued):				
Environmental Commission:				
Salaries and Wages	\$ 700.00	\$ 700.00		\$ 700.00
Other Expenses	688.59	688.59		688.59
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	114,152.89	114,152.89	\$ 7,625.21	106,527.68
Other Expenses	79,372.91	79,372.91	17,839.78	61,533.13
Purchase of Police Cars	9,592.52	9,592.52		9,592.52
Crossing Guards:				
Salaries and Wages	28,274.25	28,274.25		28,274.25
Other Expenses	5,691.04	5,691.04	209.00	5,482.04
Emergency Management Services:				
Salaries and Wages	2,349.14	2,349.14		2,349.14
Other Expenses	6,262.57	6,262.57	4,301.40	1,961.17
Uniform Fire Sub-Code/Fire Hydrants:				
Salaries and Wages	7,464.95	7,464.95	256.32	7,208.63
Other Expenses	107,262.58	107,262.58	40,013.28	67,249.30
Municipal Prosecutor:				
Other Expenses	933.27	933.27		933.27
INSURANCE:				
Liability Insurance	176,202.68	176,202.68	94,078.69	82,123.99
Workers Compensation Insurance	117,205.60	117,205.60	73,278.79	43,926.81
Group Insurance	211,100.47	211,100.47		211,100.47
Waiver for Health Coverage	11,366.56	11,366.56		11,366.56
Other Employee Benefits	22,433.53	22,433.53	1,057.10	21,376.43
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	41,472.33	41,472.33	4,266.72	37,205.61
Other Expenses	90,761.75	90,761.75	9,583.30	81,178.45
Snow Removal:				
Salaries and Wages	22,238.89	22,238.89	313.20	21,925.69
Other Expenses	24,152.28	24,152.28	8,927.69	15,224.59
Other Public Works Functions:				
Shade Tree Commission:				
Salaries and Wages	331.70	331.70		331.70
Other Expenses	2,441.35	2,441.35		2,441.35
Street Light Maintenance:				
Other Expenses	24,361.54	24,361.54	13,152.98	11,208.56
Solid Waste Collections:				
Salaries and Wages	2,591.79	2,591.79		2,591.79
Other Expenses	12,425.84	12,425.84	5,000.84	7,425.00

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
<b>PUBLIC WORKS FUNCTIONS (Continued):</b>				
Public Buildings:				
Salaries and Wages	\$ 4,020.76	\$ 4,020.76	\$ 736.24	\$ 3,284.52
Other Expenses	65,534.29	65,534.29	34,986.72	30,547.57
Vehicle Maintenance:				
Salaries and Wages	2,823.66	2,823.66	824.24	1,999.42
Other Expenses	98,880.37	98,880.37	9,035.49	89,844.88
Municipal Service Act:				
Other Expenses	178,790.00	178,790.00	140,964.24	37,825.76
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>				
Public Health Services:				
Salaries and Wages	23,528.95	23,528.95	961.46	22,567.49
Other Expenses	22,653.43	22,653.43	11,577.32	11,076.11
Animal Control:				
Salaries and Wages	10,375.48	10,375.48	216.48	10,159.00
Contributions to Social Service Agencies:				
Other Expenses	2,704.00	2,704.00		2,704.00
<b>PARKS AND RECREATION FUNCTIONS:</b>				
Parks and Recreation:				
Salaries and Wages	20,621.22	20,621.22	404.08	20,217.14
Other Expenses	33,316.17	33,316.17	3,217.07	30,099.10
Maintenance of Parks & Public Grounds:				
Salaries and Wages	47,534.16	47,534.16	1,779.04	45,755.12
Other Expenses	27,389.28	27,389.28	3,226.92	24,162.36
Community Pool Commission:				
Salaries and Wages	6,384.80	6,384.80		6,384.80
Other Expenses	27,290.64	27,290.64	444.26	26,846.38
<b>OTHER COMMON OPERATING FUNCTIONS:</b>				
Community Service:				
Salaries and Wages	11,500.11	11,500.11		11,500.11
Other Expenses	4,305.59	4,305.59	2.21	4,303.38
Charter Day Community Celebration:				
Salaries and Wages	3,641.93	3,641.93		3,641.93
Other Expenses	5,287.86	5,287.86	0.47	5,287.39
Labor Day Races:				
Salaries and Wages	300.00	300.00		300.00
Other Expenses	252.18	252.18		252.18
Deer Task Force:				
Salaries and Wages	761.37	761.37		761.37
Other Expenses	28,481.42	28,481.42	7,345.72	21,135.70
Pay for Performance:				
Salaries and Wages	9,188.89	9,188.89		9,188.89

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2019  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UTILITY EXPENSES AND BULK PURCHASES:				
Other Expenses	\$ 427,029.70	\$ 427,029.70	\$ 25,803.27	\$ 401,226.43
LANDFILL/SOLID WASTE DISPOSAL COSTS:				
Landfill/Solid Waste Disposal Costs:				
Salaries and Wages	545.51	545.51	276.08	269.43
Other Expenses	43,507.62	43,507.62	2,085.70	41,421.92
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	28,567.85	28,567.85	1,801.28	26,766.57
Other Expenses	19,306.43	19,306.43	2,584.38	16,722.05
UNCLASSIFIED:				
Municipal Court:				
Salaries and Wages	12,892.88	12,892.88	358.64	12,534.24
Other Expenses	15,089.74	15,089.74	804.49	14,285.25
Public Defender (P.L. 1997, C.256):				
Other Expenses	1,715.75	1,715.75		1,715.75
STATUTORY EXPENDITURES:				
Contributions to:				
Social Security System (O.A.S.I.)	61,690.83	61,690.83		61,690.83
Defined Contribution Retirement Program	7,696.98	7,696.98		7,696.98
Operations Excluded from "CAPS":				
Public Safety:				
L.O.S.A.P.	87,200.00	87,200.00	84,629.05	2,570.95
Education:				
Municipal Library	129,284.42	129,284.42	129,284.42	
	<u>\$ 3,160,025.65</u>	<u>\$ 3,160,025.65</u>	<u>\$ 929,837.86</u>	<u>\$ 2,230,187.79</u>
 <u>Ref.</u>				
<u>Analysis of Balance on December 31, 2018:</u>				
Unencumbered	A	\$ 2,510,087.68		
Encumbered	A	<u>649,937.97</u>		
		<u>\$ 3,160,025.65</u>		
Cash Disbursed			\$ 923,837.86	
Accounts Payable			<u>6,000.00</u>	
			<u>\$ 929,837.86</u>	

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2019

Increased by:

Levy Calendar Year 2019

\$ 91,387,676.00

Decreased by:

Payments to Local School District

\$ 91,387,676.00

TOWNSHIP OF BERNARDS  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2019

Increased by:

Levy Calendar Year 2019

\$ 24,769,789.40

Decreased by:

Payments to the County of Somerset

24,769,789.40

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

	Balance Dec. 31, 2018	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2019
Bulletproof Vest Partnership - 2019		\$ 7,401.27	\$ 6,399.72	\$ 1,001.55	
Emergency Management Performance Grant:					
2018	\$ 10,000.00		10,000.00		
2019		10,000.00	10,000.00		
NJDOT Municipal Aid Grant:					
2016 - Douglas Road	4,131.64				\$ 4,131.64
2017 - Hansom & Watchung	56,250.00		56,250.00		
2018 - Manchester Drive and Juniper Way	500,000.00		375,000.00		125,000.00
2019 - North Maple Avenue Project		350,000.00			350,000.00
Municipal Alliance on Alcoholism and Drug Abuse:					
Fiscal Year 2018	15,688.04		15,688.04		
Fiscal Year 2019		19,038.04	3,350.00		15,688.04
Clean Communities Program		62,003.47	62,003.47		
Recycling Tonnage Grant - 2019		20,893.22	20,893.22		
Drunk Driving Enforcement Grant - 2019		2,546.58		2,546.58	
Body Armor Replacement Grant - 2019		3,957.95	3,957.95		
Somerset County Cultural and Heritage Grant:					
Lyons Train Station	3,438.00				3,438.00
Lyons Station Canopy	96,580.00				96,580.00
Somerset County Youth Services Commission		11,000.00	11,000.00		
Municipal Alliance Trust Fund 25% Matching Funds		4,759.51	4,759.51		
	\$ 686,087.68	\$ 491,600.04	\$ 579,301.91	\$ 3,548.13	\$ 594,837.68
Ref.	A				A
Federal Grants		\$ 367,401.27	\$ 457,649.72		
State Grants		108,439.26	105,892.68		
Local Grants		11,000.00	11,000.00		
Local Matching Funds		4,759.51	4,759.51		
	\$ 491,600.04	\$ 579,301.91			

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

	Balance Dec. 31, 2018	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2019
Bulletproof Vest Partnership:				
2019		\$ 7,401.27	\$ 7,401.27	
NJDOT-Municipal Aid Grant:				
2018 - Manchester Drive and Juniper Way	\$ 500,000.00		485,551.25	\$ 14,448.75
2019 - North Maple Avenue Project		350,000.00		350,000.00
NJ Office of Emergency Management:				
Emergency Management Grant		10,000.00	10,000.00	
Municipal Alliance on Alcoholism and Drug Abuse:				
Fiscal Year 2018	10,854.56		10,854.56	
Fiscal Year 2019		19,038.04	7,855.55	11,182.49
NJDEP Clean Communities Program:				
2019		62,003.47	58,999.60	3,003.87
Recycling Tonnage Grant		20,893.22	20,893.22	
Drunk Driving Enforcement Grant:				
2014	373.60		265.00	108.60
2016	2,833.30		240.00	2,593.30
2017	3,101.35			3,101.35
Drunk Driving Enforcement Grant:				
2018	2,493.20			2,493.20
2019		2,546.58		2,546.58
Body Armor Replacement Grant:				
2019		3,957.95	3,957.95	
NJ Department of Human and Senior Services:				
Hepatitis B Grant:				
2005	397.33			397.33
2006	856.00			856.00
2008	1,014.00		130.00	884.00
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	10.05			10.05
Somerset County Cultural and Heritage Grant:				
Plays in the Park	1,500.00		1,500.00	
Lyons Train Station	22,294.89		22,294.89	
Lyons Station Canopy	25,384.51		24,830.02	554.49



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

	Balance Dec. 31, 2018	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2019
Somerset County Youth Services Commission	\$ 7,614.87	\$ 11,000.00	\$ 8,228.43	\$ 10,386.44
Municipal Alliance on Alcoholism and Drug Abuse:				
Local Match		4,759.51	4,759.51	
	<u>\$ 581,059.66</u>	<u>\$ 491,600.04</u>	<u>\$ 667,761.25</u>	<u>\$ 404,898.45</u>
<u>Ref.</u>	A			A
Federal Grants		\$ 367,401.27	\$ 502,952.52	
State Grants		108,439.26	103,195.88	
Local Grants		11,000.00	56,853.34	
Local Matching Funds		4,759.51	4,759.51	
		<u>\$ 491,600.04</u>	<u>\$ 667,761.25</u>	

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

	Balance Dec. 31, 2018	Grant Funds Received	Transferred to 2019 Budget Revenue	Balance Dec. 31, 2019
Bulletproof Vest Partnership Program	\$ 1,001.55		\$ 1,001.55	
Drunk Driving Enforcement Fund	2,546.58		2,546.58	
Recycling Tonnage Grant		\$ 24,378.54		\$ 24,378.54
Somerset County Cultural and Heritage Grant: Plays in the Park		2,000.00		2,000.00
	<u>\$ 3,548.13</u>	<u>\$ 26,378.54</u>	<u>\$ 3,548.13</u>	<u>\$ 26,378.54</u>

Ref.

A

A

State Grants	\$ 24,378.54
Local Grants	<u>2,000.00</u>
	<u>\$ 26,378.54</u>

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
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, 2018	B	\$ 15,104.01	\$ 6,209,620.32
Increased by Receipts:			
Municipal Dog License Fees		\$ 37,125.00	
State Dog License Fees		2,619.00	
Prepaid State Dog License Fees		189.00	
Cat License Fees		3,690.50	
Dog License Late Fees		3,310.00	
Dog Replacement Tag Fees		9.00	
Prepaid Animal Licenses		3,333.00	
Miscellaneous Fees		1,931.39	
Due to/from Current Fund:			
Interest Earned:			
Animal Control Fund		38.56	
Other Trust Funds			\$ 1,749.34
Payroll			116.63
Reserve for:			
Developers Escrow			1,409,201.57
Library State Aid			11,677.00
Recycling Expenditures			232,917.14
Accumulated Sick Leave Expenditures			120,271.68
Uniform Fire Safety Act Penalties			10,400.00
Public Defender			1,890.00
Parking Offenses Adjudication Act			24.00
County Environmental Health Act			2,710.00
Municipal Alliance			14,127.00
Affordable Housing			435,786.21
Unemployment Compensation			43,355.91
Self Insurance			30,903.99
Forfeited Asset			4,410.44
Recreation			95,015.00
Landfill Closure			463.07
Payroll Deductions			16,555,345.30
Employee Recognition Program Donations			9,830.00
Police Equipment Donations			2,025.00
Recreation Program Donations			3,350.00
Memorial Trees & Benches Donations			4,375.00
Tree Arboretum Donations			2,451.00
Tax Sale Premiums			460,900.00
Stormwater Management			9,400.00
		<u>52,245.45</u>	<u>19,462,695.28</u>
		67,349.46	25,672,315.60

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		\$ 60,914.68	
Due to State of New Jersey		2,886.00	
Due to Current Fund:			
Payment on Behalf of Current Fund		171.13	
Settlement of Prior Year Interfund:			
Animal Control Fund		13.22	
Other Trust Funds			\$ 1,653.12
Payroll			1,436.05
Reserve for:			
Developers Escrow			1,878,593.11
Library State Aid			11,665.00
Recycling Expenditures			242,760.36
Accumulated Sick Leave Expenditures			235,764.42
Uniform Fire Safety Act Penalties			16,954.00
Public Defender			4,265.00
County Environmental Health Act			2,000.00
Municipal Alliance			11,166.98
Affordable Housing			246,187.09
Unemployment Compensation			9,135.21
Self Insurance			23,021.52
Storm Recovery			31,167.21
Recreation			83,604.05
Landfill Closure			5,510.80
Payroll Deductions			16,561,406.40
Employee Recognition Program Donations			3,945.00
Recreation Program Donations			1,316.20
Memorial Trees & Benches Donations			8,802.17
Tree Replacement Donations			5,811.75
Tax Sale Premiums			421,000.00
		<u>\$ 63,985.03</u>	<u>\$ 19,807,165.44</u>
Balance December 31, 2019	B	<u>\$ 3,364.43</u>	<u>\$ 5,865,150.16</u>

TOWNSHIP OF BERNARDS  
ASSESSMENT TRUST FUND  
ANALYSIS OF ASSESSMENT TRUST FUND CASH  
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2018	B	\$	10,594.79
Increased by:			
Cash Received in Animal Control Fund:			
Municipal Dog License Fees		\$	37,125.00
Cat License Fees			3,690.50
Dog License Late Fees			3,310.00
Dog Replacement Tag Fees			9.00
Miscellaneous Fees			1,931.39
Prior Year Prepaid Licenses			4,254.00
			<hr/> 50,319.89
			<hr/> 60,914.68
Decreased by:			
Expenditures Under R.S.4:19-15.11			<hr/> 60,914.68
Balance December 31, 2019	B	\$	<hr/> <hr/> -0-

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ 44,952.80
2018	46,352.60
	<hr/>
Maximum Allowable Reserve	\$ 91,305.40
	<hr/> <hr/>

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
GENERAL CAPITAL FUND



TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 5,966,885.00
Increased by:		
Budget Appropriation:		
Capital Improvement Fund	\$ 6,098,950.00	
Improvement Authorization Refund	12,400.00	
Due to Current Fund:		
Interest Earned	629.43	
		<hr/> 6,111,979.43
		<hr/> 12,078,864.43
Decreased by:		
Due to Current Fund:		
Settlement of Prior Year Interfund	2,388.73	
Improvement Authorization Expenditures	7,815,813.55	
Reserve for Preliminary Expenses	15,975.00	
		<hr/> 7,834,177.28
Balance December 31, 2019	C	<hr/> \$ 4,244,687.15



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

Ord. No.	Improvement Description	Receipts		Disbursements			Transfers		Balance Dec. 31, 2019
		Balance Dec. 31, 2018	Miscellaneous	Budget Appropriation	Miscellaneous	Improvement Authorization Expenditures	From	To	
2366F	BRFA Equipment	\$ 10,000.00				\$ 320.02			\$ 9,679.98
2366G	BRFC Equipment	8,320.01				8,320.01			
2366H	LCFC Equipment	499.54				499.54			
2366I	Grounds Equipment	52,841.00				10,586.58	\$ 7,300.42		34,954.00
2366J	Park Infrastructure Improvements	85,927.50				41,787.16			44,140.34
2373	Pool Infrastructure Improvements	27,073.88				27,024.88			49.00
2382A	Engineering Projects	53,711.09				52,742.60			968.49
2382B	Fleet	135,668.00				36,822.50			98,845.50
2382C	Police Equipment	7,119.90							7,119.90
2387A	Engineering Projects	969,233.19				688,050.31			281,182.88
2387B	Facility Improvements	404,344.42				349,862.07			54,482.35
2387C	DPW Equipment and Repairs	356,823.20				249,169.95			107,653.25
2387D	Systems Administration	24,689.51				15,887.69			8,801.82
2387E	BRFA Equipment	210,000.00				69,344.25			140,655.75
2387F	BRFC Equipment	85,000.00				67,218.66			17,781.34
2387G	LCFC Equipment	175,835.40				174,394.15			1,441.25
2387H	Grounds Equipment	51,404.35				41,662.59	9,741.76		
2387I	Park Infrastructure Improvements	180,116.46				2,447.20			177,669.26
2387J	Police Equipment	12,604.00				10,866.13			1,737.87
2387K	Pool Infrastructure Improvements	65,000.00				10,195.90			54,804.10
2397	Engineering Projects	450,000.00				278,476.45			171,523.55
2417A	Engineering Projects					3,661,170.45		\$ 4,005,000.00	343,829.55
2417B	Facility Improvements					104,246.58		340,000.00	235,753.42
2417C	DPW Equipment & Repairs					260,089.62		445,000.00	184,910.38
2417D	Systems Administration					21,464.26		78,400.00	56,935.74
2417E	BRFAS Equipment							110,000.00	110,000.00
2417F	BRFC Equipment							225,000.00	225,000.00
2417G	LCFC Equipment					111,541.79		178,000.00	66,458.21
2417H	Grounds Equipment					5,634.29		215,000.00	209,365.71
2417I	Park Infrastructure Improvements							30,000.00	30,000.00
2417J	Police Equipment					557.50		12,550.00	11,992.50
2417K	Pool Infrastructure Improvements							65,000.00	65,000.00
2417L	Fleet					20,498.09		395,000.00	374,501.91
		\$ 5,966,885.00	\$ 13,029.43	\$ 6,098,950.00	\$ 18,363.73	\$ 7,815,813.55	\$ 6,128,828.05	\$ 6,128,828.05	\$ 4,244,687.15

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance		2019 Authorizations		Paid or Charged	Authorizations Cancelled	Balance	
		Date	Amount	Dec. 31, 2018	Funded	Capital Improvement	Fund			Dec. 31, 2019	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		4,258.67			4,258.67			
2161F	Police Equipment	05/24/11	37,400.00		19,809.65			16,861.65			2,948.00
2180A	Emergency Communications Equipment	12/13/11	600,000.00		301,211.68			62,284.78			238,926.90
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			
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			9,412.90	\$ 4,465.01		
2270A	Engineering Projects	05/13/14	160,000.00		37,322.50			35,000.00			2,322.50
2270C	Facility Improvements	05/13/14	177,400.00		6,038.02			5,295.97			742.05
2270D	Park Infrastructure Improvements	05/13/14	175,000.00		50,675.16			27,876.10			22,799.06
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			1,138.07	1,225.88		
2312C	Facility Improvements	04/28/15	119,000.00		22,542.04			13,723.80			8,818.24
2312G	Systems Administration	04/28/15	63,400.00		520.64				520.64		
2312L	Park Infrastructure Improvements	04/28/15	21,000.00		6,000.00						6,000.00
2337A	Engineering Projects	05/10/16	2,490,000.00		505,165.19			436,295.82			68,869.37
2337B	Fleet	05/10/16	250,500.00		26,648.14			20,023.80	6,624.34		
2337C	Facility Improvements	05/10/16	238,150.00		170,924.14			138,493.81			32,430.33
2337E	Police Equipment	05/10/16	32,750.00		1,547.67			1,404.69			142.98
2337F	Systems Administration	05/10/16	75,400.00		27,168.42			8,575.28			18,593.14
2337G	BRFA Equipment	05/10/16	10,000.00		594.02						594.02
2337K	Park Infrastructure Improvements	05/10/16	140,400.00		5,130.11			5,130.11			
2361B	Pool Infrastructure Improvements	03/14/17	65,000.00		515.10			515.10			
2366A	Engineering Projects	05/23/17	1,195,000.00		452,563.21			432,611.76			19,951.45
2366B	Fleet	05/23/17	180,000.00		31,661.76						31,661.76

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

Ord. No.	Improvement Description	Ordinance		Balance		2019 Authorizations		Paid or Charged	Authorizations Cancelled	Balance	
		Date	Amount	Dec. 31, 2018	Funded	Capital Improvement	Fund			Dec. 31, 2019	Funded
2366C	Facility Improvements	05/23/17	\$ 172,000.00	\$ 125,880.00				\$ 122,463.06		\$ 3,416.94	
2366E	Systems Administration	05/23/17	33,400.00	4,503.50				2,583.05		1,920.45	
2366F	BRFA Equipment	05/23/17	10,000.00	10,000.00				320.02		9,679.98	
2366G	BRFC Equipment	05/23/17	70,000.00	8,320.01				8,320.01			
2366H	LCFC Equipment	05/23/17	85,000.00	499.54				499.54			
2366I	Grounds Equipment	05/23/17	90,000.00	52,841.00				10,586.58	\$ 7,300.42	34,954.00	
2366J	Park Infrastructure Improvements	05/23/17	92,000.00	85,927.50				41,787.16		44,140.34	
2373	Pool Infrastructure Improvements	10/10/17	65,000.00	27,073.88				27,024.88		49.00	
2382A	Engineering Projects	03/13/18	1,020,000.00	53,711.09				52,742.60		968.49	
2382B	Fleet	03/13/18	372,000.00	135,668.00				36,822.50		98,845.50	
2382C	Police Equipment	03/13/18	32,500.00	7,119.90						7,119.90	
2387A	Engineering Projects	04/24/18	2,155,000.00	969,233.19				688,050.31		281,182.88	
2387B	Facility Improvements	04/24/18	430,000.00	404,344.42				349,862.07		54,482.35	
2387C	DPW Equipment and Repairs	04/24/18	420,000.00	356,823.20				249,169.95		107,653.25	
2387D	Systems Administration	04/24/18	33,400.00	24,689.51				15,887.69		8,801.82	
2387E	BRFA Equipment	04/24/18	210,000.00	210,000.00				69,344.25		140,655.75	
2387F	BRFC Equipment	04/24/18	85,000.00	85,000.00				67,218.66		17,781.34	
2387G	LCFC Equipment	04/24/18	674,000.00	175,835.40				174,394.15		1,441.25	
2387H	Grounds Equipment	04/24/18	72,000.00	51,404.35				41,662.59	9,741.76		
2387I	Park Infrastructure Improvements	04/24/18	315,000.00	180,116.46				2,447.20		177,669.26	
2387J	Police Equipment	04/24/18	30,000.00	12,604.00				10,866.13		1,737.87	
2387K	Pool Infrastructure Improvements	04/24/18	65,000.00	65,000.00				10,195.90		54,804.10	
2397	Engineering Projects	07/24/18	450,000.00	450,000.00				278,476.45		171,523.55	
2417A	Engineering Projects	04/23/19	4,005,000.00		\$ 4,005,000.00			3,661,170.45		343,829.55	
2417B	Facility Improvements	04/23/19	340,000.00		340,000.00			104,246.58		235,753.42	
2417C	DPW Equipment & Repairs	04/23/19	445,000.00		445,000.00			260,089.62		184,910.38	
2417D	Systems Administration	04/23/19	78,400.00		78,400.00			21,464.26		56,935.74	
2417E	BRFAS Equipment	04/23/19	110,000.00		110,000.00					110,000.00	

C-5  
2 of 3

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

Ord. No.	Improvement Description	Ordinance		Balance		2019 Authorizations		Balance	
		Date	Amount	Dec. 31, 2018	Funded	Capital Improvement Fund	Paid or Charged	Authorizations Cancelled	Dec. 31, 2019 Funded
2417F	BRFC Equipment	04/23/19	\$ 225,000.00			\$ 225,000.00			\$ 225,000.00
2417G	LCFC Equipment	04/23/19	178,000.00			178,000.00	\$ 111,541.79		66,458.21
2417H	Grounds Equipment	04/23/19	215,000.00			215,000.00	5,634.29		209,365.71
2417I	Park Infrastructure Improvements	04/23/19	30,000.00			30,000.00			30,000.00
2417J	Police Equipment	04/23/19	12,550.00			12,550.00	557.50		11,992.50
2417K	Pool Infrastructure Improvements	04/23/19	65,000.00			65,000.00			65,000.00
2417L	Fleet	04/23/19	395,000.00			395,000.00	20,498.09		374,501.91
				\$ 5,327,218.39		\$ 6,098,950.00	\$ 7,803,413.55	\$ 29,878.05	\$ 3,592,876.79
		<u>Ref.</u>			C				C
						Capital Improvement Fund	\$ 29,878.05		
							\$ 29,878.05		
						Cash Disbursed	\$ 7,815,813.55		
						Refunds	(12,400.00)		
							\$ 7,803,413.55		

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2018	C	\$ 477,212.88
Increased by:		
2019 Budget Appropriation	\$ 6,098,950.00	
Improvement Authorizations Cancelled	<u>29,878.05</u>	
		<u>6,128,828.05</u>
		6,606,040.93
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>6,098,950.00</u>
Balance December 31, 2019	C	<u><u>\$ 507,090.93</u></u>



TOWN OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
GOLF UTILITY FUND

TOWNSHIP OF BERNARDS  
GOLF UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2018	D	\$ 27,082.48
Increased by Receipts:		
Memberships		\$ 308,337.50
Miscellaneous Revenue		46,293.12
Irrigation Assessments		13,350.00
		<u>367,980.62</u>
		395,063.10
Decreased by Disbursements:		
2019 Appropriation Expenditures		372,732.40
2018 Appropriation Reserves		4,188.04
		<u>376,920.44</u>
Balance December 31, 2019	D	<u>\$ 18,142.66</u>

TOWNSHIP OF BERNARDS  
GOLF UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2019

Increased by:

Membership Fees Charged in 2019

\$ 308,337.50

Decreased by:

Collections

\$ 308,337.50

TOWNSHIP OF BERNARDS  
GOLF UTILITY OPERATING FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 2,264.00	\$ 2,264.00		\$ 2,264.00
Other Expenses	23,946.29	23,946.29	\$ 4,188.04	19,758.25
	<u>\$ 26,210.29</u>	<u>\$ 26,210.29</u>	<u>\$ 4,188.04</u>	<u>\$ 22,022.25</u>

Ref.

Analysis of Balance December 31, 2018

Unencumbered	D	\$ 25,056.74
Encumbered	D	<u>1,153.55</u>
		<u>\$ 26,210.29</u>

TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET  
2019  
PUBLIC ASSISTANCE FUND



TOWNSHIP OF BERNARDS  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2018	E	\$ 10,000.00
Balance December 31, 2019	E	<u>\$ 10,000.00</u>

TOWNSHIP OF BERNARDS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2019

**TOWNSHIP OF BERNARDS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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 2019	N/A	\$ 7,401.27	01/01/19	12/31/19	\$ 6,399.72	\$ 7,401.27	\$ 7,401.27	
	16.738	Edward Byrne Memorial Justice Assistance Grant Program	100-066-1200 A06-062820	4,825.69	01/01/19	12/31/19	4,825.69	4,825.69	4,825.69	
Total Department of Justice							11,225.41	12,226.96	12,226.96	
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: 2017 - Hansom & Watchung 2018 - Manchester Drive and Juniper Way	480-078-6320- AMQ-605177 AM2-605178	225,000.00 500,000.00	01/01/17 01/01/18	12/31/18 12/31/20	56,250.00 375,000.00	485,551.25	225,000.00 485,551.25	
Total Department of Transportation							431,250.00	485,551.25	889,964.23	
U.S. Environmental Protection Agency: (Passed through New Jersey Department of Environmental Protection)	66.605	Environmental Performance Partnership Grants: Radon Awareness Program	100-042-4820 047-017200	2,000.00	01/01/19	12/31/19	2,000.00	2,000.00	2,000.00	
Total U.S. Environmental Protection Agency							2,000.00	2,000.00	2,000.00	
U.S. Department of Homeland Security (Passed Through NJ Department of Law and Public Safety)	97.036	Disaster Grants - Public Assistance - FEMA: Severe Winter Storm and Snow Storm January 2016	100-066-1200 B80-068460	204,499.88	01/22/16	12/31/16	757.85	757.85 *	204,499.88	
(Passed Through NJ Department of Emergency Management)	97.042	Office of Emergency Management - 2018 Emergency Management Grant 2019 Emergency Management Grant	100-066-1200 726-062600	10,000.00 10,000.00	01/01/18 01/01/19	12/31/18 12/31/19	10,000.00 20,000.00	10,000.00 10,000.00	10,000.00 20,000.00	
Total U.S. Department of Homeland Security							20,757.85	10,757.85	224,499.88	
Total Federal Awards							\$ 465,233.26	\$ 510,536.06	\$ 1,132,191.07	\$ -0-

\* Includes 2016 expenditures.

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, 2019

Name of State Agency or Department	Name of Program	Grant ID, No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Law and Public Safety</u>	Drunk Driving Enforcement Fund							
	2014	N/A	\$ 3,412.69	01/01/14	12/31/20		\$ 265.00	\$ 3,304.09
	2016	N/A	3,646.90	01/01/16	12/31/20		240.00	1,053.60
							505.00	4,357.69
Total Department of Law and Public Safety	Body Armor Replacement Grant	718-066-1020						
	2019	001-090160	3,957.95	01/01/19	12/31/19	\$ 3,957.95	3,957.95	3,957.95
						3,957.95	4,462.95	8,315.64
<u>N.J. Department of Health and Senior Services</u>	Hepatitis B Grant							
	2008	N/A	1,079.00	01/01/08	12/31/20		130.00	195.00
							130.00	195.00
Total Department of Health and Senior Services								
<u>Department of Treasury</u> (Passed through the County of Somerset)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance							
	Fiscal Year 2018	N/A	19,038.04	07/01/18	07/01/19	15,688.04	10,854.56	19,038.04
	Fiscal Year 2019	N/A	19,038.04	07/01/19	07/01/20	3,350.00	7,855.55	7,855.55
Total Department of Treasury						19,038.04	18,710.11	26,893.59
<u>Department of Environmental Protection</u>	Clean Communities Grant	765-042-4900-						
	2019	004-178910	62,003.47	01/01/19	12/31/20	62,003.47	58,999.60	58,999.60
	Recycling Tonnage Grant							
Total Department of Environmental Protection	2019	100-042-4910	20,893.22	01/01/19	12/31/19	20,893.22	20,893.22	20,893.22
	2020	224-238490	24,378.54	01/01/20	12/31/20	24,378.54		
						45,271.76	20,893.22	20,893.22
Total State Awards						107,275.23	79,892.82	79,892.82
						\$ 130,271.22	\$ 103,195.88	\$ 115,297.05

N/A - Not Available

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

TOWNSHIP OF BERNARDS  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2019

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, 2019. 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.



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

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, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 22, 2020. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
June 22, 2020

NISIVOCIA LLP

*Man C Lee*

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Man C. Lee  
Registered Municipal Accountant No. 562  
Certified Public Accountant

TOWNSHIP OF BERNARDS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2019

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, 2019 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, 2019

The Township had no prior year audit findings.

TOWNSHIP OF BERNARDS

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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, 2019, 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 June 5, 2019, 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>
2019	7
2018	7
2017	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 2020 Taxes	20
Payments of 2019 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2019 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance Dec. 31, 2018	Receipts	Disbursements	Balance Dec. 31, 2019
State of New Jersey	\$ 12,643.40	\$ 237,210.34	\$ 231,687.44	\$ 18,166.30
County	6,466.00	72,730.51	73,787.01	5,409.50
Municipality	13,844.60	177,695.07	178,750.87	12,788.80
Municipality - POAA		30.00	24.00	6.00
Conditional Discharge		1,495.00	1,345.00	150.00
Public Defender	150.00	1,970.00	1,890.00	230.00
Weights and Measures		5,550.00	5,550.00	
Conditional Dismissal		150.00	150.00	
Bail	1,960.00	26,425.00	27,885.00	500.00
	<u>\$ 35,064.00</u>	<u>\$ 523,255.92</u>	<u>\$ 521,069.32</u>	<u>\$ 37,250.60</u>

Management Suggestions

Federal and State Grant Balances

As of December 31, 2019, 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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