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**TOWNSHIP OF BERNARDS**  
**NEW JERSEY COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**



PHOTO BY DEBBIE WEISMAN/THE BERNARDSVILLE NEWS

**Tobin Heath**

Ridge High School Graduate and Member of the  
US Women's World Cup Championship Soccer Team Celebrating the  
2015 Win in Downtown Basking Ridge

**Township of Bernards**  
**Basking Ridge, New Jersey**  
**County of Somerset**

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**TOWNSHIP OF BERNARDS**  
**SOMERSET COUNTY, NEW JERSEY**

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**INTRODUCTORY SECTION**



# Bernards Township

One Collyer Lane  
Basking Ridge, NJ 07920  
(908) 766-2510

**March 31, 2016**

To the Honorable Mayor and members of the Township Committee and Citizens of the Township of Bernards:

The comprehensive annual financial report of the Township of Bernards for the year ended December 31, 2015 is hereby submitted as mandated by state statute. New Jersey statutes require that the Township of Bernards issue annually a report on its financial position and activity, and that this report be audited by an independent Registered Municipal Accountant. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Township of Bernards' activities have been included.

## **REPORT ORGANIZATION**

The comprehensive annual financial report is presented in five sections: introductory, financial, statistical, governmental auditing standards/single audit section, and general comments and recommendations. The introductory section which is unaudited includes this letter of transmittal, an organizational chart and a list of the Township of Bernards' principal elected and appointed officials. The financial section includes the general purpose financial statements and the combining, individual fund and account group financial statement and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section that is unaudited includes selected financial and demographic information, generally presented on a multi-year basis. The governmental auditing section includes the auditor's reports and the schedules of federal and state financial statements. If required, the Township must undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations," and State Treasury Circular 04-04-OMB.

## **REPORTING ENTITY AND ITS SERVICES**

The financial reporting entity (the government) includes all the funds and account groups of the Township of Bernards. Component units as defined by the Governmental Accounting Standards Board are not presented as the State of New Jersey does not require that component units be considered for reporting purposes. The government provides a full range of services including police, recycling services, the maintenance and construction of roads and related infrastructure, public health, public library, and recreation.

The Township of Bernards is located in Somerset County, New Jersey, approximately 6 miles south of Morristown, 5 miles north of Somerville and about 25 miles west of Newark. Covering an area of 24.5 square miles, the Township includes the communities of Basking Ridge, Liberty Corner, Lyons and West Millington. The Borough of Bernardsville and the Township of Harding bound it on the north. The Passaic River forms the Township's eastern boundary with Long Hill Township, Morris County. The Dead River, Warren Township and Bridgewater

Township form the Township's southern boundary and Far Hills and Bedminster are to the west. Prior to 1921, the Boroughs of Far Hills and Bernardsville were part of the Township.

The Township of Bernards occupies a central and convenient location in New Jersey, making it attractive to businesses, and homeowners alike. There are four major interstate highway interchanges (two on I-287, and two on I-78) located in the Township. State highway Route 202 runs through Bernards. New Jersey Transit has two Bernards Township rail stations on its Gladstone Branch (Lyons and Basking Ridge). This line offers New York City "midtown direct" service to Penn Station, as well as service to locations such as Summit, Short Hills, Newark, Seton Hall University / West Orange, Secaucus Junction, and the Hoboken terminus with its access to PATH and ferry service to Jersey City, and lower Manhattan. There is direct bus service from Bernards to 42<sup>nd</sup> street, Manhattan as well. There is a wealth of business, cultural, recreational and educational opportunities within a short drive of the Township.

Convenient and respected health care facilities are in close proximity. In addition to the Memorial Sloan Kettering Cancer Center in Bernards Township, three major hospitals are nearby: Morristown Memorial Hospital, Somerset Medical Center (Somerville), and Overlook Hospital (Summit).

Most of the land area is rolling and elevations range from 215 feet to 700 feet above mean sea level. The Township is a semi-rural residential area with the majority of its residents commuting to professional and executive positions in the New York City metropolitan area and northern New Jersey urban areas. Effective per capita buying income is well above average. According to the 2010 Census, the population is 26,652. There are 10,367 residences in the township consisting of 6,185 single family, 3,560 multi-family, and 622 senior citizen units. The 9,560 individually assessed township residences are mostly owner-occupied dwellings with an average assessed value of \$631,951 as of October 1, 2015, as estimated by the Township's Assessor.

A five member Township Committee, elected on a partisan basis for staggered three-year terms, makes and administers policy. The Township Committee selects the Mayor each year. The position of Administrator was created in 1974. Appointed by the Committee and reporting to it, the Administrator supervises all paid personnel and directs the daily business activities of the Township. A total of 152 full time municipal workers are currently employed, including 38 uniformed police officers. Three labor unions represent certain employees in collective bargaining, the Police Officers Association, the Police Superior Officers Association, and Local 469 of the International Brotherhood of Teamsters (public works employees).

Bernards Township has a public school system for grades kindergarten through high school and is governed by a Board of Education. The Board of Education of the Township of Bernards has nine members elected by the registered voters for three-year terms on a staggered basis. The Superintendent of Schools is appointed by the Board and is responsible for the school system's operation. The school district educates 5,626 students (as of 12/2015). There are approximately 830 full time staff members.

The Board of Education's 2015-2016 budget is \$96.3 million, including debt service of \$5.5 million. Local property taxes account for \$84.8 million of the total budget. The Comparative Spending Guide for New Jersey Public School Districts, produced by the New Jersey Department of Education, cites the most recently released 2013-14 comparative total cost per pupil of \$17,210, \$2,002 below the state average of \$19,212 for all K - 12 school districts.

The high school was ranked 37<sup>th</sup> nationally by Newsweek magazine; America's Best High Schools, 2015. U.S. News and World Report ranked Ridge High 379<sup>th</sup> nationally and 20<sup>th</sup> in New Jersey for 2015. Liberty Corner Elementary School, was named a National School of Character in 2015, it is one of 67 schools nationally who earned this title, in addition, Liberty Corner Elementary School was named a National Blue Ribbon School in 2015 while Mount Prospect School was named a National Blue Ribbon School, in 2014. In 2010 and again in 2011, Forbes labeled the school system one of "America's 25 Best Schools for Your Housing Buck." The United States Department of Education recognized Ridge High as a "National Blue Ribbon School" in November 2009. 95% of last year's graduates went on to further education. In

addition to its rigorous academic offerings, the high school provides participation in 30 varsity athletic teams, many with junior varsity and freshmen squads. Over 50 clubs and organizations are also available to students.

Specific school-level organizational, demographic and student achievement information, in addition to district-level fiscal data, may be obtained directly from the school system.

## **TOWNSHIP AMENITIES**

In addition to its desirable geographical location, its outstanding public school system, and ease of transportation access, this introduction would be remiss to not mention the breadth of facilities, opportunities and services available to the populace of Bernards Township. The Township continues to try to address the needs of all ages of residents.

Somerset County operates its state-of-the-art Senior Citizen Center located behind the new Visiting Nurses Association headquarters in Bernards Township. Increased senior program and transportation opportunities abound at the Township Library, and Recreation Department. The Somerset Hills YMCA has completed its modern \$14.5 million expansion, further enhancing its extensive facility and program offerings to the community.

The enormously popular summer musical, and drama productions draw an audience of 10,000+ to Pleasant Valley Park. An outdoor summer concert series and movie nights are annual successes as well. "Charter Day", which celebrates the 1760 incorporation of the Township, is the biggest single community-wide event. The event draws an estimated 11,000 to the historic town center and includes a street fair showcasing local businesses, community groups, service organizations, food vendors and more, as well as amusement rides, games and attractions for children of all ages. Also featured are student and adult art exhibits and historical displays. Live entertainment is scheduled all day with performances and demonstrations by local talent, including a Battle of the Bands, and continues in the evening with a live concert and dancing in the street! Among other annual community events are the Labor Day Bike Races, the "Twilight Challenge" 5K race, Halloween Happenings, Memorial Day parade, Christmas Eve Caroling on the Green, and Project Graduation. These events, combined with other locally sponsored civic, church, school, and business programs bring a true sense of community to our large municipality.

A national historic park, national wildlife refuge, and Audubon wildlife refuge lie on Bernards Township's borders. Somerset County has their Equestrian Center, and Outdoor Education Center comprised of nearly 1,000 acres in the Township. The United States Golf Association dedicated its Arnold Palmer Center for Golf History on June 3, 2008. The Jack Nicklaus Room, which opened in 2015, is a 1,200 square foot exhibit space being added to the rear of its historic "Golf House" structure. It is located adjacent to their headquarters on property in Bernards Township.

The Township has many undeveloped land parcels that are dotted with walking trails, border fishable waters, or are left in their natural state. Years of planning and implementation have created miles of interconnecting sidewalks, bikeways, bike-routes, and trails in the Township. 361 acres preserved since 2007 with Township Open Space Trust funds are intended for passive recreational uses. The Township dedicated its newest park property – "Sons of Liberty Farm", a 24 acre former maple sugaring farm, on April 24, 2010. This wooded property has walking trails and fishing ponds.

With the 2006 dedication of the Township's 150 acre Mountain Park, eight athletic fields were added to assist with the growing needs of sports participation in the Township. In 2015, two of the athletic fields were converted to Turf Fields. In addition to operating the Pleasant Valley Municipal Pool facility, Coakley-Russo Memorial Golf Course, and Community Center, the Township has enviable and substantial active and passive recreational facilities.

## **ECONOMIC CONDITION AND OUTLOOK**

The Township has experienced tremendous growth in population, housing units and infrastructure construction over the past 30 years. The current population, as estimated by the Township's demographer, indicates a total of 28,678 persons. Residences are currently divided between single family (59.66%) and multi-family (40.34%) homes. The total value of all properties assessed in the Township increased 188% from 1994-2015 to a total of 6,807,464,377. In 1997, commercial properties represented 20.5% of the total ratables while residential properties accounted for 76.6%. In 2015, the commercial values represented 10.75% of the total and residential properties 88.96%. It should be noted that Bernards reassesses annually in an attempt to fairly tax its property owners.

Commercial development is centered primarily in Basking Ridge, Lyons, Liberty Corner and the area adjacent to the four Interstate Routes 287 and 78 interchanges.

The largest commercial establishment in the Township is the facility known as "Verizon Center", the former AT&T General Department Headquarters building. Verizon Corporate Services Group recently completed major renovations of the facility which consists of approximately 1.4 million square feet of office space.

There are four (4) hotel properties, offering a total of 637 upscale hotel rooms in Bernards Township. With the 2004 introduction of a statewide hotel tax, with a local component, the Township has a revenue stream which realized \$727,079 in 2015.

In addition to the historic villages of Basking Ridge, and Liberty Corner, Bernards Township has five retail village centers of 60,506 square feet, 107,000 square feet, 65,582 square feet, 49,853 square feet, and 58,134 square feet at the Hills Development, Dewy Meadow Village Center, Lyons Mall, Riverwalk, and The Marketplace respectively.

## **AFFORDABLE HOUSING**

Bernards Township has received substantive certification from the Council on Affordable Housing (COAH) for its plan for complying with the requirements to meet its total obligation (first, second, and third rounds) through May 2010. This compliance came in many ways, including:

- A regional contribution agreement (RCA) with the Town of Phillipsburg.
- A regional contribution agreement (RCA) with the Borough of South Bound Brook
- An agreement with Ridge Oak Senior Housing to assist in the construction of low income units.
- Agreements to assist w/ funding of numerous low income group homes in the Township.
- Administering and extending the affordable controls on attached affordable housing in the Cedars and Society Hill.
- Administering the renting of affordable housing rental units in Crown Court.
- Funding the rehabilitation of many housing units of income qualified residents through a Housing Rehabilitation Deferred Loan Program to correct health, safety and code violations.
- Established down payment and affordability assistance programs for the Township's Affordable Housing Plan in accordance with State regulations.
- Host Community for Community Hope's transitional housing program for low income homeless veterans.
- Host Community for Community Hope's low income rental housing for low income formerly homeless veterans at Valley Brook I, and for the future development which will be known as Valley Brook II.

In March 2015, the Supreme Court of the State of New Jersey cited "inaction" by COAH, and remanded the determination of a municipality's "fair share" of affordable housing back to the courts. Bernards Township is formally involved in this court determined fair share decision, and immune from additional lawsuits until said determination is made.

### **Trend of Building Permits Issued**

<b><u>Year</u></b>	<b><u>New Residential Units</u></b>	<b><u>Commercial</u></b>	<b><u>Total</u></b>	<b><u>Permit Revenue Realized</u></b>
2015	14	0	14	\$738,304
2014	13	0	13	\$729,669
2013	10	0	10	\$853,440
2012	14	0	14	\$762,003
2011	15	0	15	\$605,338
2010	15	1	16	\$613,536
2009	8	1	9	\$470,588
2008	18	1	19	\$561,391
2007	12	1	13	\$664,192
2006	22	4	26	\$988,642
2005	24	3	27	\$1,342,240
2004	31	7	38	\$547,488
2003	38	51	89	\$583,237
2002	52	9	61	\$502,393
2001	119	20	139	\$852,483
2000	354	7	361	\$848,206
1999	473	16	489	\$1,298,733
1998	372	7	379	\$840,909
1997	324	0	324	\$761,563
1996	456	0	456	\$749,107

The building permit data shows that new construction has peaked as the Township nears build-out, and available vacant land becomes a scarce commodity. However, the number of permits issued, and revenues generated continue to be high due to renovation, alteration, and home/commercial improvement.

The Lyons Campus of the Department of Veterans Affairs New Jersey Health Care System began construction of "Valley Brook Village" in 2013 and phase 2 of construction was completed in 2014. Valley Brook Village is a first of its kind VASH (Veterans Affairs Supportive Housing) housing community for homeless veterans. The three residential buildings of "Valley Brook Village," provide 62 units of housing for formerly homeless veterans.

### **Tax Assessments**

Property assessments are reviewed and updated on an annual basis. All assessments are based on the market trends, by neighborhood, as of October 1, of the pretax year. Ratable totals may increase or decrease depending on market vulnerabilities. All properties are scheduled for re-inspection every four years, which enables the adjustment of property data based on alterations and improvements without building permits. This contributes to more equitable and uniform assessments throughout the Township.

As of February 5, 2015, there were a total of 10,069 taxable line items on the tax rolls (including two (2) Class 6A line items). There were forty (40) appeals filed in 2015, of which, twenty-four (24) filed at the County and sixteen (16) filed at the State. At the County level, six (6) were Class 2, residential appeals, seventeen (17) were Class 2, residential data corrections and one (1) Class 1, vacant land appeal; eighteen (18) were stipulated, two (2) were withdrawn, one (1) was judged, three (3) were dismissed filed of which one (1) then filed at the State Tax Court only to withdraw at a later date. At the State level, fifteen (15) appeals were Class 2, residential appeals and one (1) was a Class 4, Commercial appeal; five (5) were withdrawn, four (4) were

settled and seven (7) remain open. In addition, one (1) Class 2 residential appeal from 2014 remains open. The 2015 sales ratio was 97.81 based on the Page 8 formula.

### **Tax Collection Procedure**

Property taxes are based on the assessor's valuation of real property and are levied for the calendar year. The taxes for the Township, local school district, and county purposes are combined into one levy that is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purposes of the local school district cover the current calendar year. Turnover of tax monies by the Township to the Board of Education are based on school needs and are generally made on a periodic basis throughout the year. The tax office collected 99.68% in cash of the total tax levy in 2015.

### **INITIATIVES**

#### **Hold Taxes Stable:**

Holding taxes stable, while accomplishing the Township's objectives, has been the overarching goal. The municipality accomplished this priority. At 27.6¢ per \$100 of assessed value, the 2015 tax rate represents a decrease of 23.5% from the 2000 rate of 36.1¢. The 2015 total tax requirement for the municipal budget (including the new separate Library tax) increased 2.78% from 2014; the 2015 tax requirement is only 12.43% more than the year 2005. Since 1999, the tax levy per capita adjusted for inflation has averaged \$635 per capita, and varied less than \$10 per person each year until the reductions in 2006 through 2010. The Capital appropriation was reduced by over \$680,000 from 2005-2014 and the 2015 Capital plan calls for steady increases over the next few years to maintain our infrastructure. Debt funded annually by general taxation ended on 11/1/2011 and no new debt is anticipated.

Bernards Township's efforts at tax stabilization are unmatched in the State of New Jersey. Statewide Municipal Services property taxes are up 56.73% from 2005 to 2015; the Bernards Township municipal services levy (including Library) has been kept remarkably stable – increasing only 10.36% during this period. The analysis of state data shows that Bernards Township has the lowest equalized tax rate of all municipalities whose population exceeds 7,000 in the State of New Jersey.

#### **Preserve Open Space:**

- Residents voted to increase the open space tax to \$0.04 on November 7, 2000. The new tax, effective 2001, also increased the original 10-year time frame to a total of 20 years, ending in 2017. The Township has collected over \$39 million in open space taxes through 12/31/15 and anticipates collecting an additional amount in excess of \$6 million.
- Approximate total Bernards Township Open Space Preserved since 1999:

Township	769 Acres
Somerset County	<u>326 Acres</u>
Total	1,095 Acres
- Created an Agricultural Task Force:
  - Studied feasibility of farmland preservation
  - Purchased the development rights on the 81.27 acre "English Farm" in 2008. This has been the long-standing #1 priority property for preservation.
  - Purchased the development rights on the 58.6 acre "English Family Woods" in 2009.
  - Purchased the 23.08 acre "Sons of Liberty Farm" property, and opened it as a passive public park in 2010.

### **Green/Sustainable Initiatives:**

- Formed a "Green Team"
  - Became one of New Jersey's first "Sustainable Jersey Certified" municipalities.
    - For more information regarding the guidelines and certification requirements of this program go to: <http://www.sustainablejersey.com/>
  - One of only 3 NJ Municipalities in Somerset County recognized with a "Silver" certification in 2014
  - Received "Environmental Stewardship" awards from NJ Department of Environmental Protection for our facility management, and storm water management practices
- 2015 Grant Awarded
  - Received a Sustainable Jersey grants funded by the Gardiner Environmental Fund to equip fleet vehicles with a system called Cirus Controls, an automated system for salt spreading, temperature monitoring, data collection and GPS navigation.
- Conducted a comprehensive energy audit
  - Installed LED traffic lighting and exit signs
  - Installed high-efficiency heating, A/C, and office lighting
  - Installed and/or adjusted timers
  - Evolving Fleet to high efficiency vehicles
  - "Naturalized" areas to lessen mowing activity
  - Developed Solar Photovoltaic System at Sewerage Treatment Plant
  - Signed a contract to lease former landfill site for a large solar array
  - Partnered with Somerset County for a solar array on DPW facility
  - Leveraged NJBPU funds for high efficiency HVAC and lighting units
- Focus on Water Conservation / Water Quality
  - Installed Rain Barrels for watering flower/shrub beds
  - Installed low water use toilets
  - Installed sensor faucets
  - Converting playing fields to drought resistant grasses
  - Created curb-less parking areas for storm water-management
  - Created "pesticide free" zones in all Township Parks and public spaces
- Expanded Recycling Opportunities
  - Curbside bi-weekly pickup
  - Created in-house mulching operation for wood and leaf waste
  - Added textile, carpet, computer equipment, waste oil, fluorescent bulbs at center
  - Held community shred days for recycled vulnerable identity theft documents
  - Planning/Zoning/Policy Support for Sustainability:
  - Township adopted over 260 ordinances accepting greenway easements, protecting stream buffers and tree bank preservation ordinances.
  - Adopted numerous ordinances including limiting impervious surface coverage, increasing lot width requirements, creating an "overlay" zone to encourage environmentally sensitive development, and wetlands protection.
  - Planning/Zoning Boards upheld policies requiring conservation & pedestrian easements for all relevant applications.
  - Adopted a "Green Element" of Master Plan

### **Assure Long-Term Fire and First Aid Safety:**

- Fire and First Aid Safety is a high priority for Bernards Township and a task force is being created to review current levels of coverage and to insure that day time coverage is sufficient.
- Since 2001, Bernards Township has appropriated an average of approximately \$510,000 per year in capital for protective gear, replacement defibrillators, self-contained breathing apparatus, radio equipment, hoses, nozzles, rescue equipment, added to sinking funds to replace fire trucks and ambulances, and appropriated an average \$120,000 to help defray operational expenditures.

- Volunteer squads have their vehicular, liability, workers compensation, and property insurance coverage paid by the Township through our Joint Insurance Funds. The Township funds the majority of vehicular fuel, vehicular maintenance, and snow plowing to the squads.
- To encourage volunteerism, and recognize those that volunteer, Township voters passed a referendum authorizing a Length of Service Awards Programs (LOSAP), which created a Township funded deferred compensation program for all active emergency services volunteers.
- Police Department certified all police officers in CPR and defibrillator use, and Township transferred a vehicle to Police Department for utilization as EMT vehicle driven by police officers trained as EMTs.
- Township officials and staff repeatedly meet with Basking Ridge and Liberty Corner First Aid leadership to discuss emergency communication issues, coordination of efforts, adequate response to calls for service, and potential improvements.
- Mutual Aid agreements are in place with neighboring municipalities, and the Veterans Administration facility to provide back-up, specialized equipment, and adequate response to major events.
- The Township has purchased over \$8 million dollars worth of fire equipment since 2008 including 2 pumper truck replacements, ambulances, an aerial platform truck and thermal imaging cameras. In addition, \$700 thousand has been budgeted to purchase a new apparatus in 2015.

### **Shared Services:**

In 2010, the Township agreed to perform all professional engineering services for infrastructure maintenance to the Bernards Township Board of Education. Entered into an agreement with Long Hill Township, Morris County in 2007 to create a shared police communications facility located at Bernards Township; this contract ended on 4/1/2012. On that date, the Township completed the transference of this service to Somerset County. This agreement is yet another in a long history of Bernards Township sharing services with other governmental entities to reduce cost. Entities which the Township currently has shared service agreements with include Bernardsville Borough, Far Hills Borough, Peapack and Gladstone Borough, Mendham Township, Mendham Borough, Chester Borough, Long Hill Township, Long Hill Board of Education, Bernards Township Board of Education, Bernards Township Sewerage Authority, Somerset County, and Somerset County Educational Services Cooperative. Bernards joined the NJ Sustainable Energy Meeting (NJSEM), and recently aggregated its electrical and natural gas use with over 300 other municipalities for cheaper generation charges.

In addition to its cooperative relationship with Somerset County for the transportation and use of large equipment, the Township is currently working with the County to provide the County with a possible location for a new road salt storage facility and providing the Township with access to the road salt.

### **The Budget Process**

The Township of Bernards places heavy emphasis on careful financial management and long range fiscal planning as a key component to employ a mission-driven, results-oriented organization. Results-oriented practices form a *continuous cycle* of planning, implementation and change. The Township has adopted best practices recommended by the National Advisory Council on State and Local Budgeting. The goals of the process are to:

1. Focus on a Long-Term Perspective utilizing financial forecasting
2. Provide Financial Linkages to achieve goals
3. Focus decisions on results and outcomes
4. Promote effective communication with stakeholders

The Township is now faced with the migration from a growth mode to a maintenance mode. Recognizing the significant impact of this transition, the Township Committee adopted the following financial strategies in 1995:

1. Debt Reduction Acceleration
2. Pay-as-you-go for Capital Improvements
3. Scrutinize & Prioritize Capital Improvements
4. Control Labor Costs
5. Reduce Operating Expenses

These financial strategies guide the budget development process. Department Managers assemble to present, debate and prioritize capital improvement projects prior to their submission to the Township Committee. Percentage increases to operating budgets are established on an annual basis. Deviations to the targeted increases must be identified and justified. Administrative staff conducts extensive review of the budget prior to Township Committee review.

### **Implementation of Financial Forecasting**

The Township utilizes long-range forecasting for infrastructure improvements and equipment replacement schedules, debt service requirement projections, and open space trust fund debt carrying capability. Medium-range forecasting, prepared for five years into the future, is utilized to project revenue shortfalls or fiscal "gaps" over anticipated expenditure requirements. The current forecast projects an increased reliance on property taxes due to decreases in construction revenue and a slowing of growth of property assessments due to the market peaking and the Township reaching full build-out. The Township has taken steps to minimize the tax burden by adopting fiscally conservative financial strategies. The challenge for the Township is to transition from a growth to a maintenance mode, while retaining what is most important to the community:

1. A disciplined approach to growth in operations
2. A fiscally conservative approach to debt financing
3. Maintenance of existing Infrastructure
4. Strategic Development of New Infrastructure
5. Maintenance & Enhancements to Service Levels
6. Effective use of Technology
7. Maintain Bernards Township's status as a "First-in-Class" Community
8. Be a leader in green, environmentally responsible initiatives and methods

### **Implementation of the Strategic Financial Plan**

Since 1996, the budgets of the Township have provided the funding mechanism for the implementation of the strategic financial plan established by the Bernards Township Committee in 1995. The Township has successfully implemented each facet of the plan. The key facets of the plan are:

1. Debt Reduction Acceleration: From 1996 through 2014, the Township paid over \$38.3 million in principal on debt. The balance of net debt outstanding as of 12/31/14 is \$8.2 million which is long-term debt funded by the Township's dedicated open-space tax and not funded by general taxation. There is no balance of short term debt. With the exception of Open Space initiatives, the Township is debt free.
2. Pay-As-You-Go for Capital Improvements: The Township appropriated \$2.68 Million in the 2014 budget for capital projects. The total capital projects fully funded from 1996-2014 is \$51.4 Million.
3. Scrutinize and Prioritize Capital Improvement Projects: The Township has prepared and annually updates a six-year capital plan. The plan provides sinking funds for capital projects that otherwise would have been funded by short-term debt. Department Managers and Fire and First Aid volunteers meet annually and present their capital plans to each other. Each project/purchase is prioritized prior to inclusion in the following year's capital plan.

4. Control Labor Costs:
  - a. The Township Committee formally adopted a Pay for Performance Compensation Program in 1997. The Pay for Performance program strategically distributes merit compensation based on performance. It is comprised of two parts: the performance appraisal process and the merit pay program. This plan is currently in place for those employees not in the PBA, Superior Officers Association, and Teamster collective bargaining units.
  - b. Medical Insurance plans were changed in an effort to reduce costs. The minimum hours required for employee health benefit eligibility was raised to 30hrs/week.
  - c. Future sick pay incentives were capped for new hires in 2006, and for all non-union employees in 2010. Future sick pay incentives will be capped for Teamsters as outlined in their newest bargained contract. PBA and Superior Officers Association employees hired after January 1, 2012 are capped and future sick pay incentives will be capped as outlined in their newest bargained contract.
  - d. Employee contributions for medical coverage began in 2010.
  - e. In the last five years, 23.6 FTE positions have been eliminated, and 27 employees removed from health coverage rolls.
5. Reduce Operating Expenses: The Township continues to explore potential savings through shared service arrangements, utilizing technology to improve efficiency and cost effectiveness, staff restructuring and continuous reassessment of workflows and processes. On April 1, 2012, the Township completed its transfer of emergency communication services to Somerset County.

#### **Township Achieves 'AAA' Bond Rating**

In January, 2015, Standard & Poor's Corp. affirmed the Township's AAA bond rating.

In November 2002, the Township sold 15-year general improvement bonds in the amount of \$13,690,000 to fund the acquisition of four parcels of land for preservation as open space. The Township applied for a bond rating from Standard & Poor's Corp. and Moody's Investors Service. A bond rating is an alphanumeric symbol that expresses a level of risk associated with a debt issuer's ability to make full and timely repayment on the debt. Issuer ratings are assigned based on the rating agency's independent evaluation of a municipality's specific credit characteristics.

The key factors that the rating agencies consider when assigning credit ratings cover four areas: economy, debt burden, financial performance & flexibility, and administration/management strategies. Some of the documents the analysts use to determine credit quality are: annual audit reports, current budget document, capital improvement program, annual debt statement, financial forecast report, statement of long and short-term debt with maturity schedule, and a statement regarding sources and allocation of funds for the project being financed. The analysts also review the Master Plan, zoning or land use maps, census data, and the issuer's range and level of services and shared service agreements.

The Township achieved the highest rating possible from Standard & Poor's Corp. who assigned the 'AAA' rating based on the Township's strong financial position and the expectation to continue to successfully implement long-term planning as it nears full build-out. Also mentioned were the Township's low debt levels, rapid debt retirements, strong reserve funds and capital sinking funds as well as the high wealth levels and growing residential and commercial tax base. Standard & Poor's also upgraded previously issued Township debt to 'AAA.' Standard and Poor's Corporation conducted follow-up reviews in 2005, 2009,2010, and 2014 upholding the 'AAA' rating assigned each time.

Moody's assigned the Township an 'Aa1' rating, one grade below 'AAA' citing our very strong credit based on strong financial operations, significantly sized and affluent tax base and below-average debt levels. Moody's also upgraded previously issued Township debt to 'Aa1.' Moody's affirmed this rating to all Township debt in July 2009.

The Township conducted a highly competitive bond auction through Grant Street Auctions in September 2009. The \$15 million dollar issue is to be funded entirely with Open Space Tax dollars.

Bernards Township issued Refunding Bonds through a negotiated sale with RBC in the fall of 2010. The purpose was to refund the 2002 Open Space Acquisition Issue in a more favorable interest environment. Standard and Poor's rated the issue 'AAA'; savings were in excess of \$280,000.

**TAX APPORTIONMENT**

A perspective of the apportionment of the total tax rate for local school, county, county open space, library and municipal taxes follows (note: New Jersey statutes mandated a separate Library Levy in 2011 - P.L. 2011, c.38):

<u>Tax Rates</u>	<u>2015</u>	<u>2014</u>
School Rate	\$ 1.246	\$ 1.265
County Rate	\$ 0.323	\$ 0.321
County Open Space Rate	\$ 0.031	\$ 0.031
Municipal Open Space Rate	\$ 0.040	\$ 0.040
Municipal Library Rate	\$ 0.034	\$ 0.034
Township	\$ 0.242	\$ 0.243
	<hr/>	<hr/>
	\$ 1.916	\$ 1.934

<u>Actual Net Amount to Be Raised by Taxation</u>		
School	\$ 84,861,882.00	\$ 83,442,340.00
County	\$ 21,923,175.19	\$ 21,175,339.58
County Open Space	\$ 2,071,727.60	\$ 2,009,937.63
Municipal Open Space	\$ 2,722,986.00	\$ 2,638,845.95
Municipal Library	\$ 2,316,585.00	\$ 2,246,423.00
Township	\$ 16,484,981.00	\$ 16,047,078.47
	<hr/>	<hr/>
	\$ 130,381,336.79	\$ 127,559,964.63

<u>Percent of Levy</u>		
School	63.3%	65.8%
County	16.6%	16.2%
County Open Space	1.6%	1.6%
Municipal Open Space	2.1%	2.1%
Municipal Library	1.8%	1.8%
Township	12.6%	12.6%

## **FINANCIAL INFORMATION**

### **INTERNAL ACCOUNTING CONTROLS**

Management of the government is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles prescribed by the Division of Local Government Services, State of New Jersey. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

As part of the government's single audit, tests were made of the government's internal control structure and of its compliance with applicable laws and regulations, including those related to state financial assistance programs. Although this testing was not sufficient to support an opinion on the Township's internal control system or its compliance with laws and regulations related to federal or state financial assistance programs, the audit for the year ended December 31, 2015 disclosed no control weaknesses and violation of laws and regulations.

### **BUDGETARY CONTROLS**

In addition, the Township maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Township Committee. The current and utility funds have legally adopted budgets in accordance with state statute. Project length budgets are established via ordinance for the current fund. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are considered a liability at the end of the year and are expended or cancelled in the subsequent year.

### **ACCOUNTING SYSTEM AND REPORTS**

The Township's accounting records and financial statements are maintained and prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. This method of accounting, an Other Comprehensive Basis of Accounting other than Generally Accepted Accounting Principles, is designed primarily for determining compliance with legal provisions and budgetary restrictions. The accounting system of the Township is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

**FINANCIAL INFORMATION AT FISCAL YEAR-END**

The following schedule presents a summary of current fund realized revenues for the year ended December 31, 2015:

<u>Revenue</u>	<u>2015 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) 2014-2015</u>	<u>Percent of Increase/ (Decrease)</u>
Surplus Anticipated	\$ 12,100,000.00	7.64%	\$ 450,000.00	3.86%
Local Revenues	3,298,847.39	2.08%	(50,093.93)	-1.90%
State Aid Without Offsetting Appropriations	1,798,308.00	1.14%	-	0.00%
Uniform Construction Code Fees	768,652.25	0.49%	6,202.15	0.81%
Inter-local Municipal Service Agreements	798,096.24	0.50%	15,228.41	1.95%
Public and Private Revenues	372,695.38	0.24%	(77,144.02)	-17.15%
Other Special Items	2,031,951.23	1.28%	1,632,797.32	146.80%
<b>Total Miscellaneous Revenues</b>	<b>9,068,550.49</b>	<b>5.73%</b>	<b>1,526,989.93</b>	<b>21.52%</b>
Receipts from Delinquent Taxes	401,067.21	0.25%	(129,481.62)	-24.41%
Amount to be Raised by Taxation - Municipal	20,194,875.77	12.76%	413,200.91	2.09%
Amount to be Raised by Taxation - Library	2,316,585.00	1.46%	70,162.00	3.12%
<b>Total Budget Revenues</b>	<b>44,081,078.47</b>	<b>27.85%</b>	<b>2,330,871.22</b>	<b>5.58%</b>
Non-Budget Revenue	341,694.83	0.22%	(222,382.19)	-39.42%
Other Credits to Income	2,220,063.90	1.40%	480,999.15	27.66%
Taxes Allocated to School, County, Muni OS, and Library	<u>111,634,432.71</u>	<u>70.53%</u>	<u>2,287,776.11</u>	<u>2.09%</u>
<b>Total Revenues and Credits to Income</b>	<b><u>\$158,277,269.91</u></b>	<b>100%</b>	<b><u>\$ 4,877,264.29</u></b>	<b>3.18%</b>

The following represents a summary of current fund expenditures for the year ended December 31, 2015:

<u>Expenditures</u>	<u>2015 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent of Increase/ (Decrease)</u>
General Government	2,748,320.00	1.88%	106,560.00	4.03%
Land Use Administration	367,130.00	0.25%	3,550.00	0.98%
Code Enforcement	674,360.00	0.46%	30,980.00	4.82%
Insurance	2,680,890.00	1.83%	61,190.00	2.34%
Public Safety Functions	5,910,100.00	4.03%	76,120.00	1.30%
Public Works Functions	3,742,010.00	2.55%	86,270.00	2.36%
Health & Human Service Functions	445,890.00	0.30%	3,880.00	0.88%
Parks & Recreation Functions	1,984,515.00	1.35%	-58,555.00	-2.87%
Other Common Operating Functions	268,470.00	0.18%	32,125.00	13.59%
Utility Expenses and Bulk Purchases	679,000.00	0.46%	-14,110.00	-2.04%
Landfill/Solid Waste Disposal Costs	173,530.00	0.12%	-110.00	-0.06%
Statutory Expenditures	2,502,740.00	1.71%	30,150.99	1.22%
Inter-local Service Agreements	999,095.24	0.68%	15,227.46	1.55%
Other Private Contributions	19,200.00	0.01%	-21,831.76	-53.21%
Federal & State Grants	353,495.38	0.24%	-55,312.26	-13.53%
Municipal Court	339,760.00	0.23%	-9,810.00	-2.81%
Education Functions	2,316,585.00	1.58%	70,162.00	3.12%
<b>Capital Improvements</b>	<b>4,735,000.00</b>	<b>3.23%</b>	<b>2,050,000.00</b>	<b>76.35%</b>
Reserve for Uncollected Taxes	3,884,075.13	2.65%	85,161.67	2.24%
<b>Municipal Budget Totals</b>	<b>34,824,165.75</b>	<b>23.78%</b>	<b>2,491,648.10</b>	<b>7.71%</b>
Non-Budget Expenditures	4,022.41	0.00%	-1,832.22	-31.30%
<b>Taxes Allocated to School, County, and Municipal Open Space</b>	<b><u>111,643,432.36</u></b>	<b><u>76.22%</u></b>	<b><u>2,273,592.24</u></b>	<b><u>2.08%</u></b>
<b>Total</b>	<b><u>\$146,471,620.52</u></b>	<b>100%</b>	<b><u>\$4,763,408.12</u></b>	<b><u>3.36%</u></b>

## **UTILITY OPERATIONS**

In 1996 the Township entered into an agreement with the Veterans Administration to operate and maintain the 9-hole golf course situated on land owned by the VA within the Township. The Veterans Administration had prohibited federal funding of VA golf courses and directed their administrators to make alternative arrangements for the facilities. The Township and the VA negotiated a one-year contract with two option years provided and the Township established the operation as a self-liquidating utility. A ten-year contract was approved in 2001; and renewed for ten more years in 2011. Per the contract, a portion of net revenues are returned to the VA as rent. The VA utilizes these funds to improve the quality of patient services.

## **DEBT ADMINISTRATION**

The Township maintains an AAA rating from Standard & Poor's and an Aa1 from Moody's Investor Service. Standard & Poor's upgraded the Township's rating from Aa and Moody's upgraded the Township's rating from Aa2 in November, 2002. The rating was upgraded primarily because of continued strong financial and economic performance. Standard & Poor's reviewed and upheld the AAA rating in 2005, 2009, 2010, and again in January of 2014. Moody's affirmed its 2002 rating in July 2009.

## **CASH MANAGEMENT**

The investment policy of the Township is guided by state statute. The Township has adopted a cash management plan that requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA protects deposits at participating institutions when the balances exceed the FDIC insurance of \$250,000.

## **RISK MANAGEMENT**

The Township participates in the Suburban Municipal Joint Insurance Fund, the Environmental Joint Insurance Fund (EJIF) and the Municipal Excess Liability Joint Insurance Fund (MEL). This family of joint insurance funds provide insurance to participating members, including but not limited to, general liability, automobile liability and 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 MEL processes Environmental and EPL/POL exposures and claims.

Cyber security and physical security are major Township initiatives. The Township has now added Cyber security insurance which is designed to mitigate losses from a variety of cyber incidents, including data breaches, business interruption, and network damage. The Township is also in the process of updating the building access equipment.

## **OTHER INFORMATION**

Independent Audit - State statutes require an annual audit by independent Registered Municipal Accountants. The Township selected the accounting firm of Hodulik & Morrison, P.A. In addition to meeting the requirement set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular 04-04-OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related to compliance with Single Audit requirements and governmental auditing standards are included in the related section.

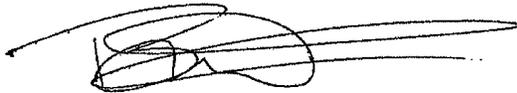
**ACKNOWLEDGEMENTS**

We would like to convey our appreciation to the members of the Township Committee of the Township of Bernards for their dedication in providing our citizens with fiscal accountability both in the form of the development and implementation of sound financial policies and the support offered in our financial reporting model. We would also like to thank the staff of the Finance and Administration Departments for their input and support during the course of the audit.

Respectfully submitted,

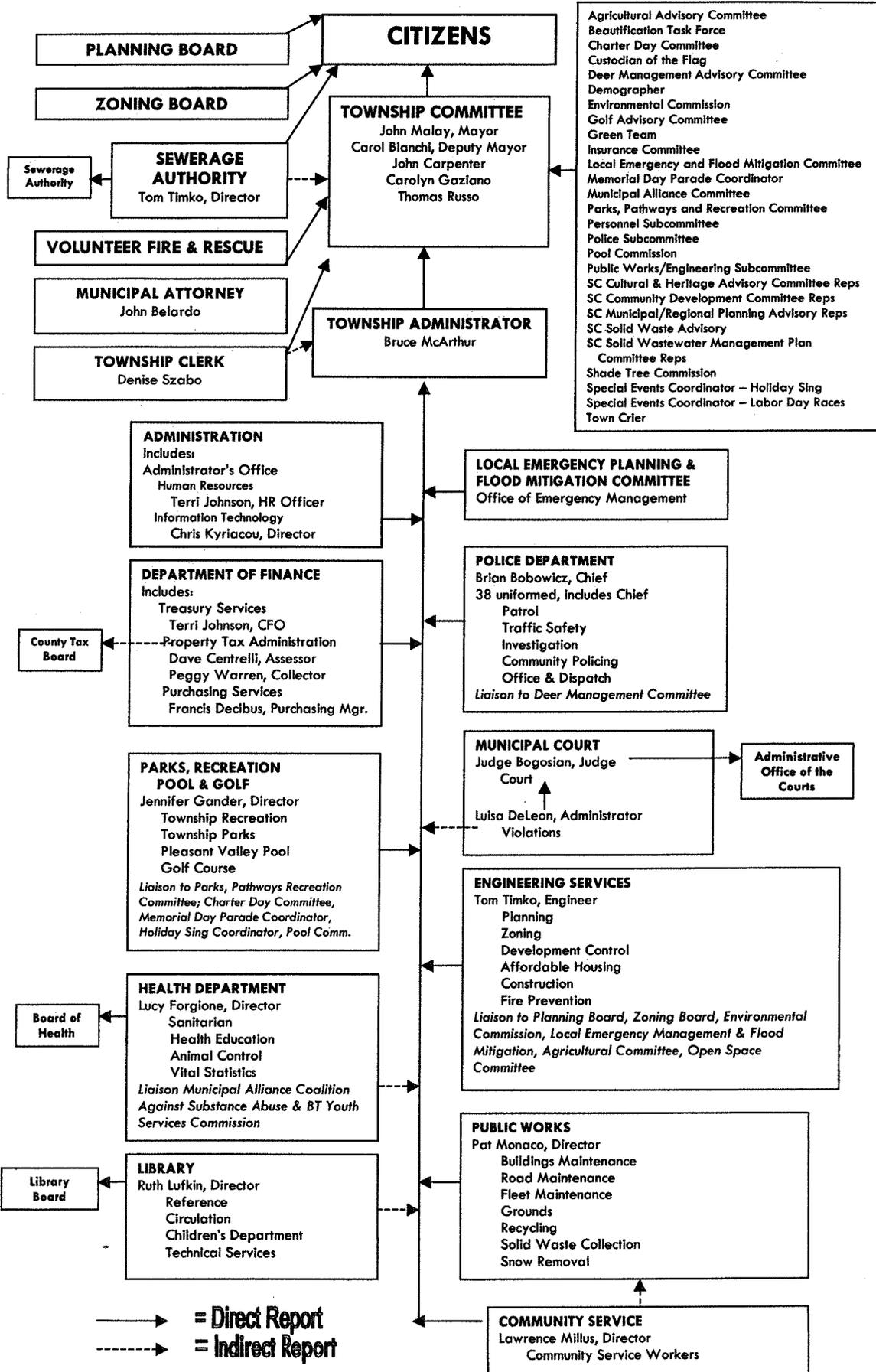


Theresa Johnson  
Chief Financial Officer  
New Jersey Certified Municipal Finance Officer License. #N-0827



Bruce D. McArthur  
Township Administrator  
New Jersey Certified Municipal Finance Officer License. #N-0120

# TOWNSHIP OF BERNARDS - ORGANIZATIONAL CHART 2015 STRUCTURE



**TOWNSHIP OF BERNARDS  
ROSTER OF OFFICIALS**

**ELECTED OFFICIALS**

<b>Name</b>	<b>Title</b>
John Malay	Mayor
Carol Bianchi	Deputy Mayor
John Carpenter	Committeeperson
Carolyn Gaziano	Committeeperson
Thomas Russo	Committeeperson

**APPOINTED OFFICIALS**

Bruce McArthur	Township Administrator
Denise Szabo	Clerk Assessment Search Officer
Terri Johnson	CFO
David Centrelli	Assessor
Peggy Warren	Tax Collector Tax Search Officer
Francis Decibus	Purchasing Agent
Donald Bogosian	Magistrate
Luisa DeLeon	Court Administrator Violations Clerk
Thomas Timko	Township Engineer
David Schley	Township Planner
Nancy Koederitz	Zoning Enforcement Officer
Dennis Bettler	Construction Code Official
Brian Bobowicz	Police Chief
Jennifer Gander	Director of Parks and Recreation Community Pool Golf Utility
Ruth Lufkin	Library Director
Lucy Forgione	Health Officer Registrar Dog License Clerk

**TOWNSHIP OF BERNARDS  
CONSULTANTS AND ADVISORS**

1. Bond Counsel	NONE
2. Labor Counsel	Richard Flaum Esq., and Lisa Fittipaldi Esq. DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer, P.C. 15 Mountain Boulevard Warren, NJ 07059-5686 1 year term expiring 12/31/15
3. Municipal Attorney	John Belardo, Esq. Mc Elroy, Deutsch, Mulvaney, & Carpenter, LLP P.O. Box 2075 Morristown, NJ 07962-2075 1 year term expiring 12/31/15
4. Municipal Auditor	Robert Morrison, R.M.A.. C.P.A. Hodulik & Morrison 1102 Raritan Avenue, POB 1450 Highland Park, NJ 08904 1 year term expiring 12/31/15
5. Municipal Prosecutor	Stephen O. Davis DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer, P.C. 15 Mountain Boulevard Warren, NJ 07059-5686 1 year term expiring 12/31/15
6. Public Defender	Scott C. Mitzner Mitzner & Mitzner, P.A. 786 Mountain Boulevard #101A Watchung, NJ 07069 1 year term expiring 12/31/15
7. Special Counsel Tax Appeals	Martin Allen, Esq. DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer, P.C. 15 Mountain Blvd. Warren, NJ 07059-6327 1 year term expiring 12/31/15
8. Codification of Ordinances	General Code Publishers 72 Hinchey Road Rochester, NY 14624-9933 1 year term expiring 12/31/15

**FINANCIAL SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
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ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Township Committee  
Township of Bernards  
County of Somerset, New Jersey

**Report on the Financial Statements**

We have audited the accompanying combined statement of assets, liabilities, reserves and fund balances-all funds and account group-regulatory basis, the combined statement of revenues, expenses and changes in fund balance-regulatory basis-current and golf utility operating funds, the combined statement of revenues, expenses and changes in fund balance-regulatory basis-budget to actual-current fund and the combined statement of revenues, expenses and changes in fund balance-regulatory basis-budget to actual-golf utility operating fund of the Township of Bernards, County of Somerset, New Jersey as of and for the year ended December 31, 2015, and the related schedules of assets, liabilities and fund balances-regulatory basis of the various funds and account group-regulatory basis as of and for the years ended December 31, 2014 and 2015, the related schedules of revenues and other credits to income-regulatory basis and schedules of expenditures and other charges to income-regulatory basis of the various funds of the Township of Bernards, County of Somerset, New Jersey for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Township as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity 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 opinion.

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

As described in Note 1D, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget, bond and fiscal affairs laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices 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 in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Bernards, County of Somerset, New Jersey as of December 31, 2015, the changes in its financial position, and, where applicable, its cash flows for the years then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Township of Bernards, County of Somerset, New Jersey as of December 31, 2015 and the results of operations and changes in fund balance – regulatory basis of such funds for the year then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2015 on the basis of accounting described in Note 1D.

#### **Emphasis of Matter**

As discussed in Note 1D to the financial statements, during the year ending December 31, 2015, the provisions of Statement Number 68 of the Governmental Accounting Standards Board (GASB 68) became applicable to governmental entities reporting under accounting principles generally accepted in the United States of America. Under the regulatory basis of accounting, the Township of Bernards, County of Somerset, New Jersey does not present entity-wide financial statements prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled.

Information relating to the Township's participation in cost-sharing, multiple employer defined benefit plans, as defined in GASB 68, including its proportionate share of the net pension liability of such plans based, upon a measurement date of June 30, 2014, is presented in Note III to the financial statements. More current valuations are unavailable at this date. As GASB 68 requires a measurement date no earlier than the end of the Township's previous fiscal year-end (December 31, 2014), the information contained in Note III to the financial statements is not intended to present the disclosures required by GASB 68. Our opinions are not modified with respect to these matters.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that pension plan information, including the Notes thereto, (Required Supplementary Information), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements of the Township of Bernards, County of Somerset, New Jersey. The information included in the Introductory Section, Supplemental Schedules Section, and the Statistical Section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Township of Bernards, County of Somerset, New Jersey.

The information included in the Supplemental Schedules is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis, taken as a whole.

The information contained in the Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Regulations**

The financial statements referred to above include the assets and liabilities of the Township's Length of Service Award Program (LOSAP), which, by regulation, is excluded from the reporting required under the regulatory basis of accounting, but is subject to an accountant's review report. The Length of Service Award Program is included in the Trust Fund. The Independent Accountant's Review Report for the LOSAP is included in Part III – Supplementary Data as listed in the table of contents.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated March 31, 2016 on our consideration of the Township of Bernards's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

*Robert S. Morrison*

Robert S. Morrison  
Registered Municipal Accountant  
No. 412

Highland Park, New Jersey  
March 31, 2016

**HODULIK & MORRISON, P.A.**  
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MEMBERS OF:  
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NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Township Committee  
Township of Bernards  
County of Somerset, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – Regulatory Basis of the Township of Bernards, County of Somerset, New Jersey as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township of Bernards' financial statements and have issued our report thereon dated March 31, 2016. Our report was modified to reflect the departure from accounting principles generally accepted in the United States of America that, as disclosed in Note 1D, that are embodied in the Other Comprehensive Basis of Accounting utilized for financial statement presentations, and was unmodified based upon that Other Comprehensive Basis of Accounting.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township of Bernards' internal control over financial reporting as a basis for designing our auditing procedures 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 of Bernards' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Bernards' internal control over financial reporting.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Bernards' 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted immaterial instances of noncompliance that we have reported to the management of the Township in the General Comments section of the Report of Audit.

### **Purpose of this Report**

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



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
March 31, 2016

**BASIC FINANCIAL STATEMENTS**

**TOWNSHIP-WIDE FINANCIAL STATEMENTS**

**TOWNSHIP OF BERNARDS  
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - ALL FUND TYPES AND ACCOUNT GROUP  
REGULATORY BASIS  
December 31, 2015**

(With comparative totals for 2014)

	Governmental Funds		Trust Funds	Golf Utility Operating Fund	Fixed Asset Account Group	Totals Memorandum Only	
	Current	Capital				2015	2014
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 20,842,964.77	\$ 4,614,013.37	\$ 5,926,707.27	\$ 240,889.03	\$ -	\$ 31,624,574.44	\$ 33,056,856.39
Receivables and Other Assets							
Assessment Liens			-			-	20.90
Assets Held by L.O.S.A.P. Plan Administrator			1,042,853.01			1,042,853.01	1,043,683.35
Delinquent Property Taxes	406,342.41					406,342.41	351,478.96
Tax Title Liens Receivable	35,312.14					35,312.14	31,114.18
Prepaid School Taxes						-	-
Property Acquired for Taxes at Assessed Valuation	195,100.00					195,100.00	264,350.00
Interfund Receivables	25,212.30					25,212.30	25,122.03
Other Accounts Receivable	24,270.01					24,270.01	28,716.63
Deferred Charges	-	5,535,000.00		-		5,535,000.00	8,295,000.00
Fixed Assets					\$95,816,126.04	95,816,126.04	95,326,404.12
Federal and State Grant Fund:							
Federal and State Grants Receivable	394,157.00	186,694.50				580,851.50	355,901.50
Amount due from Current Fund	91,978.77	-	-	-	-	91,978.77	63,485.81
	<u>\$ 22,015,337.40</u>	<u>\$ 10,335,707.87</u>	<u>\$ 6,969,560.28</u>	<u>\$ 240,889.03</u>	<u>\$ 95,816,126.04</u>	<u>\$ 135,377,620.62</u>	<u>\$ 138,842,133.87</u>
<b>LIABILITIES AND RESERVES:</b>							
Appropriation Reserves	\$ 2,557,187.18	\$ -	\$ -	\$ 8,850.49	\$ -	\$ 2,566,037.67	\$ 2,146,192.35
Other Liabilities and Reserves	3,895,727.12	2,436,489.61	6,944,449.64	23,444.03		13,300,110.40	15,502,336.92
Improvement Authorizations		2,177,420.30				2,177,420.30	1,499,948.75
Serial Bonds		5,535,000.00				5,535,000.00	8,295,000.00
Bond Anticipation Notes		-				-	-
Reserve for Receivables and Other Assets	686,236.86	186,694.50				872,931.36	774,976.30
Federal and State Grant Fund:							
Appropriated Reserves	246,083.78					246,083.78	299,517.38
Reserve for Encumbrances	226,574.07					226,574.07	5,367.80
Unappropriated Reserves	13,477.92					13,477.92	40,307.63
Amount due to State of New Jersey	-		1.80			1.80	1.80
Interfund Payable		103.46	25,108.84			25,212.30	25,122.03
Investment in Fixed Assets					95,816,126.04	95,816,126.04	95,326,404.12
Fund Balance	14,390,050.47	-	-	208,594.51	-	14,598,644.98	14,926,958.79
	<u>\$ 22,015,337.40</u>	<u>\$ 10,335,707.87</u>	<u>\$ 6,969,560.28</u>	<u>\$ 240,889.03</u>	<u>\$ 95,816,126.04</u>	<u>\$ 135,377,620.62</u>	<u>\$ 138,842,133.87</u>

**TOWNSHIP OF BERNARDS  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
- REGULATORY BASIS**

**CURRENT AND GOLF UTILITY OPERATING FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Current Fund	Golf Utility Operating Fund
<b>Revenues:</b>		
Fund Balance Anticipated	\$ 12,100,000.00	\$ 111,463.00
Miscellaneous Revenues	3,298,847.39	432,007.88
State Aid	1,798,308.00	
Uniform Construction Code Fees	768,652.25	
Interlocal Municipal Service Agreements	798,096.24	
Public and Private Revenues Offset with Appropriations	372,695.38	
Other Special Items of Revenue	2,031,951.23	
Receipts from Delinquent Taxes	401,067.21	
Amount to be Raised by Taxes for Support of Municipal Budget		
Local Tax for Library Services	2,316,585.00	
Local Tax for Municipal Services	<u>20,194,875.77</u>	<u>-</u>
<b>Total Budget Revenues</b>	<u>44,081,078.47</u>	<u>543,470.88</u>
<b>Other Credits to Income:</b>		
Non-Budget Revenue	341,694.83	
Unexpended Balance of Appropriation Reserves	2,068,301.55	
Reserve for Encumbrances Canceled	-	25,491.92
Cancel Reserve for Pension Contributions	150,520.32	
Cancel Outstanding Bond Coupons	1,120.00	
Prior Year Interfunds Returned	122.03	
Taxes Allocated to School, County and Municipal Open Space	<u>111,634,432.71</u>	<u>-</u>
	<u>114,196,191.44</u>	<u>25,491.92</u>
<b>Total Revenues</b>	<u>158,277,269.91</u>	<u>568,962.80</u>
<b>Expenditures:</b>		
<b>Current Fund Within CAPS:</b>		
General Government	2,748,320.00	
Land Use Administration	367,130.00	
Code Enforcement	674,360.00	
Insurance	2,680,890.00	
Public Safety	5,822,900.00	
Public Works	3,742,010.00	
Health and Human Services	445,890.00	
Parks and Recreation	1,984,515.00	
Other Common Operating Functions	268,470.00	
Utility Expenses and Bulk Purchases	679,000.00	
Landfill/Solid Waste Disposal	173,530.00	
Statutory Expenditures	2,502,740.00	
Municipal Court	339,760.00	
<b>Current Fund Excluded from CAPS:</b>		
Interlocal Service Agreements	999,095.24	
Other Private Contributions	19,200.00	
Federal and State Grants	353,495.38	
Length of Services Awards Program (LOSAP)	87,200.00	
Education Functions	2,316,585.00	
Capital Improvements	4,735,000.00	
Reserve for Uncollected Taxes	<u>3,884,075.13</u>	
<b>Total Budget Expenditures</b>	<u>34,824,165.75</u>	

**TOWNSHIP OF BERNARDS  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
- REGULATORY BASIS**

**CURRENT AND GOLF UTILITY OPERATING FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Current Fund</u>	<u>Golf Utility Operating Fund</u>
Utility Operating		
Salaries and Wages		\$ 147,663.00
Other Expenses		333,800.00
		<u>481,463.00</u>
Other Expenses and Charges to Income:		
Local District School Tax	\$ 84,861,882.00	
County Taxes	21,923,175.19	
Amount Due County for Added and Omitted Taxes		
- Current Year	44,811.59	
- Prior Year	8,207.07	
County Open Space Tax	2,071,727.60	
Amount Due County for Open Space Added and Omitted Taxes		
- Current Year	4,300.93	
- Prior Year	792.58	
Municipal Open Space Tax	2,722,986.00	
Municipal Open Space Added Taxes--Current Year	5,549.40	
--Prior Year	1,022.69	
Interfund Advances Originating in 2013	212.30	
Senior Citizen Deduction Disallowed - PY Taxes	2,035.42	
PY Veterans Deduction Disallowed	750.00	
Adjust PY Amount Due NJ-DCA Fees	2.00	
Amount Due to Department of Veteran Affairs	-	10,000.00
	<u>111,647,454.77</u>	<u>10,000.00</u>
Total Expenditures	<u>146,471,620.52</u>	<u>491,463.00</u>
Excess in Revenues over Expenditures	11,805,649.39	77,499.80
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Years	-	-
Statutory Excess to Fund Balance	11,805,649.39	77,499.80
Fund Balance January 1	<u>14,684,401.08</u>	<u>242,557.71</u>
	26,490,050.47	320,057.51
Decreased by:		
Utilized in Budget	<u>12,100,000.00</u>	<u>111,463.00</u>
Fund Balance December 31	<u>\$ 14,390,050.47</u>	<u>\$ 208,594.51</u>

**TOWNSHIP OF BERNARDS  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - REGULATORY BASIS**

**BUDGET AND ACTUAL - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget as Modified</u>	<u>2015 Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Fund Balance Anticipated	\$ 12,100,000.00	\$ 12,100,000.00	-
Miscellaneous Revenues - Local	2,173,000.00	3,298,847.39	1,125,847.39
State Aid	1,798,308.00	1,798,308.00	-
Uniform Construction Code Fees	500,000.00	768,652.25	268,652.25
Interlocal Municipal Service Agreements	798,096.22	798,096.24	0.02
Public and Private Revenues Offset with Appropriations	372,695.38	372,695.38	-
Other Special Items of Revenue	1,975,500.00	2,031,951.23	56,451.23
Receipts from Delinquent Taxes	305,000.00	401,067.21	96,067.21
Amount to be Raised by Taxes for Support of Municipal			
Budget Local Tax for Library Purposes	2,316,585.00	2,316,585.00	-
Budget Local Tax for Municipal Purposes	16,484,981.15	20,194,875.77	3,709,894.62
<b>Total Budget Revenues</b>	<b>\$ 38,824,165.75</b>	<b>\$ 44,081,078.47</b>	<b>\$ 5,256,912.72</b>
<b>Other Credits to Income:</b>			
Non-Budget Revenue	-	341,694.83	341,694.83
Unexpended Balance of Appropriation Reserves	-	2,068,301.55	2,068,301.55
Prior Year Interfunds Returned	-	122.03	122.03
Cancel Reserve for Pension Contributions	-	150,520.32	150,520.32
Cancel Outstanding Bond Coupons	-	1,120.00	1,120.00
Taxes Allocated to School, County, & Municipal Open Space	111,644,455.05	111,634,432.71	(10,022.34)
	<u>111,644,455.05</u>	<u>114,196,191.44</u>	<u>2,551,736.39</u>
<b>Total Revenues</b>	<b>\$ 150,468,620.80</b>	<b>\$ 158,277,269.91</b>	<b>\$ 7,808,649.11</b>
<b>Expenditures:</b>			
<b>Current Fund Within CAPS:</b>			
General Government	3,877,071.00	2,748,320.00	1,128,751.00
Land Use Administration	623,031.60	367,130.00	255,901.60
Code Enforcement	1,026,225.40	674,360.00	351,865.40
Insurance	2,897,484.30	2,680,890.00	216,594.30
Public Safety	6,017,783.50	5,822,900.00	194,883.50
Public Works	4,690,084.00	3,742,010.00	948,074.00
Health and Human Services	603,622.11	445,890.00	157,732.11
Parks and Recreation	2,207,841.54	1,984,515.00	223,326.54
Other Common Operating Functions	455,144.15	268,470.00	186,674.15
Utility Expenses and Bulk Purchases	833,175.40	679,000.00	154,175.40
Landfill/Solid Waste Disposal	284,807.80	173,530.00	111,277.80
Statutory Expenditures	2,557,340.00	2,502,740.00	54,600.00
Municipal Court	355,904.20	339,760.00	16,144.20
<b>Current Fund Excluded from CAPS:</b>			
Interlocal Service Agreements	999,095.24	999,095.24	-
Other Private Contributions	19,200.00	19,200.00	-
Federal and State Grants	353,495.38	353,495.38	-
Length of Service Award Program (LOSAP)	87,200.00	87,200.00	-
Education Functions	2,316,585.00	2,316,585.00	-
Capital Improvements	4,735,000.00	4,735,000.00	-
Reserve for Uncollected Taxes	3,884,075.13	3,884,075.13	-
<b>Total Budget Expenditures</b>	<b>\$ 38,824,165.75</b>	<b>\$ 34,824,165.75</b>	<b>\$ 4,000,000.00</b>

**TOWNSHIP OF BERNARDS  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - REGULATORY BASIS**

**BUDGET AND ACTUAL - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget as Modified</u>	<u>2015 Actual</u>	<u>Variance</u>
Other Expenses and Charges to Income:			
Local District School Tax	84,861,882.00	84,861,882.00	-
County Taxes	21,923,175.19	21,923,175.19	-
Amount Due County for Added and Omitted Taxes			
- Current Year	44,811.59	44,811.59	-
- Prior Year	8,207.07	8,207.07	-
County Open Space Tax	2,071,727.60	2,071,727.60	-
Amount Due County for Open Space Added and Omitted Taxes			
- Current Year	4,300.93	4,300.93	-
- Prior Year	792.58	792.58	-
Municipal Open Space Tax	2,722,986.00	2,722,986.00	-
Municipal Open Space Added Taxes--Current Year	5,549.40	5,549.40	-
--Prior Year	1,022.69	1,022.69	-
Interfund Advances Originating in 2011	-	212.30	(212.30)
Senior Citizen Deduction Disallowed	-	2,035.42	(2,035.42)
PY Veterans Deduction Disallowed	-	750.00	(750.00)
Adjust PY Amount Due NJ-DCA Fees	-	2.00	(2.00)
	<u>111,644,455.05</u>	<u>111,647,454.77</u>	<u>(2,999.72)</u>
Total Expenditures	<u>\$ 150,468,620.80</u>	<u>\$ 146,471,620.52</u>	<u>\$ 3,997,000.28</u>
Excess in Revenues over Expenditures		\$ 11,805,649.39	\$ 11,805,649.39
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Fund Balance		11,805,649.39	
Fund Balance January 1		<u>14,684,401.08</u>	
		26,490,050.47	
Decreased by:			
Utilized in Budget		<u>12,100,000.00</u>	
Fund Balance December 31		<u>\$ 14,390,050.47</u>	

**TOWNSHIP OF BERNARDS  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
 - STATUTORY BASIS  
 BUDGET AND ACTUAL - GOLF UTILITY OPERATING FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget as Modified	2015 Actual	Variance
Revenues:			
Surplus Anticipated	\$ 111,463.00	\$ 111,463.00	\$ -
Memberships	330,000.00	339,582.50	9,582.50
Irrigation Assessments	15,000.00	14,700.00	(300.00)
Miscellaneous Revenue	75,000.00	77,725.38	2,725.38
Total Budget Revenues	<u>531,463.00</u>	<u>543,470.88</u>	<u>12,007.88</u>
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	-	25,491.92	25,491.92
Total Other Credits to Income	<u>-</u>	<u>25,491.92</u>	<u>25,491.92</u>
Total Revenues	<u>531,463.00</u>	<u>568,962.80</u>	<u>37,499.80</u>
Expenditures:			
Salaries and Wages	147,663.00	147,663.00	-
Other Expenses	383,800.00	333,800.00	50,000.00
Total Budget Expenditures	<u>531,463.00</u>	<u>481,463.00</u>	<u>50,000.00</u>
Other Charges to Income:			
Amount due to Department of Veteran Affairs	-	10,000.00	(10,000.00)
Total Expenditures	<u>531,463.00</u>	<u>491,463.00</u>	<u>40,000.00</u>
Excess in Revenues over Expenditures		77,499.80	
Reserved Fund Balance January 1		<u>242,557.71</u>	
		320,057.51	
Decreased by:			
Utilized in Budget		<u>111,463.00</u>	
Fund Balance December 31		<u>\$ 208,594.51</u>	

**FUND FINANCIAL STATEMENTS**

**TOWNSHIP OF BERNARDS**  
**CURRENT FUND**  
**SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2015, AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash and Cash equivalents	\$ 20,842,964.77	\$ 21,236,497.98
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	406,342.41	351,478.96
Tax Title Liens Receivable	35,312.14	31,114.18
Property Acquired for Taxes at Assessed Valuation	195,100.00	264,350.00
	<u>636,754.55</u>	<u>646,943.14</u>
Other Accounts Receivable:		
Advance from Payroll Account	25,000.00	25,000.00
Revenue Accounts Receivable	24,270.01	28,716.63
Interfund Accounts Receivable	212.30	122.03
	<u>49,482.31</u>	<u>53,838.66</u>
Total Receivables	<u>686,236.86</u>	<u>700,781.80</u>
	<u>21,529,201.63</u>	<u>21,937,279.78</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	394,157.00	281,707.00
Amount Due from Current Fund	91,978.77	63,485.81
	<u>486,135.77</u>	<u>345,192.81</u>
	<u>\$ 22,015,337.40</u>	<u>\$ 22,282,472.59</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Appropriation Reserves	\$ 2,557,187.18	\$ 2,116,718.98
Other Liabilities and Reserves:		
Amount Due to State of New Jersey for Senior Citizens' and Veterans' Deductions	23,616.02	20,678.70
Reserve for Encumbrances	852,789.64	1,144,354.24
Tax Overpayments	-	5,973.75
Prepaid Taxes	683,045.46	727,574.84
Outside Liens	784.09	28,968.85
Amount Due State of New Jersey - Marriage License Fees	1,167.00	1,167.00
Amount Due State of New Jersey - DCA Training Fees	14,111.00	12,719.00
Amount Due State of New Jersey - Burial Permit Fees	15.00	15.00
Amount Due to Federal and State Grants Fund	91,978.77	63,485.81
Premium on Sale of Tax Title Lien	290,500.00	132,000.00
Reserve for Sale of Assets	316,974.10	452,638.61
Reserve for Outstanding Bond Coupons	-	1,120.00
Reserve for Future Pension Obligations	-	150,520.32
Reserve for Public Library Expenditures	1,355,854.05	1,426,259.06
Reserve for Landfill Solar Project	30,000.00	50,000.00
Reserve for Recreation Donations -- Appropriated	18,312.96	18,312.96
Reserve for Recreation Donations --Unappropriated	2,606.00	-

**TOWNSHIP OF BERNARDS**  
**CURRENT FUND**  
**SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2015, AND 2014**

	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)</b>		
Other Liabilities and Reserves: (Continued)		
Reserve for Health Prevention Programs -- Appropriated	\$ 3,519.05	\$ 3,519.05
Reserve for DARE - Appropriated	1,066.07	1,408.83
Reserve for Police Equipment Donations - Appropriated	11,597.21	9,322.21
Reserve for Community Policing Donations - Appropriated	3,826.35	7,247.76
Reserve for Police Program Donations - Appropriated	6,298.28	6,298.28
Reserve for Police Program Donations - Unappropriated	422.00	
Reserve for Future Street Signage in Hills Development--Appropriated	13,550.00	13,550.00
Reserve for Crystal Ridge Street Maintenance--Appropriated	5,229.07	5,229.07
Reserve for Employee Recognition--Appropriated	1,606.76	
Reserve for Green Initiatives--Appropriated	18,300.00	4,200.00
Reserve for 250th Anniversary Celebration--Appropriated		2,798.89
Reserve for 911 Memorial Maintenance Donation- Appropriated		3,167.25
Reserve for Tree Arboretum Donations -- Appropriated	1,500.00	1,500.00
Reserve for Memorial Tree Donations--Appropriated	3,897.36	4,179.36
Reserve for Tree Replacement --Appropriated	114,462.32	114,462.32
Reserve for Animal Control Donation (Dr. Hollo)--Appropriated	1,700.00	3,000.00
Reserve for Employee Recognition -- Appropriated		1,606.76
Reserve for Employee Recognition -- Unappropriated	2,873.56	
Reserve for Police Equipment Donations - Unappropriated	8,025.00	2,000.00
Reserve for Green Initiatives--Unappropriated	10,800.00	14,100.00
Reserve for Memorial Tree Donations -- Unappropriated	5,300.00	2,000.00
	<u>3,895,727.12</u>	<u>4,435,377.92</u>
	<u>6,452,914.30</u>	<u>6,552,096.90</u>
Reserve for Receivables and Other Assets	<u>686,236.86</u>	<u>700,781.80</u>
Fund Balance	<u>14,390,050.47</u>	<u>14,684,401.08</u>
	<u>21,529,201.63</u>	<u>21,937,279.78</u>
Federal and State Grant Fund:		
Appropriated Reserves	246,083.78	299,517.38
Reserve for Encumbrances	226,574.07	5,367.80
Unappropriated Reserves	13,477.92	40,307.63
	<u>486,135.77</u>	<u>345,192.81</u>
	<u>\$ 22,015,337.40</u>	<u>\$ 22,282,472.59</u>

## TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget as Modified	Realized	Excess/ (Deficit)
<b>Surplus Anticipated</b>	<b>\$ 12,100,000.00</b>	<b>\$ 12,100,000.00</b>	<b>\$ -</b>
<b>Miscellaneous Revenues: Local Revenues</b>			
Alcoholic Beverage Licenses	27,500.00	33,600.00	6,100.00
Fees and Permits	370,000.00	680,368.43	310,368.43
Municipal Court	296,000.00	318,587.77	22,587.77
Interest and Costs on Taxes	60,000.00	130,369.27	70,369.27
Interest on Investments & Deposits	9,000.00	34,837.52	25,837.52
Swimming Pool Membership Fees	495,000.00	486,787.50	(8,212.50)
Gate Receipts-Swimming Pool	60,000.00	62,571.00	2,571.00
Pool-Refreshment Stand	5,100.00	5,500.00	400.00
Recreation - Fees and Permits	350,000.00	532,847.43	182,847.43
Development Application Fees	400.00	20,041.62	19,641.62
Payment in Lieu of Taxes	200,000.00	266,258.26	66,258.26
Hotel Occupancy Tax	300,000.00	727,078.59	427,078.59
<b>Total Local Revenues</b>	<b>2,173,000.00</b>	<b>3,298,847.39</b>	<b>1,125,847.39</b>
<b>State Aid Without Offsetting Appropriations:</b>			
Energy Tax Receipts (P.L. 1997, Chapters 162 & 167)	1,798,308.00	1,798,308.00	-
<b>Total State Aid Without Offsetting Appropriations</b>	<b>1,798,308.00</b>	<b>1,798,308.00</b>	<b>-</b>
<b>Dedicated Uniform Construction Code Fees</b>			
Uniform Construction Code Fees	500,000.00	768,652.25	268,652.25
<b>Interlocal Municipal Service Agreements Offset with Appropriations</b>			
Bernards Twp. Sewerage Authority Service Contract	437,045.00	437,045.00	-
Interlocal Health Services Contracts	361,051.22	361,051.24	0.02
<b>Total Interlocal Municipal Service Agreements</b>	<b>798,096.22</b>	<b>798,096.24</b>	<b>0.02</b>
<b>Public and Private Revenues Offset with Appropriations:</b>			
Reserve for Police Equipment Donations	3,100.00	3,100.00	-
Reserve for Memorial Tree Program	2,000.00	2,000.00	-
Reserve for Green Initiatives	14,100.00	14,100.00	-
Somerset County Youth Services Commission	5,000.00	5,000.00	-
Somerset County Cultural and Heritage Commission "Plays in the Park"	1,500.00	1,500.00	-
Somerset County Cultural and Heritage Commission "Lyons Train Station"	96,580.00	96,580.00	-
Somerset County Cultural and Heritage Commission "Lyons Train Station"	103,455.00	103,455.00	-
NJDHTS-"Drive Sober or Get Pulled Over"	10,000.00	10,000.00	-
NJDHTS-"Click it or Ticket"	4,000.00	4,000.00	-
NJDHTS-"Distracted Driving Crackdown"	5,000.00	5,000.00	-
NJDHTS/SC-"Safe Passage"	800.00	800.00	-
New Jersey Body Armor Fund	3,705.35	3,705.35	-
Emergency Management Grant	5,000.00	5,000.00	-
Drunk Driving Enforcement Fund	3,412.69	3,412.69	-
NJ DEP Clean Communities Program	59,344.00	59,344.00	-
NJ DEP Recycling Grant	31,689.59	31,689.59	-
Municipal Alliance on Alcoholism and Drug Abuse	19,207.00	19,207.00	-
Municipal Alliance on Alcoholism and Drug Abuse - 25% Match from Trust	4,801.75	4,801.75	-
<b>Total Public and Private Revenues</b>	<b>372,695.38</b>	<b>372,695.38</b>	<b>-</b>
<b>Other Special Items:</b>			
Uniform Fire Safety Act	\$ 20,000.00	\$ 26,158.32	\$ 6,158.32
Reserve for Solar Landfill	35,000.00	35,000.00	-
Open Space Trust Fund - Park Infrastructure	1,100,000.00	1,100,000.00	-
Reserve for Sale of Municipal Assets	710,500.00	710,500.00	-
Rental Agreements	110,000.00	160,292.91	50,292.91
<b>Total Other Special Items</b>	<b>1,975,500.00</b>	<b>2,031,951.23</b>	<b>56,451.23</b>

**TOWNSHIP OF BERNARDS**  
**CURRENT FUND**  
**SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget as Modified	Realized	Excess/ (Deficit)
<b>Total Miscellaneous Revenues</b>	<u>7,617,599.60</u>	<u>9,068,550.49</u>	<u>1,450,950.89</u>
Receipts from Delinquent Taxes	305,000.00	401,067.21	96,067.21
Amount to be Raised by Taxation - <i>Public Library</i>	<u>2,316,585.00</u>	<u>2,316,585.00</u>	-
Amount to be Raised by Taxation - <i>Municipal Services</i>	<u>16,484,981.15</u>	<u>20,194,875.77</u>	<u>3,709,894.62</u>
<b>Total Budget Revenues</b>	<u>38,824,165.75</u>	<u>44,081,078.47</u>	<u>5,256,912.72</u>
<b>Other Credits to Income:</b>			
Non-Budget Revenue		341,694.83	341,694.83
Unexpended Balance of Appropriation Reserves		2,068,301.55	2,068,301.55
Prior Year Interfunds Returned		122.03	122.03
Cancel Reserve for Pension Contributions		150,520.32	150,520.32
Cancel Outstanding Bond Coupons	-	<u>1,120.00</u>	<u>1,120.00</u>
<b>Total Other Credits to Income</b>	-	<u>2,561,758.73</u>	<u>2,561,758.73</u>
Taxes Allocated to School, County, and Municipal Open Space	<u>111,644,455.05</u>	<u>111,634,432.71</u>	<u>(10,022.34)</u>
<b>Total Revenues and Credits to Income</b>	<u>\$ 150,468,620.80</u>	<u>\$ 158,277,269.91</u>	<u>\$ 7,808,649.11</u>

TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled
	2015 Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>(A) OPERATIONS WITHIN "CAP"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries and Wages	\$ 264,724.00	\$ 264,724.00	\$ 224,367.99	\$ 10,895.46	\$ 786.55	\$ 28,674.00
Other Expenses	64,334.20	64,334.20	4,176.73	247.57	13,075.70	46,834.20
Human Resources						
Salaries and Wages	169,899.60	169,899.60	114,426.74	3,618.02	18,235.24	33,619.60
Other Expenses	64,320.00	64,320.00	18,154.76	1,492.75	9,672.49	35,000.00
Township Committee						
Salaries and Wages	27,200.00	27,200.00	27,200.00		-	
Other Expenses	133,930.00	133,930.00	6,010.73	11,702.70	28,216.57	88,000.00
Municipal Clerk						
Salaries and Wages	226,627.30	226,627.30	179,397.58	7,190.79	21,001.63	19,037.30
Other Expenses	67,589.30	67,589.30	16,421.15	419.29	10,769.56	39,979.30
Financial Administration						
Salaries and Wages	238,425.70	238,425.70	209,266.25	12,939.10	4,094.65	12,125.70
Other Expenses	43,965.40	43,965.40	17,574.87	859.11	1,766.02	23,765.40
Audit Services						
Other Expenses	35,990.00	35,990.00	-	15,939.40	50.60	20,000.00
Purchasing Administration						
Salaries and Wages	87,888.40	87,888.40	75,055.04	3,411.78	1,613.18	7,808.40
Other Expenses	40,186.60	40,186.60	11,167.04	1,468.90	3,314.06	24,236.60
Computer Network Administration						
Salaries and Wages	262,280.00	262,280.00	226,994.48	10,431.84	853.68	24,000.00
Other Expenses	102,450.00	102,450.00	38,832.52	4,802.30	8,815.18	50,000.00
Revenue Administration						
Salaries and Wages	121,624.20	121,624.20	94,549.52	6,838.16	202.32	20,034.20
Other Expenses	58,830.90	58,830.90	19,212.44	4,622.21	7,545.35	27,450.90
Tax Assessment Administration						
Salaries and Wages	347,868.30	347,868.30	221,645.09	8,895.72	11,589.19	105,738.30
Other Expenses	117,601.70	117,601.70	91,815.47	3,792.77	611.76	21,381.70
Legal Services						
Other Expenses	748,000.00	748,000.00	120,730.91	25,652.97	199,116.12	402,500.00
Engineering Services						
Salaries and Wages	525,987.30	525,987.30	447,149.65	23,278.43	24,231.92	31,327.30
Other Expenses	127,348.10	127,348.10	20,594.94	1,744.52	37,770.54	67,238.10
<b>Total General Government</b>	<b>\$ 3,877,071.00</b>	<b>\$ 3,877,071.00</b>	<b>\$ 2,184,743.90</b>	<b>\$ 160,243.79</b>	<b>\$ 403,332.31</b>	<b>\$ 1,128,751.00</b>

TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled
	2015 Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>(A) OPERATIONS WITHIN "CAP" (CONTINUED)</b>						
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries and Wages	\$ 115,932.00	\$ 115,932.00	\$ 71,083.62	\$ 3,167.00	\$ 9,119.38	\$ 32,562.00
Other Expenses	188,148.80	188,148.80	8,196.44	13,452.21	36,511.35	129,988.80
Board of Adjustment						
Salaries and Wages	151,611.90	151,611.90	130,243.27	5,735.50	9,161.23	6,471.90
Other Expenses	135,154.40	135,154.40	18,855.02	7,045.48	48,309.50	60,944.40
Environmental Commission						
Salaries and Wages	4,197.00	4,197.00	800.00		400.00	2,997.00
Other Expenses	16,534.50	16,534.50	417.88	7.12	1,925.00	14,184.50
Agricultural Advisory Committee						
Salaries and Wages	1,000.00	1,000.00			-	1,000.00
Other Expenses	10,453.00	10,453.00	-	-	2,700.00	7,753.00
<b>Total Land Use Administration</b>	<b>\$ 623,031.60</b>	<b>\$ 623,031.60</b>	<b>\$ 229,596.23</b>	<b>\$ 29,407.31</b>	<b>\$ 108,126.46</b>	<b>\$ 255,901.60</b>
<b>CODE ENFORCEMENT</b>						
Construction Official						
Salaries and Wages	541,091.20	541,091.20	458,395.23	18,156.24	2,558.53	61,981.20
Other Expenses	485,134.20	485,134.20	172,641.21	1,352.61	21,256.18	289,884.20
<b>Total Code Enforcement</b>	<b>\$ 1,026,225.40</b>	<b>\$ 1,026,225.40</b>	<b>\$ 631,036.44</b>	<b>\$ 19,508.85</b>	<b>\$ 23,814.71</b>	<b>\$ 351,865.40</b>
<b>INSURANCE</b>						
Other Liability Insurance	314,818.00	314,818.00	286,835.58	50.00	1,364.42	26,568.00
Workers Compensation Insurance	341,983.10	341,983.10	317,068.49		10,641.51	14,273.10
Group Insurance Plans	1,961,668.20	1,961,668.20	1,567,099.09	(22,174.72)	326,115.63	90,628.20
Waiver From Group Insurance Plans	95,400.00	95,400.00	54,046.82	2,423.26	1,729.92	37,200.00
Employee Benefits - Other	114,190.00	114,190.00	68,542.31	(3,955.42)	41,103.11	8,500.00
Unemployment Trust Account Contribution	69,425.00	69,425.00	30,000.00	-	-	39,425.00
<b>Total Insurance</b>	<b>\$ 2,897,484.30</b>	<b>\$ 2,897,484.30</b>	<b>\$ 2,323,592.29</b>	<b>\$ (23,656.88)</b>	<b>\$ 380,954.59</b>	<b>\$ 216,594.30</b>
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police Department						
Salaries and Wages	4,823,070.00	4,823,070.00	4,500,578.18	184,238.69	98,253.13	40,000.00
Other Expenses	248,350.00	248,350.00	158,998.74	21,161.27	43,189.99	25,000.00
Purchase of Police Cars	117,115.00	117,115.00	76,880.53	1,285.85	5,333.62	33,615.00
Office of Emergency Management						
Salaries and Wages	23,620.00	23,620.00	2,041.36		19,958.64	1,620.00
Other Expenses	22,693.50	22,693.50	14,577.51		7,022.49	1,093.50
Aid to Volunteer Fire Companies	90,000.00	90,000.00	90,000.00		-	
Aid to Volunteer First Aid Squads	30,000.00	30,000.00	30,000.00		-	
Uniform Fire Code						
Salaries and Wages	156,100.90	156,100.90	129,466.38	5,253.14	8,510.48	12,870.90
Other Expenses	442,344.10	442,344.10	348,501.83	30,617.73	6,030.44	57,194.10
Municipal Prosecutor						
Other Expenses	64,490.00	64,490.00	40,261.50	-	738.50	23,490.00
<b>Total Public Safety Functions</b>	<b>\$ 6,017,783.50</b>	<b>\$ 6,017,783.50</b>	<b>\$ 5,391,306.03</b>	<b>\$ 242,556.68</b>	<b>\$ 189,037.29</b>	<b>\$ 194,883.50</b>

TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled
	2015 Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>(A) OPERATIONS WITHIN "CAP" (CONTINUED)</b>						
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets and Road Maintenance						
Salaries and Wages	\$ 1,439,749.50	\$ 1,439,749.50	\$ 1,259,652.43	\$ 49,135.47	96,702.10	\$ 34,259.50
Other Expenses	544,926.10	544,926.10	289,752.91	14,312.22	56,154.87	184,706.10
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	558,119.32	1,219.56	7,681.12	174,000.00
Vehicle Maintenance						
Salaries and Wages	301,740.00	301,740.00	201,736.52	8,251.20	9,752.28	82,000.00
Other Expenses	352,136.30	352,136.30	285,209.29	12,108.41	14,412.30	40,406.30
Solid Waste Collection						
Salaries and Wages	75,625.00	75,625.00	51,730.03	1,861.19	11,908.78	10,125.00
Other Expenses	119,244.20	119,244.20	11,564.40	12,030.60	2,205.00	93,444.20
Public Buildings						
Salaries and Wages	180,358.40	180,358.40	127,436.76	7,676.88	10,706.36	34,538.40
Other Expenses	294,807.00	294,807.00	179,832.73	14,128.80	40,338.47	60,507.00
Other Public Works Functions						
Shade Tree Commission						
Salaries and Wages	4,578.00	4,578.00	979.88	100.00	420.12	3,078.00
Other Expenses	15,354.50	15,354.50	1,396.99	9.04	2,693.97	11,254.50
Street Light Maintenance						
Other Expenses	83,575.00	83,575.00	9,292.92	407.08	27,300.00	46,575.00
Municipal Services Act						
Other Expenses	241,220.00	241,220.00	-	-	178,790.00	62,430.00
<b>Total Public Works Functions</b>	<b>\$ 4,690,084.00</b>	<b>\$ 4,690,084.00</b>	<b>\$ 3,161,704.18</b>	<b>\$ 121,240.45</b>	<b>\$ 459,065.37</b>	<b>\$ 948,074.00</b>
<b>HEALTH &amp; HUMAN SERVICES FUNCTIONS</b>						
Board of Health						
Salaries and Wages	364,848.60	364,848.60	251,301.20	19,989.37	26,279.43	67,278.60
Other Expenses	149,202.20	149,202.20	48,645.75	12,015.15	20,809.10	67,732.20
Animal Control Services						
Salaries and Wages	61,160.70	61,160.70	34,727.19	1,929.18	7,113.63	17,390.70
V.N.A. Contract	28,410.61	28,410.61	23,075.00	-	5.00	5,330.61
<b>Total Health &amp; Human Service Functions</b>	<b>\$ 603,622.11</b>	<b>\$ 603,622.11</b>	<b>\$ 357,749.14</b>	<b>\$ 33,933.70</b>	<b>\$ 54,207.16</b>	<b>\$ 157,732.11</b>
<b>PARKS &amp; RECREATION FUNCTIONS</b>						
Recreation Services and Programs						
Salaries and Wages	488,194.20	488,194.20	361,204.02	13,756.42	56,679.56	56,554.20
Other Expenses	319,319.70	319,319.70	219,167.62	6,694.16	44,153.22	49,304.70
Maintenance of Parks (Grounds)						
Salaries and Wages	593,327.64	593,327.64	490,567.11	20,189.88	80,123.01	2,447.64
Other Expenses	243,748.00	243,748.00	143,385.37	3,234.90	19,529.73	77,598.00
Municipal Swimming Pool						
Salaries and Wages	299,288.50	299,288.50	280,148.95	290.67	12,490.38	6,358.50
Other Expenses	263,963.50	263,963.50	211,317.72	1,193.06	20,389.22	31,063.50
<b>Total Parks and Recreation Functions</b>	<b>\$ 2,207,841.54</b>	<b>\$ 2,207,841.54</b>	<b>\$ 1,705,790.79</b>	<b>\$ 45,359.09</b>	<b>\$ 233,365.12</b>	<b>\$ 223,326.54</b>

TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled
	2015 Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>(A) OPERATIONS WITHIN "CAP" (CONTINUED)</b>						
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Community Service						
Salaries and Wages	\$ 87,043.70	\$ 87,043.70	\$ 47,614.77	\$ 2,242.83	\$ 9,022.40	\$ 28,163.70
Other Expenses	32,680.30	32,680.30	3,930.71	229.32	4,709.97	23,810.30
Pay for Performance						
Salaries & Wages	62,400.00	62,400.00	51,112.49		11,287.51	
Accumulated Sick Leave Benefit	175,300.00	175,300.00	70,000.00		-	105,300.00
Charter Day Celebration						
Salaries and Wages	10,597.00	10,597.00	4,500.00		-	6,097.00
Other Expenses	25,180.00	25,180.00	16,711.03	-	1,988.97	6,480.00
Labor Day Bike Races						
Salaries & Wages	2,550.00	2,550.00	2,350.00	-	-	200.00
Other Expenses	1,020.00	1,020.00	177.09		342.91	500.00
Deer Task Force						
Salaries & Wages	13,078.00	13,078.00	7,331.19	43.73	2,625.08	3,078.00
Other Expenses	45,295.15	45,295.15	3,795.36	8,505.47	19,949.17	13,045.15
<b>Other Common Operating Functions</b>	<b>\$ 455,144.15</b>	<b>\$ 455,144.15</b>	<b>\$ 207,522.64</b>	<b>\$ 11,021.35</b>	<b>\$ 49,926.01</b>	<b>\$ 186,674.15</b>
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Utility Expenses and Bulk Purchases						
Other Expenses	<b>\$ 833,175.40</b>	<b>\$ 833,175.40</b>	<b>\$ 180,055.08</b>	<b>\$ 80,350.20</b>	<b>\$ 418,594.72</b>	<b>\$ 154,175.40</b>
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>						
Solid Waste Disposal						
Salaries and Wages	82,599.80	82,599.80	66,079.36	2,614.40	1,286.24	12,619.80
Other Expenses	202,208.00	202,208.00	82,524.00	4,841.63	16,184.37	98,658.00
<b>Total Landfill/Solid Waste Disposal Costs</b>	<b>\$ 284,807.80</b>	<b>\$ 284,807.80</b>	<b>\$ 148,603.36</b>	<b>\$ 7,456.03</b>	<b>\$ 17,470.61</b>	<b>\$ 111,277.80</b>
<b>STATUTORY EXPENDITURES</b>						
Public Employees Retirement System	699,210.00	699,210.00	699,204.07		5.93	
Police and Fireman's Retirement System	1,001,600.00	1,001,600.00	1,001,598.00		2.00	
Defined Contribution Retirement System	23,000.00	23,000.00	5,691.55	811.42	6,497.03	10,000.00
Social Security System	833,530.00	833,530.00	688,813.55	26,203.21	73,913.24	44,600.00
<b>Total Statutory Expenditures</b>	<b>\$ 2,557,340.00</b>	<b>\$ 2,557,340.00</b>	<b>\$ 2,395,307.17</b>	<b>\$ 27,014.63</b>	<b>\$ 80,418.20</b>	<b>\$ 54,600.00</b>
<b>MUNICIPAL COURT</b>						
Municipal Court						
Salaries and Wages	208,459.00	208,459.00	195,428.80	6,227.17	1,404.03	5,399.00
Other Expenses	133,700.00	133,700.00	114,317.66	1,507.06	7,875.28	10,000.00
Public Defender						
Other Expenses	13,745.20	13,745.20	9,843.00	307.00	2,850.00	745.20
<b>TOTAL MUNICIPAL COURT</b>	<b>\$ 355,904.20</b>	<b>\$ 355,904.20</b>	<b>\$ 319,589.46</b>	<b>\$ 8,041.23</b>	<b>\$ 12,129.31</b>	<b>\$ 16,144.20</b>
<b>TOTAL GENERAL APPROPRIATIONS WITHIN "CAP"</b>	<b>\$ 26,429,515.00</b>	<b>\$ 26,429,515.00</b>	<b>\$ 19,236,596.71</b>	<b>\$ 762,476.43</b>	<b>\$ 2,430,441.86</b>	<b>\$ 4,000,000.00</b>
<b>DETAIL:</b>						
Salaries and Wages	12,660,495.84	12,660,495.84	10,731,561.08	438,358.26	568,370.66	922,205.84
Other Expenses	13,769,019.16	13,769,019.16	8,505,035.63	324,118.17	1,862,071.20	3,077,794.16

TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled
	2015 Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS EXCLUDED FROM "CAP"</b>						
<b>PUBLIC AND PRIVATE REVENUES OFF-SET BY APPROPRIATIONS</b>						
<b>INTERLOCAL SERVICE AGREEMENTS</b>						
Bernards Township Sewerage Authority Service Contract						
General Administration						
Salaries and Wages	\$ 112,289.29	\$ 112,289.29	\$ 112,289.29	\$ -	\$ -	
Financial Administration						
Salaries and Wages	110,220.70	110,220.70	110,220.70	-	-	
Operating Expenses and Fringe						
Other Expenses	214,534.03	214,534.03	214,534.03		-	
Interlocal Somerset County Curbside Recycling Pickup						
Other Expenses	201,000.00	201,000.00	201,000.00		-	
Interlocal Health Services						
Salaries and Wages	236,022.96	236,022.96	236,022.96		-	
Other Expenses	125,028.26	125,028.26	125,028.26		-	-
<b>Total Interlocal Service Agreements</b>	<b>\$ 999,095.24</b>	<b>\$ 999,095.24</b>	<b>\$ 999,095.24</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OTHER PRIVATE CONTRIBUTIONS</b>						
Reserve for Police Equipment						
Other Expenses	3,100.00	3,100.00	3,100.00		-	-
Reserve for Green Initiatives						
Other Expenses	14,100.00	14,100.00	14,100.00		-	
Reserve for Memorial Tree Donations						
Other Expenses	2,000.00	2,000.00	2,000.00		-	-
<b>Total Private Contributions</b>	<b>\$ 19,200.00</b>	<b>\$ 19,200.00</b>	<b>\$ 19,200.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled
	2015 Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS EXCLUDED FROM "CAP" (CONTINUED)</b>						
<b>FEDERAL AND STATE GRANTS</b>						
US-DOJ Body Armor Grant						
Other Expenses	\$ 3,705.35	\$ 3,705.35	\$ 3,705.35	\$ -	\$ -	\$ -
NJDHTS - "Click it or Ticket" S&W C159						
Salaries and Wages	-	4,000.00	4,000.00	-	-	-
NJDHTS "Drive Sober or Get Pulled Over"						
Salaries and Wages	-	10,000.00	10,000.00	-	-	-
NJDHTS/SC - "DWI Safe Passage"						
Salaries and Wages		800.00	800.00	-	-	-
NJDHTS - "U Drive, U Text, U Pay" S&W C159						
Salaries and Wages		5,000.00	5,000.00	-	-	-
Somerset County Youth Services Commission						
Other Expenses		5,000.00	5,000.00	-	-	-
Drunk Driving Enforcement Fund						
Other Expenses	3,412.69	3,412.69	3,412.69	-	-	-
Recycling Tonnage Grant						
Other Expenses	31,689.59	31,689.59	31,689.59	-	-	-
NJDEP Clean Communities Entitlement						
Other Expenses	-	59,344.00	59,344.00	-	-	-
Emergency Management Services Grant						
Other Expenses	-	5,000.00	5,000.00	-	-	-
Somerset County Cultural and Heritage Grant - Plays in the Park						
Other Expenses	1,500.00	1,500.00	1,500.00	-	-	-
Somerset County Cultural and Heritage Grant - Lyons Train Station						
Other Expenses		96,580.00	96,580.00	-	-	-
Somerset County Cultural and Heritage Grant - Lyons Train Station						
Other Expenses	103,455.00	103,455.00	103,455.00	-	-	-
Somerset County Municipal Alliance Program						
Other Expenses	19,207.00	19,207.00	19,207.00	-	-	-
Matching Funds for Grants Municipal Alliance Program	4,801.75	4,801.75	4,801.75	-	-	-
<b>Total State and Federal Grants</b>	<b>\$ 167,771.38</b>	<b>\$ 353,495.38</b>	<b>\$ 353,495.38</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EDUCATION FUNCTIONS</b>						
Aid to Municipal Library	2,316,585.00	2,316,585.00	2,186,726.47	90,313.21	39,545.32	-
<b>Total Education Functions</b>	<b>\$ 2,316,585.00</b>	<b>\$ 2,316,585.00</b>	<b>\$ 2,186,726.47</b>	<b>\$ 90,313.21</b>	<b>\$ 39,545.32</b>	<b>\$ -</b>
<b>Subtotal Operations Excluded from "CAP"</b>	<b>\$ 3,502,651.62</b>	<b>\$ 3,688,375.62</b>	<b>\$ 3,558,517.09</b>	<b>\$ 90,313.21</b>	<b>\$ 39,545.32</b>	<b>\$ -</b>
DETAIL:						
Salaries and Wages	458,532.95	458,532.95	458,532.95	-	-	-
Other Expenses	3,041,018.67	3,226,742.67	3,096,884.14	90,313.21	39,545.32	-

TOWNSHIP OF BERNARDS

CURRENT FUND  
SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Canceled
	2015 Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS EXCLUDED FROM "CAP" (CONTINUED)						
(C) CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 4,735,000.00	\$ 4,735,000.00	\$ 4,735,000.00	\$ -	\$ -	\$ -
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ 4,735,000.00</b>	<b>\$ 4,735,000.00</b>	<b>\$ 4,735,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>PUBLIC SAFETY:</b>						
L.O.S.A.P.	\$ 87,200.00	\$ 87,200.00	\$ -	\$ -	\$ 87,200.00	\$ -
<b>(O) TOTAL GENERAL APPROPRIATIONS EXCLUDED FROM "CAP"</b>	<b>8,324,851.62</b>	<b>8,510,575.62</b>	<b>8,293,517.09</b>	<b>90,313.21</b>	<b>126,745.32</b>	<b>-</b>
<b>(L) SUBTOTAL GENERAL APPROPRIATIONS (Items H-1 and O)</b>	<b>34,754,366.62</b>	<b>34,940,090.62</b>	<b>27,530,113.80</b>	<b>852,789.64</b>	<b>2,557,187.18</b>	<b>4,000,000.00</b>
<b>(M) RESERVE FOR UNCOLLECTED TAXES</b>	<b>3,884,075.13</b>	<b>3,884,075.13</b>	<b>3,884,075.13</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total General Appropriations</b>	<b>\$ 38,638,441.75</b>	<b>\$ 38,824,165.75</b>	<b>\$ 31,414,188.93</b>	<b>\$ 852,789.64</b>	<b>2,557,187.18</b>	<b>\$ 4,000,000.00</b>
Adopted Budget	\$ 38,638,441.75	\$ 38,638,441.75				
Appropriated by 40A: 4-87	-	185,724.00				
	<u>\$ 38,638,441.75</u>	<u>\$ 38,824,165.75</u>				
<b>Other Expenses and Charges to Income:</b>						
Local District School Tax						\$ 84,861,882.00
County Taxes						21,923,175.19
Amount Due County for Added and Omitted Taxes						44,811.59
- Current Year						8,207.07
- Prior Year						2,071,727.60
County Open Space Tax						4,300.93
Amount Due County for Open Space Added and Omitted Taxes						792.58
- Current Year						2,722,986.00
- Prior Year						5,549.40
Municipal Open Space Tax						1,022.69
Municipal Open Space Added Taxes--Current Year						212.30
--Prior Year						2,035.42
Interfund Advances Originating in 2014						750.00
PY Senior Citizen Deduction Disallowed						2.00
PY Veterans Deduction Disallowed						
Adjust PY Amount Due NJ-DCA Fees						
						<u>\$ 111,647,454.77</u>

**TOWNSHIP OF BERNARDS  
TRUST FUNDS**

**STATEMENT OF ASSETS, LIABILITIES AND RESERVES - REGULATORY BASIS  
AS OF DECEMBER 31, 2015 AND 2014**

	Assessment		Animal Control		Other		Public Assistance		Totals	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>ASSETS:</b>										
Cash and Cash Equivalents	\$ -	\$ -	\$3,594.01	\$22,955.72	\$ 5,913,113.26	\$ 7,437,849.46	\$ 10,000.00	\$ 10,000.00	5,926,707.27	\$ 7,470,805.18
Receivables and Other Assets										
Assets Held by L.O.S.A.P. Plan Administrator					1,042,853.01	1,043,683.35			1,042,853.01	1,043,683.35
Assessment Liens	-	20.90	-	-	-	-	-	-	-	20.90
Subtotal Receivables and Other Assets	-	20.90	-	-	1,042,853.01	1,043,683.35	-	-	1,042,853.01	1,043,704.25
	<u>\$ -</u>	<u>\$ 20.90</u>	<u>\$ 3,594.01</u>	<u>\$ 22,955.72</u>	<u>\$ 6,955,966.27</u>	<u>\$ 8,481,532.81</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 6,969,560.28</u>	<u>\$ 8,514,509.43</u>
<b>LIABILITIES AND RESERVES:</b>										
Other Liabilities and Reserves:										
Reserve for Assessment Liens		20.90								20.90
Reserve for Animal Control Fund Expenditures			56.67	19,990.86					56.67	19,990.86
Reserve for Developers Escrow					1,786,374.74	2,034,904.35			1,786,374.74	2,034,904.35
Reserve for Library State Aid					11,655.00	11,584.00			11,655.00	11,584.00
Reserve for Recycling Expenditures					189,072.87	188,934.20			189,072.87	188,934.20
Reserve for Accumulated Sick Leave Expenditures					747,448.65	683,352.81			747,448.65	683,352.81
Reserve for Uniform Fire Safety Act Penalties					3,120.15	2,470.15			3,120.15	2,470.15
Reserve for Public Defender					-	-			-	-
Reserve for Parking Offenses Adjudication Act					254.00	140.00			254.00	140.00
Reserve for County Environmental Health Act					8,371.42	6,686.42			8,371.42	6,686.42
Reserve for Municipal Alliance					21,712.89	21,356.01			21,712.89	21,356.01
Reserve for Affordable Housing					1,108,195.87	1,095,014.24			1,108,195.87	1,095,014.24
Reserve for Municipal Open Space Fund					513,205.02	2,012,994.05			513,205.02	2,012,994.05
Reserve for Open Space Debt Defeasance					-	-			-	-
Reserve for Unemployment Compensation					57,251.92	40,189.98			57,251.92	40,189.98
Reserve for Self Insurance					576,475.31	605,303.00			576,475.31	605,303.00
Reserve for Forfeited Asset Trust Fund					18,919.60	17,592.79			18,919.60	17,592.79
Reserve for Snow Removal					569,903.93	504,241.08			569,903.93	504,241.08
Reserve for Recreation					17,340.85	10,367.44			17,340.85	10,367.44
Reserve for Landfill Closure					59,645.17	-			59,645.17	-
Reserve for Payroll Deductions					134,058.57	112,616.30			134,058.57	112,616.30
Reserve for Length of Service Award Program (LOSAP)					1,042,853.01	1,043,683.35			1,042,853.01	1,043,683.35
Reserve for Public Assistance Trust Fund I							10,000.00	10,000.00	10,000.00	10,000.00
Prepaid Animal Licenses			3,534.00	2,962.00					3,534.00	2,962.00
Due to Bernards Township Sewerage Authority					65,000.00	65,000.00			65,000.00	65,000.00
Due to State of New Jersey	-	-	1.80	1.80	-	-	-	-	1.80	1.80
	<u>-</u>	<u>20.90</u>	<u>3,592.47</u>	<u>22,954.66</u>	<u>6,930,858.97</u>	<u>8,456,430.17</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>6,944,451.44</u>	<u>8,489,405.73</u>
Interfund Payable	-	-	1.54	1.06	25,107.30	25,102.64	-	-	25,108.84	25,103.70
	<u>\$ -</u>	<u>\$ 20.90</u>	<u>\$ 3,594.01</u>	<u>\$ 22,955.72</u>	<u>\$ 6,955,966.27</u>	<u>\$ 8,481,532.81</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 6,969,560.28</u>	<u>\$ 8,514,509.43</u>

**TOWNSHIP OF BERNARDS**  
**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2014	\$ 19,990.86
Increased by:	
Fees Collected	<u>65,970.09</u>
	85,960.95
Decreased by:	
Expended	<u>85,904.28</u>
Balance December 31, 2015	<u><u>\$ 56.67</u></u>

License Fees Collected	
2014	47,789.00
2015	<u>47,630.00</u>
	<u><u>\$ 95,419.00</u></u>

**TOWNSHIP OF BERNARDS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b><i>Assets and Other Debits</i></b>		
Cash	\$ 4,614,013.37	\$ 4,061,404.31
Federal/State Aid Receivable	186,694.50	74,194.50
Deferred Charges to Future Taxation:		
Funded	5,535,000.00	8,295,000.00
Unfunded	-	-
	<u>\$ 10,335,707.87</u>	<u>\$ 12,430,598.81</u>
 <b><i>Liabilities, Reserves and Fund Balance</i></b>		
Serial Bonds	5,535,000.00	\$ 8,295,000.00
Bond Anticipation Notes		
Reserve for Encumbrances	1,399,310.87	1,183,067.99
Improvement Authorizations - Funded	2,177,420.30	1,448,908.47
- Funded - Pool Commission		51,040.28
- Unfunded		
Capital Improvement Fund	894,113.74	1,249,304.24
Capital Improvement Fund - Pool Commission		
Amount Due to Current Fund	103.46	18.33
Reserve for Preliminary Expenses	100.00	100.00
Reserve for Off-Tract Contributions	142,965.00	128,965.00
Reserve for Federal/State Aid Receivable	186,694.50	74,194.50
Fund Balance	-	-
	<u>\$ 10,335,707.87</u>	<u>\$ 12,430,598.81</u>

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY FUND**  
**SCHEDULE OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE -- REGULATORY BASIS**  
**AS OF DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Assets:</b>		
Cash - Treasurer	\$ 240,789.03	\$ 288,048.92
Cash - Change Fund	100.00	100.00
	<u>240,889.03</u>	<u>288,148.92</u>
Deferred Charges		
Emergency Expenditure	-	-
	<u>\$ 240,889.03</u>	<u>\$ 288,148.92</u>
 <b>Liabilities, Reserves and Fund Balance:</b>		
Liabilities:		
Appropriation Reserves	8,850.49	29,473.37
Other Liabilities and Reserves		
Reserve for Encumbrances	13,444.03	6,117.84
Amount due to Department of Veteran Affairs	10,000.00	10,000.00
Total Liabilities and Reserves	<u>32,294.52</u>	<u>45,591.21</u>
Fund Balance:		
Reserved for Operations	208,594.51	242,557.71
Unreserved - Township of Bernards Share	-	-
Total Fund Balance	<u>208,594.51</u>	<u>242,557.71</u>
	<u>\$ 240,889.03</u>	<u>\$ 288,148.92</u>

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY FUND**  
**SCHEDULE OF FUND BALANCE**

Balance Reserved for Operations December 31, 2014	\$ 242,557.71
Increased by:	
2015 Results of Operations	87,499.80
Decreased by:	
Amount Due to Dept of Veterans Affairs	10,000.00
Surplus Anticipated	<u>111,463.00</u>
Balance Reserved for Operations December 31, 2015	<u>\$ 208,594.51</u>

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY FUND**  
**SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME -- REGULATORY BASIS**  
**AND FUND BALANCE -- REGULATORY BASIS**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Miscellaneous Revenue Anticipated:			
Surplus Anticipated	\$ 111,463.00	\$ 111,463.00	\$ -
Memberships	330,000.00	339,582.50	9,582.50
Irrigation Assessments	15,000.00	14,700.00	(300.00)
Miscellaneous Revenue	<u>75,000.00</u>	<u>77,725.38</u>	<u>2,725.38</u>
Total Budget Revenues	<u>531,463.00</u>	<u>543,470.88</u>	<u>12,007.88</u>
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	<u>-</u>	<u>25,491.92</u>	<u>25,491.92</u>
Total Miscellaneous Revenue Not Anticipated	<u>-</u>	<u>25,491.92</u>	<u>25,491.92</u>
Total Revenues	<u>\$ 531,463.00</u>	<u>\$ 568,962.80</u>	<u>\$ 37,499.80</u>

Miscellaneous Revenues	
Gate fees	77,477.00
Interest	<u>248.38</u>
	<u>77,725.38</u>

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME --REGULATORY BASIS**

	Appropriations		Paid or Charged	Encumbrances	Reserved
	Adopted Budget	Budget After Modification			
Operating:					
Salaries and Wages					
Regular	\$ 42,909.48	\$ 42,909.48	\$ 42,909.48	\$ -	\$ -
Part-Time	7,708.23	7,708.23	7,219.97	282.13	206.13
Seasonal	85,000.00	85,000.00	81,765.91	-	3,234.09
Stipend in Lieu of O/T	500.00	500.00	300.00	-	200.00
Grounds Maintenance	10,611.96	10,611.96	10,611.96	-	-
Deferred Compensation	933.33	933.33	933.33	-	-
	<u>147,663.00</u>	<u>147,663.00</u>	<u>143,740.65</u>	<u>282.13</u>	<u>3,640.22</u>
Other Expenses					
Advertising	400.00	400.00	19.80	-	380.20
Printing	1,850.00	1,850.00	567.00	-	1,283.00
Dues and Publications	235.00	235.00	342.00	-	(107.00)
Fees and Compensation	201,350.00	201,350.00	198,649.48	1,000.00	1,700.52
Shipping	500.00	500.00	575.09	-	(75.09)
Postage	300.00	300.00	162.67	37.34	99.99
Insurance	5,890.50	5,890.50	5,890.50	-	-
Power	1,000.00	1,000.00	1,037.04	67.12	(104.16)
Water	40,000.00	40,000.00	39,826.29	-	173.71
Rental	3,800.00	3,800.00	4,392.00	-	(592.00)
Telephone	840.00	840.00	677.31	20.95	141.74
Traveling Expense	400.00	400.00	97.82	-	302.18
Training and Tuition	400.00	400.00	180.00	-	220.00
General Plant Expense	59,700.00	17,700.00	6,346.85	11,014.91	338.24
General Repairs	8,000.00	2,000.00	1,460.73	-	539.27
General Plant Supplies	7,000.00	5,000.00	2,644.63	-	2,355.37
Clothing	1,000.00	1,000.00	407.00	-	593.00
Medical Supplies	150.00	150.00	-	-	150.00
Gasoline	500.00	500.00	500.00	-	-
Office Supplies	600.00	600.00	535.57	-	64.43
Programs	5,500.00	5,500.00	4,856.62	-	643.38
Health Benefits	10,760.89	10,760.89	10,760.89	-	-
Social Security	9,797.03	9,797.03	10,190.96	21.58	(415.51)
Pension	5,103.58	5,103.58	5,103.58	-	-
Unemployment	16,000.00	16,000.00	17,481.00	1,000.00	(2,481.00)
Workers Compensation Insurance	2,723.00	2,723.00	2,723.00	-	-
	<u>383,800.00</u>	<u>333,800.00</u>	<u>315,427.83</u>	<u>13,161.90</u>	<u>5,210.27</u>
	<u>\$ 531,463.00</u>	<u>\$ 481,463.00</u>	<u>\$ 459,168.48</u>	<u>\$ 13,444.03</u>	<u>\$ 8,850.49</u>
Other Charges to Income:					
Amount Due to Department of Veterans Affairs					\$ 10,000.00

**TOWNSHIP OF BERNARDS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF GENERAL FIXED ASSETS**

	December 31,	
	<u>2015</u>	<u>2014</u>
General Fixed Assets:		
Land	\$ 68,039,818.73	\$ 68,039,818.73
Land Improvements	4,370,126.88	4,394,726.68
Buildings	9,259,080.39	9,297,580.39
Vehicles	8,218,566.05	8,033,182.58
Equipment	<u>5,928,533.99</u>	<u>5,561,095.74</u>
	<u>\$ 95,816,126.04</u>	<u>\$ 95,326,404.12</u>
 Investment in General Fixed Assets	 <u>\$ 95,816,126.04</u>	 <u>\$ 95,326,404.12</u>

## Notes to Financial Statements Year Ended December 31, 2015

### Note I: Summary of Significant Accounting Policies

#### A. Basis of Presentation

The financial statements of the Township Committee of the Township of Bernards have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

#### B. Reporting Entity

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

The primary criterion for including activities within the Township's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Township of Bernards. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

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 of Bernards, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Bernards do not include the operations of the Sewerage Authority, or volunteer fire and first aid squads. Furthermore, the Township of Bernards is not includable in any other reporting entity on the basis of such criteria.

#### C. Description of Funds

GASB Codification establishes seven fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles. (GAAP)

The accounting policies of the Township of Bernards conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Bernards accounts for its financial transactions through the following separate funds, which differ from the fund structure required by generally accepted accounting principles.

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grants for operation.

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created. The Trust Fund includes the Public Assistance Fund, which accounts for the receipts and disbursements of funds that provide assistance to certain residents of the Township of Bernards pursuant to Title 44 of New Jersey statutes.

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

Golf Operating and Capital Funds – account for the operations and acquisition of capital facilities of the golf utility.

Governmental Fixed Assets – the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

#### D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Taxes and Other Revenues – property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township of Bernards budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures (including Federal and State Financial Assistance Programs) – unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

Encumbrances – contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as expenditure in the operating fund and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets as required by GAAP.

Inter-funds – advances from the Current Fund are reported as inter-fund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Township of Bernards School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30.

County Taxes – The municipality is responsible for levying, collecting and remitting county taxes for the County of Somerset. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Disclosures About Pension Liabilities – The Township has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note III and the accompanying required supplementary information. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Disclosures About Fair Value of Financial Instruments – The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and Cash Equivalents and Short-term Investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long Term Debt – The Township’s long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township’s long-term debt is disclosed in Note 3 to the financial statements.

#### New Accounting Standards

GASB issued Statement No. 68, “Accounting and Financial Reporting for Public Employee Pensions” in June, 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

GASB issued Statement No. 69, “Government Combinations and Disposals of Government Operations” in January 2013. The objective of this Statement is to establish accounting and financial standards related to government combinations and disposals of government operations.

GASB issued Statement No. 70, “Accounting and Financial Reporting for Non-exchange Financial Guarantees” in April 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees.

GASB issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68” in November 2013. The objective of this Statement is to address the issue regarding application of the transition provisions of Statement No. 68 *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

GASB issued Statement No. 72, “Fair Value Measurement and Application” in February 2015. The objective of this Statement is to enhance financial statement comparability among governments by requiring measurement of certain assets and liabilities at fair value using accepted valuation techniques.

GASB issued Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68” in June, 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions.

GASB issued Statement No. 74 “Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans” in June 2015. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

GASB issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in June 2015. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

GASB issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" in June 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

GASB issued Statement No. 77 "Tax Abatement Disclosures" in August 2015. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

GASB issued Statement No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" in December 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB issued Statement No. 79 "Certain External Investment Pools and Pool Participants" in December 2015. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement.

The Township does not prepare its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America. The Township has adopted the reporting for GASB 44. They have not adopted the use of any other of the GASB's listed above. The adoption of these new standards will not adversely affect the reporting on the Township's financial condition.

Total Columns on Combined Statements – Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

#### E. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, and Division of Local Government Services.

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2015 statutory budget included a reserve for uncollected taxes in the amount of \$3,884,075.13. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2015 statutory budgets was as follows:

Current Fund	\$12,100,000.00
Golf Utility Operating Fund	\$ 111,463.00

Transfers of line item amounts are permitted after November 1, and must be made by a resolution adopted by the governing body. There were no budgetary transfers made during the 2015 calendar year.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. In 2015, \$185,724.00 in public grants, and there were no private source funds inserted in this fashion.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose, which was not foreseen at the time, the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations (authorized by N.J.S.A. 40A:4-46), except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There was no emergency appropriation during the 2015 calendar year.

#### F. Assets and Liabilities

##### 1. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificate of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey governmental units.

##### 2. Property Tax Assessment and Billing

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual

adjustments could not keep pace with the changing values. A revaluation of all property in the Township of Bernards was last completed in 1989.

Property assessments are reviewed and updated on an annual basis by the Township Tax Assessor. All assessments are based on the market trends by neighborhood as of October 1, of the pretax year. Ratable totals may increase or decrease depending on market vulnerabilities. All properties are scheduled to be re-inspected on a biannual basis, which enables the adjustment of property data based on alterations and improvements without building permits.

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding years are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

### 3. Deferred Charges

The funding of certain expenditures incurred in the current year (i.e. emergencies, over-expenditures) is deferred to subsequent years' budgets.

### 4. Fixed Assets

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township of Bernards has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

Fixed Assets used in governmental operation (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

Accounting for utility fund "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Golf Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

#### 5. Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 6. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations in order to provide an understanding of changes in the Township of Bernards' financial position. However, comparative data have not been presented in each of the supplemental schedules since their inclusion would make statements unduly complex and difficult to read.

### Note II: Detailed Notes on All Funds

#### A. Deposits and Investments

State statues set forth deposit requirements and investments that may be purchased by local units and the Township deposits and invests its funds pursuant to its policies and an adopted cash management.

## 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), the Savings Association Insurance Fund, 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 deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of Governmental Units.

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. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

An analysis of the Township's cash, cash equivalents and investments at December 31, 2015 and 2014, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2015</u>	<u>2014</u>
Current	\$20,842,964.77	\$ 21,236,497.98
General Capital	4,614,013.37	4,061,404.31
Golf Utility	240,889.03	288,148.92
Animal Control Trust	3,594.01	22,955.72
Other Trust	5,913,113.26	7,437,849.46
Public Assistance	<u>10,000.00</u>	<u>10,000.00</u>
Total Cash, Cash Equiv. & Investments	<u>\$31,624,574.44</u>	<u>\$ 33,056,856.39</u>

At December 31, 2015 and 2014, the cash, cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash (Demand Accounts)	\$ 19,544,577.95	\$ 20,755,675.90
State of New Jersey Cash Mgmt. Fund	10,683,546.31	10,672,666.89
New Jersey Asset & Rebate Mgmt.	1,912,503.86	1,911,824.91
AIG L.O.S.A.P. Deferred Account	<u>1,042,853.01</u>	<u>1,043,683.35</u>
Total	<u>\$ 33,183,481.13</u>	<u>\$ 34,383,851.05</u>

At December 31, 2015 the Township of Bernards' participation in the State of New Jersey Cash Management Fund amounted to \$10,683,546.31 (Category 3).

Also, at December 31, 2015 the Township has \$1,912,503.86 on deposit with New Jersey ARM (Category 3).

Based upon GASB criteria, the Township considers change funds, cash in banks, New Jersey Asset and Rebate Management Program and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Township's deposits was \$31,624,009.44 and the bank balance was \$33,183,481.13. Of the bank balance, Federal Depository Insurance covered \$750,000.00 and \$32,433,481.13 was covered under the provisions of GUDPA.

At December 31, 2015, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40, Deposits and Investment Risk Disclosures, (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- a) Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

- b) Concentration of Credit Risk – This is the risk associated with the amount of investments that the Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township’s investment policy. The New Jersey Cash Management Fund is not rated.
- d) Interest Rate Risk – This is the risk that changes if interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2015, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Township’s bank balance was considered exposed to custodial credit risk.

### Investments

New Jersey statutes establish the following securities as eligible for the investment of the Township funds:

- A. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, and local unit may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the local unit;
  - 1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
  - 2) Government money market mutual funds;
  - 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
  - 4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
  - 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units;
  - 6) Local government investment pools;
- 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

- 8) Agreements for the repurchase of fully collateralized securities, if:
- 1) The underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
  - 2) The custody of collateral is transferred to a third party;
  - 3) The maturity of the agreement is not more than 30 days;
  - 4) 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 for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Bernards had no investments valued at cost at December 31, 2015.

New Jersey Cash Management Fund – all investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investments' existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2015, the Township has \$10,683,546.31 on deposit with the New Jersey Cash Management Fund. Based upon the existing deposit and investment practices, the Township is generally not exposed to credit risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

New Jersey Asset and Rebate Management Program – As of December 31, 2015, the township has 1,912,503.86 on Deposit

B. Property Taxes

The Township of Bernards is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. All property tax revenue is recognized when received in cash. Property taxes receivable as of December 31, 2015 are composed of the following:

<u>YEAR OF LEVY</u>	<u>AMOUNT</u>
2014	<u>23.21</u>
2015	<u>406,319.20</u>

C. Inter-fund Receivables and Payables

As of December 31, 2015 inter-fund receivables and payables resulting from various inter-fund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Current Fund	\$ 25,212.30	\$ 91,978.77
Grant Fund	91,978.77	
Other Trust Funds		108.84
Capital Fund		103.46
Payroll Advance	<u>-0-</u>	<u>25,000.00</u>
	<u>\$ 117,191.07</u>	<u>\$ 117,191.07</u>

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, there were no deferred charges shown on the Township’s balance sheets.

E. Leases

The Township of Bernards has not entered into any long-term agreements.

F. Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township of Bernards are general obligation bonds, backed by the full faith and credit of the Township of Bernards. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds. It should be noted that all remaining debt is related to Open Space purchases and will be fully funded by the dedicated revenue derived from the Municipal Open Space Tax Levy. The tax “sunsets” in 2017; the same year all remaining debt principal will be retired.

Summary of Municipal Debt

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued</u>			
General:	\$5,535,000.00	\$8,295,000.00	\$11,065,000.00
Bonds and Notes			
Total Issued	5,535,000.00	8,295,000.00	11,065,000.00
<u>Less</u>			
Funds Temporarily Held			
To Pay Bonds and Notes			
Open Space Debt Defeasance:	0.00	0.00	0.00
Open Space Funds Debt	<u>2,750,000.00</u>	<u>2,760,000.00</u>	<u>\$2,770,000.00</u>
Total Deductions	<u>2,750,000.00</u>	<u>2,760,000.00</u>	<u>2,770,000.00</u>
Net Debt Issued	<u>2,785,000.00</u>	<u>5,535,000.00</u>	<u>8,295,000.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes			
Total Authorized but not Issued	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$2,785,000.00</u>	<u>\$5,535,000.00</u>	<u>\$8,295,000.00</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.20%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$69,910,000.00	\$69,910,000.00	0.00
General Debt	<u>5,535,000.00</u>	<u>513,205.02</u>	<u>5,021,794.98</u>
Total Debt	<u>\$75,445,000.00</u>	<u>\$70,423,205.02</u>	<u>\$5,021,794.98</u>

Net Debt \$5,021,794.98/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,992,596,626=.073%

Borrowing Power under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$242,290,881.91
Net Debt	<u>5,021,794.98</u>
Remaining Borrowing Power	<u>\$237,269,086.93</u>

Serial Bonds outstanding as of December 31, 2015 consisted of the following:

Description	Interest Rate	Due Date	Maturity Date	Amount Issued	Amount Outstanding
General of 2009	Variable	9/15	2017	\$15,000,000.00	\$ 3,750,000.00
Refund of 2010	Variable	12/31	2017	\$ 5,460,000.00	\$ 1,785,000.00

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	General Principal	Interest	Total
2016	\$ 2,750,000.00	\$ 258,900.00	\$ 3,008,900.00
2017	<u>2,785,000.00</u>	<u>130,150.00</u>	<u>2,915,150.00</u>
	<u>\$ 5,535,000.00</u>	<u>\$ 389,050.00</u>	<u>\$ 5,924,050.00</u>

Fund Balances Appropriated

Fund balances at December 31, 2015, which were appropriated and included as anticipated revenue for the year ending December 31, 2016 were as follows:

	FUND BALANCE <u>Dec 31, 2015</u>	UTILIZED IN SUCCEEDING BUDGET *
<u>Current Fund</u>	<u>\$14,390,050.47</u>	<u>\$11,775,000.00</u>

\* The 2016 Municipal Budget is as introduced, pending adoption.

Calculation of "Self-Liquidating Purpose", Golf Utility per N.J.S.A. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$543,470.88
Deductions:	
Operating and Maintenance Cost	\$481,683.00
Debt Service per Golf Utility Account	<u>0.00</u>
Total Deductions	<u>\$481,683.00</u>
Excess in Revenue- Self Liquidating	<u>\$61,787.88</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible.

### Note III: PENSION PLANS

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30 year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

#### A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers*- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2014:

Inactive plan members or beneficiaries currently receiving benefits	160,716
Inactive plan members entitled to but not yet receiving benefits	730
Active plan members	<u>266,526</u>
Total	<u>427,972</u>
Contributing Employers – 1,707	

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the

fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 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 an employer 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 PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2015 the Township's total payroll for all employees was \$14,587,441.06 Total PERS covered payroll was \$7,423,109. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014 and increased to 6.92 for State fiscal year 2015, commencing July 1, 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2014 and 2015 were \$758,774 and \$851,381, respectively. Township contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Township payments to PERS for the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2014</u>	<u>2015</u>
Normal Cost	\$138,251.00	\$141,736.00
Amortization of Accrued Liability	607,835.00	655,639.00
Total Pension	746,086.00	797,375.00
NCGI Premiums	12,688.00	54,006.00
Total Regular Billing	758,774.00	851,381.00
Additional Billings:		
Ch. 19, P.L. 2009	0	0
ERI #1	0	0
ERI #2	0	0
Total PERS Payment	<u>\$758,774.00</u>	<u>\$851,381.00</u>

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

ERI #1 billings reflect the recoupment of the additional costs of pensions and health benefits, plus interest, resulting from the Township's participation in the 1991 early retirement program. The repayment term is N/A years, commencing with bills due on April 1, 1995.

ERI #2 billings reflect the recoupment of the additional costs of pensions and health benefits, plus interest, resulting from the Township's participation in the 1993 early retirement program. A variety of repayment terms were offered as part of this retirement incentive program.

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible 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

A service retirement benefit of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members 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 retirement age of his/her respective tier. 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.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2014, the PERS reported a net pension liability of \$18,722,735,003 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$19,335,832 or 0.11%. At June 30, 2013, the PERS reported a net pension liability of \$19,111,986,911 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$19,246,280 or 0.10%.

*Actuarial Assumptions-* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.01%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	
Cash	0.08%
Core Bonds	2.49%
Intermediate-Term Bonds	2.26%
Mortgages	2.17%
High Yield Bonds	4.82%
Inflation-Indexed Bonds	3.51%
Broad US Equities	8.22%
Developed Foreign Equities	8.12%
Emerging Market Equities	9.91%
Private Equity	13.02%
Hedge Funds/Absolute Return	4.92%
Real Estate (Property)	5.80%
Commodities	5.35%

*Discount Rate* – The discount rate used to measure the pension liabilities of PERS was 5.39%

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At current discount rate</u>	<u>At 1% increase</u>
PERS	\$47,326,289,075	\$38,849,838,953	\$31,735,758,503

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2014 was \$28,999,581,773. Information regarding the portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group was not available.

#### B. POLICE AND FIREMEN'S RETIREMENT SYSTEM

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

*Plan Membership and Contributing Employers*- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2014:

Inactive plan members or beneficiaries currently receiving benefits	42,576
Inactive plan members entitled to but not yet receiving benefits	55
Active plan members	<u>40,106</u>
Total	<u>82,737</u>

Contributing Employers – 585

In addition to the State, who is the sole payer of regular employer contributions to the fund, PFRS's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability. The current number of ERIP Contributing Employers is 26.

*Significant Legislation* – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2015 the Township's total payroll for all employees was \$14,587,441.06. Total PFRS covered payroll was \$4,209,241. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2014 and 2015 were \$923,004 and \$1,001,598, respectively. Township contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Township payments to PFRS made in the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2014</u>	<u>2015</u>
Normal Cost	\$335,986.00	\$343,572.00
Amortization of Accrued Liability	553,087.00	613,098.00
Total Pension	889,073.00	956,670.00
NCGI Premiums	33,931.00	44,928.00
Total Regular Billing	923,004.00	1,001,598.00
Additional Billings:	0	0
Ch. 19, P.L. 2009	0	0
ERI #1		
Total PFRS Payment	<u>\$923,004.00</u>	<u>\$1,001,598.00</u>

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

The following represents the membership tiers for PFRS:

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

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Township’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2014, the PFRS reported a net pension liability of \$12,579,072,492 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township’s proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$16,403,699 or 0.13%. At June 30, 2013, the PFRS reported a net pension liability of \$13,294,097,604 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township’s proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$16,818,640 or 0.13%.

*Actuarial Assumptions*- The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.01%
Salary Increases (2012-2021)	3.95-8.62% based on age	
Thereafter	4.95-9.62% based on age	
Investment rate of return		7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans’ target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	
Cash	0.05%
Core Bonds	1.38%
Intermediate-Term Bonds	2.60%
Mortgages	2.84%
High Yield Bonds	4.15%
Inflation-Indexed Bonds	1.30%
Broad US Equities	5.88%
Developed Foreign Equities	6.05%
Emerging Market Equities	8.90%
Private Equity	9.15%
Hedge Funds/Absolute Return	3.85%
Real Estate (Property)	4.43%
Commodities	3.60%

*Discount Rate* – The discount rate used to measure the pension liabilities of PFRS was 6.32%

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At current discount rate</u>	<u>At 1% increase</u>
PFRS	\$23,072,855,582	\$17,486,678,618	\$12,872,088,327

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2014 was \$25,020,485,785.

### C. DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers*- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2014, the membership in the DCRP, based on the information within the Division’s database, was 28,270.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended December 31, 2015 the Township’s total payroll for all employees was \$14,587,441.06. Total DCRP covered payroll was \$284,611.19. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Township and employee contributions to the DCRP for the year ended December 31, 2015 were \$7,922.75 and \$14,524.62, respectively.

#### Note IV: Post Retirement Medical Benefits

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

Bernards Township PERS and DCRP employees do not receive any post-retirement medical benefits.

#### Note V: Risk Management

The Township of Bernards 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 participates in the Municipal Excess Liability Joint Insurance Fund (MEL), the Environmental Joint Insurance Fund (EJIF) and the Suburban Municipal Joint Insurance Fund (the "Funds"). This family of 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. As of December 31, 2015, the Fund had a total of ten participants.

The gross claim fund assessment is determined by the actuary and, when combined with expense and premium projections, constitutes the Fund's budget. Assessments for participating municipalities are determined by underwriting criteria established by the Executive Committee.

#### Summary of Risk Management Program for 2015

The Funds provide the following coverage to its participants:

##### 1. Workers Compensation

The Funds provide Coverage A – Workers Compensation on a statutory basis, and Coverage B – Employers Liability - \$7,000,000. The Suburban Municipal Joint Insurance Fund retention is \$250,000. The MEL JIF retention is \$1,750,000 in excess of the \$250,000.

##### 2. General Liability, Police Professional Liability and Employee Benefits Liability

The coverage is \$20,000,000 per occurrence and \$20,000,000 annual aggregate including retentions. The Suburban Municipal Joint Insurance Fund retention is \$250,000 CSL. The MEL JIF's retention is \$1,500,000 CSL per occurrence in excess of the \$250,000.

Note: Bernards Township shares its limits with the Liberty Corner Fire Company, Liberty Corner First Aid Squad, the Basking Ridge Fire Company & Rescue Squad and the Bernards Township Library. Furthermore, General Liability limits of \$5,000,000 per occurrence and \$5,000,000

annual aggregate are shared with two Quasi-Entities: the Friends of the Bernards Township Library and Project Graduation.

### 3. Automobile Liability

Automobile Liability coverage is \$20,000,000 CSL per occurrence. Auto Liability is un-aggregated. The Suburban Municipal Joint Insurance Fund retention is \$250,000, CSL. The MEL JIF provides insurance of \$1,250,000 per occurrence in excess of the \$250,000 per occurrence retention. Basic limits of \$15,000/\$30,000/\$5,000 are provided for Uninsured/Underinsured Motorist Liability coverage.

### 4. Property

The statewide shared limit is a total of \$125,000,000 per occurrence, with \$124,750,000 through Zurich American Insurance Company in excess of the \$250,000 self-insured retention. The Suburban Municipal Joint Insurance Fund's retention is \$50,000 per occurrence, less member deductibles. The standard member local unit deductible is \$2,500 per occurrence. The MEL JIF's retention is \$200,000 per occurrence excess the Suburban JIF's \$50,000 each occurrence retention. Property coverage for the various specific risks is pursuant to an approved schedule. Other sub-limits may apply. Automobile physical damage is covered under Property. There is a \$50,000,000 annual statewide aggregate limit for Flood except that any location partially or wholly inside the 100-year flood zone has a \$2,500,000 per location limit for Flood. The flood deductible outside the 100-year flood zone is \$2,500. Flood losses wholly or partially inside the 100-year flood zone have a \$500,000 deductible for each building and a separate \$500,000 deductible for the contents of each building. The Boiler and Machinery deductible is \$5,000 per occurrence.

### 5. Public Officials Liability (POL) & Employment Practices Liability (EPL)

For Bernards Township, the POL & EPL coverage is \$10,000,000 per occurrence CSL and \$10,000,000 POL & EPL Combined Annual Aggregate CSL. Defense costs are provided inside the limit. The JIF, 100% commercially insured with XL Insurance Company, covers \$2,000,000 in the aggregate on a claims made basis per member municipality for each Fund year, subject to a member municipality deductible and coinsurance, which varies depending on loss experience and approved or unapproved risk management plans. There is a combined POL/EPL \$2,000,000 per member local unit annual aggregate. For 2010 through 2015, Bernards Township's deductible is \$20,000 per occurrence plus a minimum of 20% coinsurance on the first \$250,000 of each and every loss. The retention and coinsurance are eroded by defense costs, expenses and indemnity costs.

### 6. Crime

There is \$1,000,000 in coverage for Public Employee Dishonesty with a member local unit deductible of \$2,500 each loss. Faithful Performance coverage is not included. Covered employees include Municipal Court personnel. Suburban Municipal Joint Insurance Fund Retention is \$50,000. MEL JIF retains the next \$950,000. Coverage includes forgery or alteration; theft, disappearance and destruction of monies; robbery and safe burglary; and computer fraud with funds transfer.

There is Employee Dishonesty & Faithful Performance coverage with a \$1,000,000 limit for the Township's Treasurer, Tax Collector, Utilities Clerk and any "Deputy" or "Assistant" in Title approved for coverage under the MEL Statutory Bond Program, subject to a member local unit deductible of \$2,500 each loss.

#### 7. Environmental

The coverage is \$1,000,000 per loss and in the aggregate for Third Party Liability through the NJ Municipal Environmental Risk Management Fund (EJIF) for certain types of pollution liability claims. Above ground storage tanks with secondary containment and approved for coverage by the EJIF also have a limit of \$1,000,000 each Corrective Action and \$1,000,000 in the aggregate with a \$5,000 deductible.

#### 8. General Statements

The Joint Insurance Funds can declare and return Fund Equity to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Joint Insurance Fund adopted a loss sensitive retrospective rating plan beginning in 2012.

The Fund recognizes refunds upon the authorization of the Fund's Commissioners, and in accordance with N.J.S.A. 11:15-2.21.

The Township of Bernards pays an annual assessment to the Funds and should it be determined that payments received by the Funds are deficient, additional assessments may be levied.

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.

The Township of Bernards continues to carry commercial insurance coverage for other risks of loss, including—but not limited to—employee health insurance.

#### Note VI: Segment Information – Utility/Enterprise Funds

The Township of Bernards maintains one utility/enterprise fund that operates a golf course within the Township. Segment information for the year ended December 31, 2015 was as follows:

	<u>Golf Utility Fund</u>
Operating Revenues	\$543,470.88
Operating Income	\$12,007.88
Operating Transfers In or (Out)	-0-
Net Income (deficit)	\$77,499.80

Fixed Assets:	
Additions	-0-
Deletions	-0-
Net Working Capital	\$208,594.51
Total Operating Assets	<u>\$ 240,889.03</u>
Operating Fund Balance	\$208,594.51
Long Term Debt	-0-
Short Term Debt	-0-

Note VII: Accrued Sick Benefits

The Township of Bernards 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 12/31/2015, there are four (4) separate categories of employees with differing accrued sick benefits as follows:

- Non-Union Employees
- Chief of Police
- Union Members of Teamsters Local #469
- Union Members of PBA Local #357

Non-Union Employees

Resolution #2010-0267 adopted 11/9/2010, 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 \$15K unless the accumulated balance as of that date exceeds \$15K. For those employees whose balance exceeds \$15K as of 11/1/2010, their maximum shall be the 11/1/2010 balance.

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

The retiree shall be responsible for the investment of their RHSP account balance.

An employee must continue to meet eligibility requirements of sick time as per the long standing township policy to qualify for a RHSP account contribution at retirement.

As of 12/31/15, total unpaid compensation for non-union Library employees would approximate \$92,401.56, of which \$54,524.56 is currently collectible by employees that are eligible and choose to retire. Any liability for payments for Library employees would be borne by Library Reserves. The Library had various reserves totaling \$1,355,854.05 on the Current Fund Balance Sheet as of 12/31/15.

As of 12/31/15, total unpaid compensation for other non-union employees would approximate \$610,107.61, of which \$301,779.31 is currently collectible by employees that are eligible and choose to retire.

#### Chief of Police

Resolution #2011-0316 dated 7/12/2011 memorialized a Memorandum of Understanding (MOU) between Bernards Township and the Chief of Police. This MOU capped his IPRP at a maximum of \$104,745.42; this was his formulaic amount due if he retired on 11/1/2010. This amount could be reduced if he had to use certain amounts of sick time. This payment would be made as taxable compensation in his final paycheck at retirement.

#### Teamster Local #469 Employees

Resolution #2012-0082 dated 01/10/2012 memorialized a new contract between Bernards Township and Teamster Local #469 which covers the period 1/1/2011 through 6/30/2014. While the previous contract contained language which set a maximum IPRP of \$15,000 for new hires, this contract created a maximum of \$15,000 or the employee balance as of 6/30/2014 whichever is higher. Such payments for this bargaining group will be made as taxable compensation at retirement. As of 12/31/2015 there were three (3) retirement eligible employees in this group who had accumulated \$112,154.49 worth of potential IPRP. The 6/30/2014 would cap these three at that time. Total unpaid compensation for this bargaining unit would approximate \$122,945.96, of which \$112,154.49 is currently collectible by employees that are eligible and choose to retire.

#### Police Benevolent Association #357

The contract between Bernards Township and PBA #357 expired on 12/31/2011; a new contract was established as of 2/12/2013 which covers the period 1/1/2012 through 12/31/2015. The contract in effect permits employees hired prior to 12/30/2011 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 12/31/15, total unpaid compensation for this bargaining unit would approximate \$1,009,432.59, of which \$471,696.06 is currently collectible by employees that are eligible and choose to retire.

The Chief Financial Officer has estimated that the current total cost of such unpaid compensation would approximate \$1,978,835.80, of which \$1,044,899.84 is currently collectible by employees that are eligible and choose to retire. This amount is not reported either as an expenditure or a liability. The Township has established a reserve in the amount of \$800,452.84, as of 12/31/2015, to fund the current portion of this liability. It is expected that the remaining cost of such unpaid compensation would be included in the Township of Bernards' budget operating expenditures in the year in which it is used or accrues. 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	92,401.56	54,524.56
Non-Union Other	RHSP	610,107.61	301,779.31
Chief of Police	IPRP	143,948.08	104,745.42
Teamster #469	IPRP	122,945.96	112,154.49
PBA #357	IPRP	<u>1,009,432.59</u>	<u>471,696.06</u>
		1,978,835.80	1,044,899.84

Note VIII: Accrued Compensatory Time

The Township of Bernards permits employees to accrue compensatory time in lieu of overtime pay, which may be taken as time off or paid upon request. As of 12/31/2015, there are three (3) separate categories of employees with differing accrued compensatory time benefits as follows:

- Non-Union Employees
- Union Members of Teamsters Local #469
- Union Members of PBA Local #357

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.

Teamster Local #469 Employees

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 in a workweek or 8 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.

Police Benevolent Association #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 ½) 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).

### Analysis of Earned Comp Time Liability

Organization/Individuals Eligible for Benefit	Gross Hours of Accumulated Comp Time	Value of Comp Time	Legal basis for benefit		
			Employee Handbook	Approved Labor Agreement	Indiv. Employment Agreements
PBA Local 357 (Patrol Officers and Sergeants)	2,795	\$150,976.63		X	
Teamster Local	502	16,165.43		X	
Library Employees	0	0	X		
All Other Employees	355	8,590.18	X		
*note: the above represents "gross" value of comp time					
Non-Union Employees are allowed a max of 60 hrs					
Teamsters are allowed a max of 104 hrs					
<b>Totals</b>	3,652	\$175,732.18			

#### Note IX: Related Party Transactions

The following 2015 Township Committee members were also members of the Township of Bernards Sewerage Authority:

John Carpenter  
Carol Bianchi

John Malay  
Carolyn Gaziano

The Township of Bernards provides certain administrative, financial and bookkeeping services by means of an inter-local service agreement. The total amount paid to the Township for these services in 2015 was \$437,045.00.

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 has no outstanding debt.

Note X: Contingent Liabilities

The Township of Bernards is a defendant in several lawsuits, most of which are not unusual for a municipality of its size. Since December 31, 2015, the Township has been notified of the following litigation, pending litigation, claims, and/or violations: Islamic Society of Basking Ridge, et al. v Bernards Township et al, United States District Court, District of New Jersey, Civil Action No. 3:16cv-01369-MAS-LHG commenced March 11, 2016, in which plaintiffs allege, arising from the Planning Board's denial of a site plan application to build a mosque, various theories under state and federal law, including civil rights claims. Plaintiffs seek declaratory relief, damages and attorney's fees in an unspecified amount. Due to the preliminary nature of this matter, the attorneys are unable to opine on the outcome, however, if plaintiffs prevail, the judgment against the Township could be well in excess of three million (\$3,000,000) dollars. Howard B. Mankoff, Esq. of Marshall, Dennehey, Warner, Coleman & Goggin of Roseland, New Jersey is lead counsel on behalf of defendants. Simultaneously, in conjunction with the aforementioned federal lawsuit, on March 14, 2016, the Township was advised that the U.S. Department of Justice's Civil Rights Division and the U.S. Attorney's Office for the District of New Jersey have initiated an investigation of Bernards Township's (the "Township") zoning and land use practices pursuant to the Religious Land Use and Institutionalized Persons Act of 2000 ("RLUIPA"), 42 U.S.C. §§2000cc, et seq. Said investigation will focus on whether the Township's denial of the application for site plan approval to build a worship facility at 124 Church Street in the Township violated RLUIPA. As this investigation is preliminary in nature; the attorneys for the Township have not made any determination as to whether there has been a violation of RLUIPA by the Township.

Note XI: Property Taxes

The following is a nine-year comparison of certain statistical information relative to property taxes and property tax collections:

Comparative Schedule of Tax Rate Information

Tax Rate	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
	\$1.916	\$1.934	\$1.953	\$1.941	\$1.882	\$1.828	\$1.676	\$1.562	\$1.530

Apportionment of Tax Rate (note: Library Tax separated by State Law in 2011)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Municipal	\$.242	\$.243	\$.243	\$.242	\$.231	\$.258	\$.234	\$.224	\$.226
Library	.034	.034	.035	.036	.037				
County	.323	.321	.317	.309	.301	.298	.319	.306	.305
County Open Space	.031	.031	.032	.032	.032	.034	.033	.030	.031
Local School	1.246	1.265	1.286	1.282	1.243	1.199	1.083	.992	.957
Local Open Space	.040	.040	.040	.040	.040	.040	.040	.040	.042

Assessed Valuation

2016	\$6,816,942,135.00
2015	\$6,807,464,377.00
2014	\$6,597,114,873.00
2013	\$6,394,665,710.00
2012	\$6,310,798,093.00
2011	\$6,385,261,097.00
2010	\$6,427,802,477.00
2009	\$6,823,575,000.00
2008	\$7,145,257,680.00
2007	\$7,145,579,652.00

Comparison of Tax Levies and Collection Currently

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

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2015	\$130,672,335.51	\$130,261,818.35	99.68%
2014	127,946,277.67	127,575,841.00	99.71%
2013	125,203,678.67	124,777,413.05	99.66%
2012	122,999,138.66	122,550,848.51	99.64%
2011	120,362,623.19	119,824,641.50	99.55%
2010	117,843,829.56	117,348,828.94	99.58%
2009	114,668,553.52	114,087,320.55	99.48%
2008	112,039,416.05	111,540,418.49	99.54%
2007	109,327,368.68	109,589,160.33	99.65%
2006	104,664,384.82	104,656,881.77	99.99%
2005	99,710,884.94	99,326,273.81	99.61%
2004	94,024,797.03	93,690,486.07	99.64%
2003	89,960,100.23	89,667,552.26	99.67%
2002	83,647,535.78	83,217,154.67	99.49%
2001	75,043,702.54	75,779,024.25	99.03%
2000	67,476,756.66	67,208,202.17	99.60%

### Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	35,312.14	406,342.41	441,654.55	0.34%
2014	31,114.18	351,478.96	382,593.14	0.30%
2013	26,090.87	413,468.98	439,559.85	0.36%
2012	22,624.94	439,033.13	461,658.07	0.38%
2011	42,359.99	535,237.73	577,597.72	0.48%
2010	39,579.47	508,221.61	547,801.08	0.46%
2009	38,531.22	842,851.42	881,382.64	0.77%
2008	38,452.00	760,354.75	798,809.75	0.71%
2007	30,557.66	625,911.11	656,468.77	0.60%
2006	29,348.96	687,714.89	717,063.85	0.69%

### Property Acquired by Tax Title Lien Liquidation

No properties were acquired by foreclosure in 2015.

The value of property acquired by liquidation of tax title liens on December 31, 2015 on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2015	195,100.00
2014	264,350.00
2013	264,350.00
2012	264,350.00
2011	264,350.00
2010	264,350.00
2009	264,350.00
2008	264,350.00
2007	264,350.00
2006	325,150.00
2005	186,650.00
2004	186,650.00

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2015	\$14,390,050.47	\$11,775,000.00*
	2014	14,684,401.08	12,100,000.00
	2013	14,642,607.86	11,650,000.00
	2012	13,747,581.76	11,210,000.00
	2011	12,778,680.39	11,170,000.00
	2010	13,630,875.31	11,840,000.00
	2009	15,025,902.13	13,104,000.00
	2008	15,572,712.86	11,839,881.17
	2007	16,808,799.13	12,963,207.70
	2006	16,146,833.07	12,579,987.99
	2005	16,506,681.84	13,343,246.26
	2004	14,327,907.73	10,158,736.10
	2003	13,139,132.91	9,089,766.32
	2002	11,587,431.44	8,217,637.11
Golf Utility	2015	\$208,594.51	\$117,495.00*
	2014	242,557.71	111,463.00
	2013	230,841.82	82,538.07
	2012	303,950.07	107,928.43
	2011	309,799.15	69,683.65
	2010	351,398.88	47,102.09
	2009	217,646.93	6,200.39
	2008	257,045.08	44,926.59
	2007	229,965.08	-0-
	2006	128,152.91	-0-
	2005	87,276.57	-0-
	2004	41,343.26	-0-
	2003	11,227.03	8,724.80
	2002	105,869.64	77,491.00

\* The 2016 Municipal Budget is as introduced, pending adoption.

Note XII Subsequent Events to December 31, 2015

The following Capital Appropriation Ordinance has been adopted as of 3/31/2016:

1. Ordinance #2305 Adopted 3/29/16 \$150,000.00 – Police Duct Work – fully funded by the Capital Improvement Fund.

The 2016 Municipal Budget was introduced on 3/15/2016 as follows:

Summary of Revenues	Anticipated	
	2016	2015
1. Surplus	\$ 11,775,000.00	\$ 12,100,000.00
2. Miscellaneous Revenues	\$ 5,803,578.40	\$ 7,431,875.60
3. Receipts from Delinquent Taxes	\$ 305,000.00	\$ 305,000.00
4. a) Local Tax for Municipal Purposes	\$ 16,915,483.47	\$ 16,484,981.15
b) Addition to Local District School Tax		
c) Local Library Tax	\$ 2,367,776.00	\$ 2,316,585.00
Total Amt to be Raised by Taxes	\$ 19,283,259.46	\$ 18,801,566.15
<b>Total General Revenues</b>	<b>\$ 37,166,837.87</b>	<b>\$ 38,638,441.75</b>

Summary of Appropriations	2016 Budget	2015 Budget
1. Operating Expenses: Salaries & Wages	\$ 11,658,482.83	\$ 11,733,320.18
Other Expenses	\$ 13,429,904.57	\$ 13,412,121.44
2. Municipal Library Appropriations	\$ 2,367,776.00	\$ 2,316,585.00
3. Deferred Charges & Other Appropriations	\$ 2,620,315.00	\$ 2,557,340.00
4. Capital Improvements	\$ 3,125,850.00	\$ 4,735,000.00
5. Debt Service (Include for School Purposes)	\$ -	\$ -
6. Reserve for Uncollected Taxes	\$ 3,964,509.45	\$ 3,884,075.13
<b>Total General Appropriations</b>	<b>\$ 37,166,837.87</b>	<b>\$ 38,638,441.75</b>

**2016 Dedicated Golf Utility Budget**

Summary of Revenues	Anticipated	
	2016	2015
1. Surplus	\$ 117,495.00	\$ 111,463.00
2. Miscellaneous Revenues	\$ 424,500.00	\$ 420,000.00
3. Deficit (General Budget)		
<b>Total Revenues</b>	<b>\$ 541,995.00</b>	<b>\$ 531,463.00</b>

Summary of Appropriations	2016 Budget	2015 Budget
1. Operating Expenses: Salaries & Wages	\$ 149,393.80	\$ 147,663.00
Other Expenses	\$ 392,601.20	\$ 383,800.00
2. Capital Improvements		
3. Debt Service (Include for School Purposes)		
4. Deferred Charges & Other Appropriations	\$ -	\$ -
5. Surplus (General Budget)		
<b>Total General Appropriations</b>	<b>\$ 541,995.00</b>	<b>\$ 531,463.00</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

BERNARDS TOWNSHIP  
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>
Township's Proportion of the Net Pension Liability	0.0010070266	0.0010327461
Township's Proportionate Share of the Net Pension Liability	\$19,246,280	\$19,335,832
Township's Covered-Employee Payroll	\$7,297,325	\$7,423,109
Township's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	263.74%	260.48%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%

\* Amounts presented for each fiscal year were determined as of June 30.

**BERNARDS TOWNSHIP**  
**SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)**

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>
Contractually Required Contribution	\$ 758,774	\$ 851,381
Contribution in Relation to Contractually Required Contribution	<u>\$ (758,774)</u>	<u>\$ (851,381)</u>
Contribution deficiency (excess)	\$ -	\$ -
Township's Proportionate Share of the Payroll	\$ 6,948,480	\$ 7,142,458
Contributions as a percentage of Covered Employee Payroll	10.92%	11.92%

\* Amounts presented for each fiscal year were determined as of June 30.

BERNARDS TOWNSHIP  
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY  
POLICE AND FIRE RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>
Township's Proportion of the Net Pension Liability	0.001265121	0.001304047
Township's Proportionate Share of the Net Pension Liability	\$16,818,640	\$16,403,699
Township's Covered-Employee Payroll	\$4,073,909	\$4,209,421
Township's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	412.84%	389.69%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.70%	62.41.%

\* Amounts presented for each fiscal year were determined as of June 30.

BERNARDS TOWNSHIP  
 SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS  
POLICE AND FIRE RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>
Contractually Required Contribution	\$ 923,004	\$ 1,001,598
Contribution in Relation to Contractually Required Contribution	<u>\$ (923,004)</u>	<u>\$ (1,001,598)</u>
Contribution deficiency (excess)	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 3,969,910	\$ 4,118,413
Contributions as a percentage of Covered Employee Payroll	23.25%	24.32%

\* Amounts presented for each fiscal year were determined as of June 30.

**BERNARDS TOWNSHIP**  
**COUNTY OF SOMERSET, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**JUNE 30, 2015**

**NOTE 1. CHANGES IN ASSUMPTIONS**

Net pension liabilities for the years ended June 30, 2013 and 2014 were based on RP-2000 mortality tables utilizing actuarial experience studies covering the following periods:

PFRS: July 1, 2007 to June 30, 2010

PERS: July 1, 2008 to June 30, 2011

**SUPPLEMENTAL SCHEDULES**

**TOWNSHIP OF BERNARDS**  
**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2015 PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2014	Added in 2015	2015 Levy	2014 Collected	2015 Collected	Overpayments Applied	State's Share of Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Lien	Balance Dec. 31, 2015
2012	\$ -		\$ -	\$ -	\$ 250.00	\$ -	\$ (250.00)	\$ -	\$ -	\$ -
2013	304.93		-	-	554.93	-	(250.00)	-	-	0.00
2014	<u>351,174.03</u>	<u>49,446.94</u>	-	-	<u>400,204.68</u>	-	<u>(2,285.42)</u>	<u>2,638.29</u>	<u>40.21</u>	<u>23.21</u>
	351,478.96	49,446.94	-	-	401,009.61	-	(2,785.42)	2,638.29	40.21	23.21
2015	-	<u>265,816.56</u>	<u>130,431,017.88</u>	<u>727,574.84</u>	<u>129,401,279.48</u>	-	<u>132,964.03</u>	<u>24,498.93</u>	<u>4,197.96</u>	<u>406,319.20</u>
	<u>\$ 351,478.96</u>	<u>\$ 315,263.50</u>	<u>\$ 130,431,017.88</u>	<u>\$ 727,574.84</u>	<u>\$ 129,802,289.09</u>	<u>\$ -</u>	<u>\$ 130,178.61</u>	<u>\$ 27,137.22</u>	<u>\$ 4,238.17</u>	<u>406,342.41</u>

Analysis of 2015 Property Tax Levy

Tax Yield:

General Property Tax	\$ 130,431,017.88
Added Taxes (R.S. 54:4-63.1 et seq.)	<u>315,263.50</u>
	<u>\$ 130,746,281.38</u>

Tax Levy:

Local District School Tax (Abstract)	\$ 84,861,882.00
County Taxes (Abstract)	\$ 21,923,175.19
County Open Space Taxes (Abstract)	2,071,727.60
Amount Due to County for Added Taxes	<u>58,112.17</u>
	24,053,014.96
Local Tax for Municipal Services (Abstract)	16,484,981.00
Local Tax for Library (Abstract)	2,316,585.00
Municipal Open Space Tax (Abstract)	2,722,986.00
Municipal Open Space Added Taxes	6,572.09
Add: Additional Tax Levied	<u>300,260.33</u>
	<u>21,831,384.42</u>
	<u>\$ 130,746,281.38</u>

**TOWNSHIP OF BERNARDS**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

Balance December 31, 2014	\$ 31,114.18
Increased by:	
Transferred from Taxes Receivable	<u>4,255.56</u>
Decreased by:	
Cancelled by Collected	<u>57.60</u>
Balance December 31, 2015	<u>\$ 35,312.14</u>

**TOWNSHIP OF BERNARDS  
CURRENT FUND**

A-5

**SCHEDULE OF LOCAL DISTRICT SCHOOL, MUNICIPAL OPEN SPACE AND COUNTY TAXES PAYABLE**

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>2015 Levy</u>	<u>Paid in 2015</u>	<u>Overpayment</u> <u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Local District School Tax	\$ -	\$ 84,861,882.00	\$ 84,861,882.00	\$ -	\$ -
Municipal Open Space Tax	-	2,722,986.00	2,722,986.00	-	-
Municipal Open Space Added and Omitted Taxes					
- Current Year	-	5,549.40	5,549.40	-	-
- Prior Year	-	1,022.69	1,022.69	-	-
County Taxes	-	21,923,175.19	21,923,175.19	-	-
Amount Due County for Added and Omitted Taxes					
- Current Year	-	44,811.59	44,811.59	-	-
- Prior Year	-	8,207.07	8,207.07	-	-
County Open Space Tax	-	2,071,727.60	2,071,727.60	-	-
Amount Due County for Open Space Added and Omitted Taxes					
- Current Year	-	4,300.93	4,300.93	-	-
- Prior Year	-	792.58	792.58	-	-
	<u>-</u>	<u>111,644,455.05</u>	<u>111,644,455.05</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 111,644,455.05</u>	<u>\$ 111,644,455.05</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF BERNARDS  
CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES - 2014

	Balance Dec. 31, 2014	Adjustment to Beginning Balance	Balance After Transfers	Disbursed	To Reserve for Encumbrances	Balance Lapsed
<i>Salaries and Wages within CAP:</i>						
Administrative & Executive	\$ 2,279.84	\$ 8,344.60	\$ 10,624.44	\$ 7,966.20	\$ -	\$ 2,658.24
Human Resources	9,374.89	6,620.07	15,994.96	12,354.76		3,640.20
Township Committee	4,095.70	100.00	4,195.70	100.00		4,095.70
Municipal Clerk	1,416.87	8,065.32	9,482.19	7,589.31		1,892.88
Financial Administration	70.80	11,320.27	11,391.07	10,914.18		476.89
Purchasing Administration	5,750.56	3,216.27	8,966.83	3,216.27		5,750.56
Computer Network Administration	17,374.27	9,903.53	27,277.80	9,513.13		17,764.67
Revenue Administration	1,692.01	6,634.46	8,326.47	5,997.18		2,329.29
Tax Assessment Administration	20,468.16	8,715.14	29,183.30	7,867.81		21,315.49
Engineering Services and Costs	33,357.21	21,506.11	54,863.32	19,668.51		35,194.81
Planning Board	10,676.19	3,120.80	13,796.99	2,914.96		10,882.03
Board of Adjustment	7,080.61	5,388.41	12,469.02	4,744.49		7,724.53
Environmental Commission	200.00	-	200.00	-		200.00
Agricultural Advisory Committee	1,000.00	-	1,000.00	-		1,000.00
Construction Official	532.41	17,610.12	18,142.53	15,197.80		2,944.73
Police	127,935.46	170,489.95	298,425.41	169,282.60		129,142.81
Office of Emergency Management	19,780.18	-	19,780.18	-		19,780.18
Uniform Fire Code	6,400.97	5,324.30	11,725.27	5,107.94		6,617.33
Road Repairs and Maintenance	-	40,626.85	40,626.85	40,626.85		-
Snow Removal	35,576.11	1,320.00	36,896.11	36,896.11		-
Shade Tree Commission	272.41	-	272.41	-		272.41
Solid Waste Collection	15,797.86	1,977.07	17,774.93	1,977.07		15,797.86
Public Buildings	18,400.44	18,717.38	37,117.82	8,249.70		28,868.12
Vehicle Maintenance	4,759.03	7,652.02	12,411.05	6,121.62		6,289.43
Board of Health	4,637.02	20,417.23	25,054.25	18,228.03		6,826.22
Animal Control Services	9,623.51	1,910.40	11,533.91	1,528.32		10,005.59
Recreation Services and Programs	38,293.33	11,579.40	49,872.73	10,815.24		39,057.49
Grounds	38,876.07	21,685.08	60,561.15	17,351.00		43,210.15
Municipal Swimming Pool	29,544.06	302.42	29,846.48	393.15		29,453.33
Municipal Court	13,851.37	7,687.86	21,539.23	7,055.86		14,483.37
Community Service	8,063.82	2,128.44	10,192.26	2,128.44		8,063.82
Deer Advisory Committee	2,664.63	35.75	2,700.38	35.75		2,664.63
Solid Waste Disposal	-	1,893.66	1,893.66	1,893.66		-
<i>Total Salaries and Wages within CAP</i>	<u>489,845.79</u>	<u>424,292.91</u>	<u>914,138.70</u>	<u>435,735.94</u>	<u>-</u>	<u>478,402.76</u>
<i>Salaries and Wages Excluded from CAP:</i>						
<i>Total Salaries and Wages Excluded from CAP</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Salaries and Wages</i>	<u>489,845.79</u>	<u>424,292.91</u>	<u>914,138.70</u>	<u>435,735.94</u>	<u>-</u>	<u>478,402.76</u>

TOWNSHIP OF BERNARDS  
CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES - 2014

	Balance Dec. 31, 2014	Adjustment to Beginning Balance	Balance After Transfers	Disbursed	To Reserve for Encumbrances	Balance Lapsed
<i>Other Expenses Inside CAP:</i>						
Administrative & Executive	\$ 12,284.57	\$ 193.93	\$ 12,478.50	\$ 155.75	\$	\$ 12,322.75
Human Resources	8,927.89	2,289.13	11,217.02	509.17		10,707.85
Township Committee	32,748.56	309.04	33,057.60	230.53		32,827.07
Municipal Clerk	10,660.37	1,305.46	11,965.83	1,209.66		10,756.17
Financial Administration	3,599.05	2,447.55	6,046.60	1,927.64		4,118.96
Audit Services	-	15,880.00	15,880.00	15,826.00		54.00
Purchasing Administration	3,762.07	1,445.83	5,207.90	1,324.24		3,883.66
Computer Network Administration	11,593.22	784.08	12,377.30	784.00		11,593.30
Revenue Administration	9,277.26	1,663.03	10,940.29	1,692.15		9,248.14
Tax Assessment Administration	2,148.16	6,704.56	8,852.72	6,007.53		2,845.19
Legal Services and Costs	98,981.66	86,347.39	185,329.05	20,872.30		164,456.75
Engineering Services and Costs	10,396.06	4,470.78	14,866.84	4,908.83		9,958.01
Planning Board	18,422.47	29,230.65	47,653.12	19,705.96		27,947.16
Board of Adjustment	37,826.84	8,742.45	46,569.29	4,943.72		41,625.57
Environmental Commission	1,937.32	5.76	1,943.08	5.76		1,937.32
Agricultural Advisory Committee	2,700.00	-	2,700.00	-		2,700.00
Construction Official	14,563.59	1,848.78	16,412.37	1,178.58		15,233.79
Liability Insurance	-	-	-	-		-
Workers Compensation Insurance	9,081.68	-	9,081.68	-		9,081.68
Group Insurance Plan (SHBP)	211,615.87	44,321.90	255,937.77	(202.25)		255,140.02
Waiver from Group Insurance Plan	256.66	-	256.66	-		256.66
Employee Benefits - Other	17,827.57	1,967.30	19,794.87	(775.51)		20,570.38
Unemployment Insurance	-	-	-	-		-
Police	51,687.61	44,038.37	95,725.98	30,594.21		65,131.77
Dispatch Communication Center	-	-	-	-		-
Purchase of Police Cars	-	-	-	-		-
Office of Emergency Management	7,323.82	178.71	7,502.53	103.30		7,399.23
Uniform Fire Code	36,434.44	1,507.93	37,942.37	36,955.47		986.90
Municipal Prosecutor	-	5,028.00	5,028.00	-		5,028.00
Road Repairs and Maintenance	76,040.68	37,777.45	113,818.13	20,193.71		93,624.42
Snow Removal	22,482.31	20,240.22	42,722.53	42,722.53		-
Vehicle Maintenance	18,733.49	36,894.86	55,628.35	13,264.46		42,363.89
Solid Waste Collection	2,300.00	11,848.00	14,148.00	3,672.80		10,475.20
Public Buildings	3,225.57	14,070.52	17,296.09	3,056.01		14,240.08
Shade Tree Commission	2,601.62	-	2,601.62	-		2,601.62
Street Light Maintenance	20,020.00	2,097.38	22,117.38	-		22,117.38
Municipal Services Act	178,790.00	-	178,790.00	171,957.50		6,832.50
Board of Health	23,334.30	11,284.75	34,619.05	7,408.15		27,210.90
VNA Contract	5.00	-	5.00	-		5.00
Recreation Services and Programs	17,136.45	10,870.85	28,007.30	10,393.55		17,613.75
Grounds	33,358.32	38,124.63	71,482.95	37,463.06		34,019.89

TOWNSHIP OF BERNARDS  
CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES - 2014

	Balance Dec. 31, 2014	Adjustment to Beginning Balance	Balance After Transfers	Disbursed	To Reserve for Encumbrances	Balance Lapsed
Municipal Swimming Pool	41,284.84	4,872.89	46,157.73	6,847.23		39,310.50
Community Service	3,562.93	223.01	3,785.94	43.43		3,742.51
Charter Day Celebration	2,697.08	71.91	2,768.99	-		2,768.99
Labor Day Bike Races	211.00	16.90	227.90	-		227.90
Deer Advisory Committee	19,287.98	6,743.48	26,031.46	13,795.44		12,236.02
Utilities and Bulk Purchases	210,938.80	123,157.19	334,095.99	57,387.95		276,708.04
Solid Waste Disposal	26,414.85	10,600.08	37,014.93	6,021.25		30,993.68
Municipal Court	5,723.06	2,377.15	8,100.21	870.76		7,229.45
Public Defender	3,973.40	224.50	4,197.90	-		4,197.90
Public Employees Retirement System	85,887.65	-	85,887.65	-		85,887.65
Police & Fireman's Retirement System	56,025.27	-	56,025.27	-		56,025.27
Defined Benefit Contribution Retirement System	4,797.34	1,255.63	6,052.97	441.48		5,611.49
Social Security System	47,624.61	29,646.42	77,271.03	29,646.42	-	47,624.61
<i>Total Other Expenses Inside CAP</i>	<u>1,520,513.29</u>	<u>623,108.45</u>	<u>2,143,621.74</u>	<u>573,142.77</u>	<u>-</u>	<u>1,570,478.97</u>
<i>Other Expenses Excluded from CAP:</i>						
L.O.S.A.P. (Length of Service Award Program)	87,200.00	-	87,200.00	75,642.18		11,557.82
Employee Group Insurance	7,862.00	-	7,862.00	-		7,862.00
Emergency - Storm Cleanup-OE	-	-	-	-		-
Aid to Free Public Library	11,297.90	74,681.25	85,979.15	85,979.15		(0.00)
<i>Total Other Expenses Excluded from CAP</i>	<u>106,359.90</u>	<u>74,681.25</u>	<u>181,041.15</u>	<u>161,621.33</u>	<u>-</u>	<u>19,419.82</u>
<i>Total Other Expenses</i>	<u>1,626,873.19</u>	<u>697,789.70</u>	<u>2,324,662.89</u>	<u>734,764.10</u>	<u>-</u>	<u>1,589,898.79</u>
	<u>\$ 2,116,718.98</u>	<u>\$ 1,122,082.61</u>	<u>\$ 3,238,801.59</u>	<u>\$ 1,170,500.04</u>	<u>\$ -</u>	<u>\$ 2,068,301.55</u>

**TOWNSHIP OF BERNARDS**  
**CURRENT FUND**  
**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

Balance December 31, 2014		\$ 1,144,354.24
Increased by:		
Charged to 2015 Budget Appropriations	\$ 852,789.64	
Reimbursed PY		
		852,789.64
		1,997,143.88
Decreased by:		
Canceled in 2015		
Paid in 2015 - Prior Years	22,271.63	
Transferred to Appropriation Reserves in 2015	1,122,082.61	
		1,144,354.24
 Balance December 31, 2015		 \$ <u>852,789.64</u>

**TOWNSHIP OF BERNARDS**  
**FEDERAL AND STATE GRANT FUND**  
**STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE**

	Balance Dec. 31, 2014	2015			Balance Dec. 31, 2015
		Revenue Realized	Received	Unappropriated Reserves Canceled	
<b><u>FEDERAL</u></b>					
Federal Body Armor Grant	\$ -	\$ 3,705.35	\$ -	\$ 3,705.35	\$ -
NJHTS - "Drive Sober or Get Pulled Over" Grant	7,500.00	10,000.00	12,150.00		5,000.00
NJDHTS "Distracted Driving Crackdown"	-	5,000.00	4,750.00		-
NJDHTS "Click it or Ticket"	-	4,000.00	3,920.16		0.00
<b><u>STATE GRANTS</u></b>					
Emergency Management Funding	5,000.00	5,000.00	10,000.00		-
Drunk Driving Enforcement Fund	-	3,412.69		3,412.69	-
Recycling Tonnage Grant	-	31,689.59		31,689.59	-
Clean Communities Act - NJDEP	(0.00)	59,344.00	59,344.00		-
NJOEM - Energy Allocation Grant	250,000.00	-			250,000.00
NJDHTS "Safe Passage"	-	800.00			725.00
<b><u>COUNTY GRANTS</u></b>					
Somerset County Municipal Alliance	19,207.00	19,207.00	-		38,414.00
Somerset County Municipal Alliance-Matching Funds	-	4,801.75	4,801.75		-
Somerset County Cultural and Heritage Grant--Plays	-	1,500.00		1,500.00	-
Somerset County Cultural and Heritage Grant--Lyons Train		103,455.00	100,017.00		3,438.00
Somerset County Cultural and Heritage Grant--Lyons Canopy		96,580.00			96,580.00
Somerset County Youth Services Commission	-	5,000.00	5,000.00		-
	<u>\$ 281,707.00</u>	<u>\$ 353,495.38</u>	<u>\$ 199,982.91</u>	<u>\$ 40,307.63</u>	<u>\$ 394,157.00</u>

**TOWNSHIP OF BERNARDS**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance Dec. 31, 2014	2015 Budget Appropriations	2015 N.J.S.A. 40A:4-87	Expended in 2015	Encumbrances 12/31/15	Cancelled in 2015	Balance Dec. 31, 2015
<b>FEDERAL</b>							
Drug-Free Communities Grant (USDOJ)	\$ 1,202.33	\$ -	\$ -	\$ 1,202.33	\$ -	\$ -	\$ -
	1,063.72			1,063.72			-
	1,566.98			1,566.98			-
	3,488.25			3,488.25			-
	1,545.43			1,545.43			-
	2,654.82			2,654.82			-
	2,130.91			2,130.91			-
NJOEM/FEMA Energy Allocation Grant	250,000.00			14,658.38	174,429.12		60,912.50
Emergency Management Services	-		5,000.00	5,000.00			-
NJHTS Drive Sober or Get Pulled Over Grant	5,450.00			5,100.00		350.00	-
NJHTS U Drive, U Text, U Pay			10,000.00	5,344.24	2,274.54		2,381.22
NJHTS Safe Passage			5,000.00	4,750.00		250.00	-
NJHTS Click it or Ticket			800.00	725.00		75.00	-
NJHTS Distracted Driving Crackdown			4,000.00	3,920.16		79.84	0.00
Federal Body Armor Grant	894.00	-	-	-	-	-	894.00
Subtotal	269,996.44	-	24,800.00	53,150.22	176,703.66	754.84	64,187.72
<b>STATE</b>							
Somerset County Municipal Alliance	9,348.28			9,348.28			-
Matching Funds for Grants Municipal Alliance Program	-	19,207.00		7,190.52	9,149.67		2,866.81
NJDOH Hepatitis B Grant	-	4,801.75		4,801.75			-
	662.33			265.00	397.33		(0.00)
	856.00						856.00
	1,309.00			230.00	135.00		944.00
	316.00						316.00
	390.00						390.00
	273.00						273.00
	748.00						748.00
	260.00						260.00
Drunk Driving Enforcement Fund	1,302.55			1,302.55			-
	-	3,412.69		2,202.33			1,210.36
NJ Body Armor Fund	4,838.27			1,407.49	2,003.10		1,427.68
	-	3,705.35					3,705.35
NJ DCA Crisis Response / Domestic Violence Grant	2,983.53			2,983.53			(0.00)

**TOWNSHIP OF BERNARDS**

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance Dec. 31, 2014	2015 Budget Appropriations	2015 N.J.S.A. 40A:4-87	Expended in 2015	Encumbrances 12/31/15	Cancelled in 2015	Balance Dec. 31, 2015
	1,000.00			1,000.00			-
NJDEP Clean Communities Grant	\$ -		\$ 59,344.00	\$ 54,071.72	\$ 5,272.28		\$ (0.00)
NJDEP Recycling Tonnage Grant	-	31,689.59		31,689.59			-
American Library Association-Muslim Journeys	149.98						149.98
NJ State Library	0.80	-	-	-	-	-	0.80
Subtotal	<u>24,437.74</u>	<u>62,816.38</u>	<u>59,344.00</u>	<u>116,492.76</u>	<u>16,957.38</u>	<u>-</u>	<u>13,147.98</u>
<b>COUNTY</b>							
Somerset County Cultural - Plays in the Park	3,500.00			3,500.00			-
		1,500.00					1,500.00
Somerset County Lyons Train Station		103,455.00		3,873.89	21,426.11		78,155.00
Somerset County Lyons Train Station-Canopy			96,580.00		11,350.00		85,230.00
Somerset County Youth Svcs. Commission	1,951.00			1,951.00		-	-
	5,000.00			5,000.00		-	-
	-	-	5,000.00	1,000.00	136.92	-	3,863.08
Subtotal	<u>10,451.00</u>	<u>104,955.00</u>	<u>101,580.00</u>	<u>15,324.89</u>	<u>32,913.03</u>	<u>-</u>	<u>168,748.08</u>
	<u>\$ 304,885.18</u>	<u>\$ 167,771.38</u>	<u>\$ 185,724.00</u>	<u>\$ 184,967.87</u>	<u>\$ 226,574.07</u>	<u>\$ 754.84</u>	<u>\$ 246,083.78</u>

**TOWNSHIP OF BERNARDS**

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	<u>Total</u>	<u>NJDEP Recycling Grant</u>	<u>NJ Body Armor Fund</u>	<u>NJ Drunk Driving Enforcement Fund</u>	<u>USDOJ Body Armor Fund</u>	<u>Somerset County Cultural &amp; Heritage Grant</u>	<u>NJDHSS Hepatitis B Grant</u>
Balance December 31, 2014	40,644.18	\$ 31,689.59	\$ 3,705.35	\$ 3,412.69	\$ -	\$ 1,500.00	\$ -
Increased by:							
Received in 2015	<u>13,477.92</u>	<u>-</u>	<u>3,699.38</u>	<u>3,646.90</u>	<u>1,786.64</u>	<u>4,000.00</u>	<u>345.00</u>
	54,122.10	31,689.59	7,404.73	7,059.59	1,786.64	5,500.00	345.00
Decreased by:							
Anticipated as Revenue in 2015 Budget	<u>40,307.63</u>	<u>31,689.59</u>	<u>3,705.35</u>	<u>3,412.69</u>	<u>-</u>	<u>1,500.00</u>	<u>-</u>
Balance December 31, 2015	<u>\$ 13,477.92</u>	<u>\$ (0.00)</u>	<u>\$ 3,699.38</u>	<u>\$ 3,646.90</u>	<u>\$ 1,786.64</u>	<u>\$ 4,000.00</u>	<u>\$ 345.00</u>

**TOWNSHIP OF BERNARDS**  
**STATEMENT OF RESERVE FOR OPEN SPACE TRUST FUND**

Balance December 31, 2014	\$ 2,012,994.05
Increased by:	
Current Municipal Open Space Taxes	2,722,986.00
Added/Omitted Municipal Open Space Taxes	6,572.09
Interest Earnings	<u>2,223.88</u>
	2,731,781.97
Decreased by:	
Open Space Activity Expenditure	1,101,746.00
Debt Service - Principal	2,760,000.00
Debt Service - Interest	<u>369,825.00</u>
	4,231,571.00
Balance December 31, 2015	<u>\$ 513,205.02</u>

**TOWNSHIP OF BERNARDS**  
**TRUST - OTHER FUNDS**  
**STATEMENT OF RESERVES AND SPECIAL DEPOSITS**

	Balance Dec. 31, 2014	Receipts	Disbursements	Balance Dec. 31, 2015
Reserve for Developer's Escrow	\$ 2,034,904.35	\$ 929,059.82	\$ 1,177,589.43	\$ 1,786,374.74
Reserve for Library State Aid	11,584.00	11,655.00	11,584.00	11,655.00
Reserve for Recycling Expenditures	188,934.20	245,226.54	245,087.87	189,072.87
Reserve for Accumulated Sick Leave Expenditures	683,352.81	70,739.33	6,643.49	747,448.65
Reserve for Uniform Fire Safety Act Penalties	2,470.15	650.00	-	3,120.15
Reserve for Public Defender	-	4,350.00	4,350.00	-
Reserve for Parking Offenses Adjudication Act	140.00	114.00	-	254.00
Reserve for County Environmental Health Act	6,686.42	2,310.00	625.00	8,371.42
Reserve for Municipal Alliance	21,356.01	8,481.33	8,124.45	21,712.89
Reserve for Affordable Housing	1,095,014.24	190,869.21	177,687.58	1,108,195.87
Reserve for Municipal Open Space Fund	2,012,994.05	2,731,781.97	4,231,571.00	513,205.02
Reserve for Unemployment Compensation	40,189.98	30,800.52	13,738.58	57,251.92
Reserve for Self Insurance	605,303.00	79,571.46	108,399.15	576,475.31
Reserve for Forfeited Asset Trust Fund	17,592.79	1,326.81	-	18,919.60
Reserve for Snow Removal	504,241.08	77,923.64	12,260.79	569,903.93
Reserve for Recreation	10,367.44	76,545.00	69,571.59	17,340.85
Reserve for Landfill Closure	-	59,645.17	-	59,645.17
Reserve for Payroll Deductions	112,616.30	15,662,715.33	15,641,273.06	134,058.57
Reserve for Length of Service Award Program (LOSAP)	1,043,683.35	77,162.70	77,993.04	1,042,853.01
	<u>\$ 8,391,430.17</u>	<u>\$ 20,260,927.83</u>	<u>\$ 21,786,499.03</u>	<u>\$ 6,865,858.97</u>

TOWNSHIP OF BERNARDS  
TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>P.A.T.F.</u> <u>No. 1</u>	<u>P.A.T.F.</u> <u>No. 2</u>	<u>Total</u>
Balance December 31, 2014	\$ <u>10,000.00</u>	\$ <u>-</u>	\$ <u>10,000.00</u>
Decreased by Disbursements:	<u>-</u>	<u>-</u>	<u>-</u>
Balance December 31, 2015	\$ <u>10,000.00</u>	\$ <u>-</u>	\$ <u>10,000.00</u>

**TOWNSHIP OF BERNARDS**  
**TRUST FUND**

**SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE**

	<u>P.A.T.F.</u> <u>No. 1</u>	<u>P.A.T.F.</u> <u>No. 2</u>	<u>Total</u>
Balance December 31, 2014	\$ 10,000.00	\$ -	\$ 10,000.00
Decreased by Disbursements: N/A	<u>-</u>	<u>-</u>	<u>-</u>
Balance December 31, 2015	<u>\$ 10,000.00</u>	<u>\$ -</u>	<u>\$ 10,000.00</u>

TOWNSHIP OF BERNARDS  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS  
AS OF DECEMBER 31, 2015

	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2015</u>
Capital Fund Balance			\$ -
Capital Improvement Fund			894,113.74
Amount Due to Current Fund			103.46
Reserve for Off-Tract Contributions			142,965.00
Reserve for Preliminary Expenses			100.00
Improvement Authorizations:			
1873D Security Upgrades	4/25/06	30,000.00	1,361.67
2082 Pool Improvements	8/11/09	80,000.00	2,169.79
2120F Police	8/10/10	79,680.00	11,754.98
2120I BRFC Equipment	8/10/10	50,000.00	10,000.00
2161C Facility Improvements	5/24/11	143,000.00	10,023.67
2161F Police Equipment	5/24/11	37,400.00	24,000.00
2161K Grounds Equipment	5/24/11	60,000.00	9,694.40
2180A Emergency Communications Equipment	12/13/11	600,000.00	394,779.43
2193A Engineering Projects	4/10/12	1,580,000.00	13,381.49
2193C Facility Improvements	4/10/12	105,000.00	4,000.00
2193F Police Equipment	4/10/12	12,000.00	12,000.00
2193J LCFC Equipment	4/10/12	20,000.00	11,207.78
2193K Grounds Equipment	4/10/12	75,000.00	8,656.31
2233A Engineering Projects	4/23/13	1,620,000.00	130,466.33
2233C Facility Improvements	4/23/13	302,000.00	102,297.67
2233D DPW Equipment Repairs	4/23/13	310,000.00	20.07
2233E Systems Administration	4/23/13	106,400.00	13,877.91
2238A Emergency Generator	7/9/13	260,000.00	253,384.82
2238C BRFC Emergency Equipment	7/9/13	20,000.00	9,500.20
2238D LCFC Emergency Equipment	7/9/13	20,000.00	20,000.00
2238E Park Infrastructure Improvements	7/9/13	50,000.00	12,134.19
2238F Police Equipment	7/9/13	5,000.00	97.50
2264A Engineering Projects	4/15/14	1,670,000.00	109,804.36
2264B DPW Equipment and Repairs	4/15/14	460,000.00	8,412.44
2270A Engineering Projects	5/13/14	160,000.00	57,481.34
2270B Fleet	5/13/14	335,000.00	16,990.50
2270C Facility Improvements	5/13/14	177,400.00	81,677.05
2270D Park Infrastructure Improvements	5/13/14	175,000.00	101,566.97
2270E Pool Bathrooms	5/13/14	222,000.00	20.78
2270F Police Equipment	5/13/14	35,150.00	21,450.00
2270G Systems Administration	5/13/14	33,400.00	7,546.63
2270H BRFA Equipment	5/13/14	10,000.00	8,338.20
2270I BRFC Equipment	5/13/14	20,000.00	20,000.00
2270J LCFC Equipment	5/13/14	20,000.00	12,636.86
2305A Turf Fields-Mtn Park	2/10/15	1,700,000.00	388,884.60
2309A Engineering Projects	2/24/15	1,000,000.00	15,789.80
2312A Engineering Projects	4/28/15	900,000.00	258,287.17
2312B Fleet	4/28/15	414,000.00	335,140.58
2312C Facility Improvements	4/28/15	119,000.00	119,000.00
2312D DPW Equipment and Repairs	4/28/15	275,000.00	35,912.06
2312E Pool Infrastructure Improvements	4/28/15	65,000.00	62,022.01
2312F Police Equipment	4/28/15	19,150.00	11,657.50
2312G Systems Administration	4/28/15	63,400.00	61,171.45
2312H BRFA Equipment	4/28/15	10,000.00	10,000.00
2312I BRFC Equipment	4/28/15	720,000.00	712,040.46
2312J LCFC Equipment	4/28/15	20,000.00	20,000.00
2312K Grounds Equipment	4/28/15	57,000.00	25,092.20
2312L Park Infrastructure Improvements	4/28/15	21,000.00	21,000.00
Cash Balance 12/31/2015			<u>\$ 4,614,013.37</u>

TOWNSHIP OF BERNARDS  
 GENERAL CAPITAL FUND  
 SCHEDULE OF GRANTS RECEIVABLE  
 AS OF DECEMBER 31, 2015 AND 2014

	Year	Balance Dec. 31, 2014	2015 Budget Appropriations	Received in 2015	Balance Dec. 31, 2015
NJ Historic Trust - Farmstead	2011	\$ 11,694.50	\$ -	\$ -	\$ 11,694.50
NJ DOT Somerville Rd	2014	62,500.00		62,500.00	-
NJ DOT Annin Rd & Canterbury Way	2015	<u>-</u>	<u>175,000.00</u>	<u>-</u>	<u>175,000.00</u>
Totals		<u>\$ 74,194.50</u>	<u>\$ 175,000.00</u>	<u>\$ 62,500.00</u>	<u>\$ 186,694.50</u>

**TOWNSHIP OF BERNARDS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**

**AS OF DECEMBER 31, 2015 AND 2014**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2015		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
General Bonds of 2009 - Open Space	9/15/09	\$ 15,000,000.00	9/15/16	\$ 1,875,000.00	5.000%	\$ 5,625,000.00	\$ -	\$ 1,875,000.00	\$ 3,750,000.00
			9/15/17	1,875,000.00	5.000%				
Refunding Bond of 2010 - Open Space (refunds 2002 12/2012)	11/4/10	\$ 5,460,000.00	12/1/16	\$ 875,000.00	4.000%	2,670,000.00		885,000.00	1,785,000.00
			12/1/17	910,000.00	4.000%				
						<u>\$ 8,295,000.00</u>	<u>\$ -</u>	<u>\$ 2,760,000.00</u>	<u>\$ 5,535,000.00</u>

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

AS OF DECEMBER 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance - January 1, 2015		Expended	Authorizations Canceled	Encumbrances	Balance - December 31, 2015	
				Funded	2015 Authorizations				Funded	Unfunded
1583	Video Conference and Connection Media Project for the	10/15/02	34,000.00	1,022.63			1,022.63		0.00	
1873C	Facility Maintenance	4/25/06	286,500.00	432.01			432.01		(0.00)	
1873D	Security Upgrades	4/25/06	30,000.00	8,139.96		6,778.29		1,361.67	-	
2082	Pool Improvements	8/11/09	80,000.00	2,169.79					2,169.79	
2120F	Police	8/10/10	79,680.00	15,225.00		3,470.02			11,754.98	
2120G	System Administration	8/10/10	38,500.00	2,143.00			2,143.00		-	
2120I	BRFC Equipment	8/10/10	50,000.00	10,000.00					10,000.00	
2120K	Grounds Equipment	8/10/10	135,000.00	17,005.00		17,005.00			-	
2161C	Facility Improvements	5/24/11	143,000.00	10,023.67					10,023.67	
2161F	Police Equipment	5/24/11	37,400.00	25,672.22		1,672.22		4,190.35	19,809.65	
2161H	BRFA Ambulance and Equipment	5/24/11	180,000.00	6,525.55		1,093.31	5,432.24		-	
2161K	Grounds Equipment	5/24/11	60,000.00	47,461.60		37,767.20		9,694.40	-	
2180A	Emergency Communications Equipment	12/13/11	600,000.00	519,519.51		124,740.08		394,779.43	-	
2191	Dunham Park Roller Rink	4/10/12	50,000.00	14,544.62			14,544.62		-	
2193A	Engineering Projects	4/10/12	1,580,000.00	22,600.59		9,219.10		7,092.00	6,289.49	
2193C	Facility Improvements	4/10/12	105,000.00	4,000.00					4,000.00	
2193D	Park Infrastructure	4/10/12	235,000.00	12,498.55		12,498.55			-	
2193F	Police Equipment	4/10/12	12,000.00	12,000.00					12,000.00	
2193G	System Administration	4/10/12	33,400.00	583.34		583.34			-	
2193H	BRFA Equipment	4/10/12	10,000.00	4,732.89		4,732.89			-	
2193J	LCFC Equipment	4/10/12	20,000.00	11,207.78					11,207.78	
2193K	Grounds Equipment	4/10/12	75,000.00	22,090.23		13,433.92		8,656.31	-	
2233A	Engineering Projects	4/23/13	1,620,000.00	165,547.39		35,081.06		27,187.49	103,278.84	
2233B	Fleet Replacement	4/23/13	150,000.00	129,110.50		129,110.50			-	
2233C	Facility Improvements	4/23/13	302,000.00	111,297.67		9,000.00			102,297.67	
2233D	DPW Equipment Repairs	4/23/13	310,000.00	5,281.85		5,281.78			20.07	
2233E	Systems Administration	4/23/13	106,400.00	27,738.67		13,860.76			13,877.91	
2233F	Grounds Equipment	4/23/13	36,000.00	29,200.00		29,200.00			-	
2238A	Emergency Generator	7/9/13	260,000.00	253,647.32		262.50		87,800.00	165,584.82	
2238B	BRFA Emergency Equipment	7/9/13	10,000.00	10,000.00		10,000.00			-	
2238C	BRFC Emergency Equipment	7/9/13	20,000.00	12,892.00		3,391.80		9,500.20	-	
2238D	LCFC Emergency Equipment	7/9/13	20,000.00	20,000.00					20,000.00	
2238E	Park Infrastructure Improvements	7/9/13	50,000.00	50,000.00		37,865.81			12,134.19	
2238F	Police Equipment	7/9/13	5,000.00	97.50				97.50	-	
2264A	Engineering Projects	4/15/14	1,670,000.00	110,304.36		500.00			109,804.36	
2264B	DPW Equipment and Repairs	4/15/14	460,000.00	87,990.74		79,578.30			8,412.44	
2270A	Engineering Projects	5/13/14	160,000.00	159,797.24		102,315.90		21,152.26	36,329.08	
2270B	Fleet	5/13/14	335,000.00	312,055.00		295,064.50		16,990.50	-	
2270C	Facility Improvements	5/13/14	177,400.00	138,400.00		56,722.95		9,779.74	71,897.31	
2270D	Park Infrastructure Improvements	5/13/14	175,000.00	175,000.00		73,433.03			101,566.97	
2270E	Pool Bathrooms	5/13/14	222,000.00	22,592.78		22,572.00			20.78	
2270F	Police Equipment	5/13/14	35,150.00	23,867.50		2,417.50			21,450.00	
2270G	Systems Administration	5/13/14	33,400.00	12,265.48		4,718.85		5,515.51	2,031.12	
2270H	BRFA Equipment	5/13/14	10,000.00	10,000.00		1,661.80			8,338.20	
2270I	BRFC Equipment	5/13/14	20,000.00	20,000.00				20,000.00	-	
2270J	LCFC Equipment	5/13/14	20,000.00	20,000.00		7,363.14		12,636.86	-	
2270K	Grounds Equipment	5/13/14	100,000.00	6,332.80		6,332.80			-	
2305A	Turf Fields-Mtn Park	2/10/15	1,700,000.00		1,700,000.00	1,111,115.40	200,000.00	358,815.24	30,069.36	



**TOWNSHIP OF BERNARDS  
GOLF UTILITY**

**SCHEDULE OF APPROPRIATION RESERVES - 2014**

	<u>Balance Dec. 31, 2014</u>	<u>Adjustment to Beginning Balance</u>	<u>Balance After Transfers</u>	<u>Disbursed</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 10,523.34	\$ 293.54	\$ 10,816.88	\$ 381.60	\$ 10,435.28
Other Expenses	<u>18,950.03</u>	<u>5,824.30</u>	<u>24,774.33</u>	<u>9,717.69</u>	<u>15,056.64</u>
	<u>\$ 29,473.37</u>	<u>\$ 6,117.84</u>	<u>\$ 35,591.21</u>	<u>\$ 10,099.29</u>	<u>\$ 25,491.92</u>

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY**  
**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

Balance December 31, 2014		\$ 6,117.84
Increased by:		
Charged to 2015 Budget Appropriations	13,444.03	
Additional Prior Year Encumbrance	<u>          -</u>	
		<u>13,444.03</u>
		19,561.87
Decreased by:		
Cancellation of Reserve for Encumbrance		
Transferred to Appropriation Reserves	<u>6,117.84</u>	
		<u>6,117.84</u>
Balance December 31, 2015		<u>\$ 13,444.03</u>

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Increased by:	
Membership Fees Charged in 2015	<u>\$ 339,582.50</u>
Decreased by:	
Collections	<u>\$ 339,582.50</u>

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY FUND**  
**SCHEDULE OF AMOUNT DUE TO DEPARTMENT OF VETERANS AFFAIRS**

Increased by:		
Gross Revenues Realized:		
Memberships	\$ 339,582.50	
Irrigation Assessments	14,700.00	
Miscellaneous Revenue	<u>77,725.38</u>	
Total Gross Income		\$ 432,007.88
Decreased by:		
Allowable Expenses:		
2014 Budget Expenses	531,463.00	
Additional Prior Year Bills	<u>10,099.29</u>	
		<u>541,562.29</u>
Balance December 31, 2014 (Net Revenues)		<u>\$ (109,554.41)</u>
50% of Balance		<u>(54,777.21)</u>
Amount due to Department of Veterans Affairs*		\$ 10,000.00
*New Contract Minimum effective 4/1/2013		

**LENGTH OF SERVICE AWARD PROGRAM (LOSAP)**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
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MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Honorable Mayor and Members  
of the Township Committee  
Township of Bernards  
County of Somerset, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net assets of the Township of Bernards Length of Service Award Program (LOSAP) as of December 31, 2015, and the related statement of revenues, expenses and other changes in net assets for the year then ended. A review consists primarily of inquiries of the administration of the Township and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The administration of the Township of Bernards is responsible for the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

The Length of Service Award Program is a Township sponsored program and has no separate legal status or existence. The program prepares its financial statements in conformity with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
March 31, 2016

**TOWNSHIP OF BERNARDS  
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS**

As of December 31, 2015

ASSETS	
Investments, at fair value	<u>\$ 1,042,853.01</u>
Total Assets	<u><u>\$ 1,042,853.01</u></u>
NET ASSETS	
Restricted	<u>\$ 1,042,853.01</u>
Total Net Assets	<u><u>\$ 1,042,853.01</u></u>

See Accompanying Notes and Accountants Review Report

**SCHEDULE OF LENGTH OF SERVICE  
AWARD PROGRAM (LOSAP) - (UNAUDITED)  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS**

As of December 31, 2015

RESTRICTED NET ASSETS		
Contributions	\$	75,642.18
Interest Earned		1,520.52
Appreciation		(7,748.85)
Distributions		<u>(70,244.19)</u>
		(830.34)
Decrease in Net Assets		
NET ASSETS-Beginning of the Year	\$	<u>1,043,683.35</u>
NET ASSETS-End of the Year	\$	1,042,853.01

Note: See Accompanying Notes to Financial Statements

TOWNSHIP OF BERNARDS LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Township of Bernards Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and P.L. 1997, c.388, as amended by P.L. 2001, c.272. The Township established the LOSAP Program for the Basking Ridge Fire Company No.1 and the First Aid Squad of Basking Ridge Fire Company No.1 (BRFCFA), the Liberty Corner Fire Company (LCFC), and the Liberty Corner First Aid Squad (LCFAS) on August 27, 2002 through Ordinance #1576, as amended on September 9, 2008 by Ordinance #2028. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters and rescue squad members who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the enacting LOSAP ordinance. The Township of Bernards sponsors LOSAP through an annual award appropriated through the municipal budget.

B. Basis of Presentation

The accounting policies of the Township of Bernards (the "Township"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the division of Local Government Services, department of Community Affairs, State of New Jersey.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the Township, and provides for fixed annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the Township are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Township offers the Program to the participants through Variable Annuity Life Insurance Company (VALIC).

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the Township (without being restricted to the provisions of benefits under the Program), subject only to the claims of the Township's general creditors. Participant's rights under the Program are equal to those of general creditors of the Township in an amount equal to the fair market value of the deferred account for each participant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting standards Board, the Program balances are displayed in the Trust Fund of the Township. The Program is tax exempt under Internal revenue Code Section 457.

D. Amount of Contribution

The Township will contribute to the plan for an active volunteer the fixed annual contribution amount for each active member of the BRFCFA, LCFC, and LCFAS who meets the criteria set forth in the Ordinance.

NOTE 2: Criteria for Eligibility

A. The number of points required for an active year of service for an active volunteer BRFCFA, LCFA, or LCFAS member is 100. Points are earned in accordance with the following:

<b>1. Emergency Calls –</b>	
Points for each percentage of total calls answered	1
<b>2. Duty Time –</b>	
For every 30 hours assigned*	3
<b>3. Drills (Maximum points allowable = 40)</b>	
In-house instruction lasting at least 1 hour	2
<b>4. Training (Maximum points allowable = 30)</b>	
Under 20 hours (per class)	5
20-45 hours (per class)	10
45+ hours (per class)	15
<b>5. Work Detail (Maximum points allowable = 30)</b>	
In-house detail lasting at least 1 hour	1
<b>6. Elected Positions (Maximum points allowable = 20)</b>	
Top Line Officer	20
Other Line Officer	15
Top Administrative Officer	15
Other Administrative Officer	10
Relief Representative/Delegate	4
<b>7. Appointed Positions (Maximum points allowable = 15)</b>	
Operations Officer	5
Administrative/Committee Head	4

<b>8. Meetings (Maximum points allowable = 15)</b>	
Regular company business meeting	1
Special company meeting	1
<b>9. Years of Service (Maximum points allowable = 30)</b>	
10 - 15 years	10
16 – 20 years	15
20 – 25 years	20
26+ years	30
<b>10. Other (Maximum points allowable = 10)</b>	
At the discretion of the Chief/President	1

**\*Duty Time**

- 1) Volunteer must sign up for a minimum of 30 hours per month for a minimum of 8 months to be eligible for any points in this category.
- 2) 6 of the 30 hours must include weekend time  
(weekend time is defined as Friday at 18:00 hrs to Sunday 23:59 hrs)
- 3) Volunteer will forfeit his/her block of duty time if he/she misses an emergency call while assigned to duty time.

- B. An active volunteer member of the BRFCFA, LCFA, or LCFAS shall not be eligible if on probation or inactive status.
- C. Probationary or inactive per subsection B, are determined by the bylaws and/or other governing documents of the BRFCFA, LCFA, or LCFAS, as the case may be, and/or the officers of each respective organization.
- D. An active volunteer member of the BRFCFA, LCFA, or LCFAS shall become eligible to participate in LOSAP immediately following the termination of probation or inactive status.
- E. Current active volunteer members shall become eligible to participate in LOSAP, as of the date that the voters approve LOSAP.
- F. Any active member of the BRFCFA, LCFA, or LCFAS who obtains 100 points or more will receive \$1,182.00 deferred contribution for his/her active volunteer status on the BRFCFA, LCFA, or LCFAS as the case may be.
- G. No person who is an active member in more than one volunteer emergency services organization shall be permitted to receive total deferred contribution for his/her active status in said organizations for more than \$1,182.00.
- H. Any active volunteer member of the BRFCFA, LCFA, or LCFAS, who is receiving a public pension from pr through the State of New Jersey, shall be permitted to receive such deferred contribution unless otherwise permitted by law.

**STATISTICAL SECTION (UNAUDITED)**

**TOWNSHIP OF BERNARDS**  
**CURRENT FUND EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
General Government	\$ 2,748,320.00	\$ 2,641,760.00	\$ 2,672,034	\$ 2,693,816	\$ 2,621,405	\$ 2,669,665	\$ 2,963,292	\$ 2,768,417	\$ 2,283,130	\$ 2,374,673	\$ 2,226,301
Land Use Administration	367,130.00	363,580.00	390,039.00	346,710.00	331,840.00	314,640.00	319,790.00	460,190.00	328,344.11	284,165.41	209,691.58
Code Enforcement	674,360.00	643,380.00	633,490.00	622,490.00	589,430.00	616,360.00	667,460.00	773,899.09	761,817.13	757,767.54	667,686.80
Insurance	2,680,890.00	2,611,838.00	2,515,990.00	2,404,767.29	2,412,159.64	2,332,970.00	2,142,380.00	2,058,270.00	1,928,771.76	1,866,806.20	1,905,723.76
Public Safety Functions	5,910,100.00	5,841,842.00	5,892,439.40	5,655,810.00	5,773,280.00	5,663,540.00	5,384,824.28	5,373,371.11	4,964,254.70	4,804,471.32	4,679,821.65
Public Works Functions	3,742,010.00	3,655,740.00	3,597,055.00	3,596,012.60	3,629,320.00	3,574,560.00	3,473,701.00	3,488,334.00	2,996,709.27	2,604,427.34	3,083,304.00
Health & Human Services Functions	445,890.00	442,010.00	419,378.00	430,362.00	410,515.00	430,269.00	449,357.89	431,927.00	359,481.35	338,419.37	375,003.97
Parks & Recreation Functions	1,984,515.00	2,043,070.00	2,006,225.85	1,932,940.00	1,888,280.00	1,859,360.00	1,887,675.00	1,793,412.91	1,607,995.37	1,493,577.17	1,439,620.41
Other Common Operating Functions	268,470.00	236,345.00	204,010.00	224,960.00	230,614.50	232,455.00	207,592.75	239,847.50	204,390.91	229,389.64	190,688.97
Utility Expenses and Bulk Purchases	679,000.00	693,110.00	693,110.00	710,520.00	785,250.00	709,660.00	713,973.00	693,111.00	619,886.49	513,591.40	397,931.26
Landfill/Solid Waste Disposal Costs	173,530.00	173,640.00	175,850.00	178,230.00	182,180.00	182,620.00	184,906.00	229,198.00	197,612.25	182,141.32	166,269.80
Statutory Expenditures	2,502,740.00	2,472,589.01	2,430,480.96	2,381,439.24	2,347,988.00	2,175,378.90	2,037,706.00	1,788,560.52	1,480,811.61	1,042,765.20	828,576.63
Interlocal Service Agreements	999,095.24	983,867.78	971,005.57	1,064,587.77	1,371,405.89	1,319,075.69	1,292,451.47	1,393,299.13	1,176,021.09	874,811.00	669,745.98
Other Private Contributions	19,200.00	45,256.76	15,153.32	78,680.12	142,071.71	156,263.00	144,704.48	28,229.58	15,461.40	23,326.95	30,712.25
Federal and State Grants	353,495.38	734,140.47	143,518.19	111,982.82	259,588.41	332,811.76	370,600.91	252,601.97	324,962.07	278,016.60	959,448.01
Municipal Court	339,760.00	349,570.00	336,345.00	381,090.00	378,330.00	365,160.00	350,159.85	354,757.39	323,108.88	308,668.31	312,785.84
Education Functions	2,316,585.00	2,246,423.00	2,251,100.00	2,290,390.00	2,339,788.00	2,385,762.01	2,432,284.08	2,400,805.00	1,942,216.93	1,884,278.56	1,923,024.43
Capital Improvements	4,735,000.00	2,685,000.00	2,355,000.00	2,000,000.00	1,745,000.00	1,878,000.00	1,878,000.00	2,765,795.00	3,127,900.00	2,978,650.00	3,368,356.00
Debt Service				-	424,800.00	449,600.00	474,400.00	554,896.85	1,794,862.50	4,610,303.66	2,430,169.99
Reserve for Uncollected Taxes	<u>3,884,075.13</u>	<u>3,798,913.46</u>	<u>3,708,035.66</u>	<u>3,651,675.53</u>	<u>3,579,340.34</u>	<u>3,500,824.56</u>	<u>3,406,170.84</u>	<u>3,326,570.26</u>	<u>3,242,914.19</u>	<u>3,113,149.10</u>	<u>3,014,492.39</u>
<b>Total</b>	<b>\$ 34,824,165.75</b>	<b>\$ 32,662,075.48</b>	<b>\$ 31,210,260.43</b>	<b>\$ 30,756,463.50</b>	<b>\$ 31,442,586.49</b>	<b>\$ 31,148,974.92</b>	<b>\$ 30,781,429.65</b>	<b>\$ 31,175,493.74</b>	<b>\$ 29,680,652.20</b>	<b>\$ 30,563,398.75</b>	<b>\$ 28,879,354.68</b>

(1) Appropriations divided between inside "CAPS" and outside "CAPS" have been combined. implemented a new Flexible Chart of Accounts effectively increasing the number of functions.

**TOWNSHIP OF BERNARDS**  
**GOLF UTILITY OPERATING FUND EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Operating</u>	<u>Capital Improvement Fund</u>	<u>Total</u>
2005	\$ 409,476	\$ -	\$ 409,476
2006	404,966	-	404,966
2007	421,861	-	421,861
2008	476,082	-	476,082
2009	529,927	-	529,927
2010	478,200	-	478,200
2011	519,102	-	519,102
2012	516,684	-	516,684
2013	537,928	-	537,928
2014	492,538	-	492,538
2015	481,463	-	481,463

**TOWNSHIP OF BERNARDS  
CURRENT FUND REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Surplus Anticipated	\$ 12,100,000.00	\$ 11,650,000.00	\$ 11,210,000.00	\$ 11,170,000.00	\$ 13,104,000.00	\$ 13,104,000.00	\$ 11,839,881.17	\$ 12,963,207.70	\$ 12,579,978.99	\$ 13,343,246.26	\$ 10,158,736.10
Miscellaneous Revenues: Local Revenues	3,298,847.39	3,348,941.32	3,342,762.94	3,149,066.18	3,058,527.99	2,953,343.66	3,014,784.23	3,338,228.43	3,428,180.34	3,390,248.67	2,892,518.78
State Aid Without Offsetting Appropriations	1,798,308.00	1,798,308.00	1,798,308.00	1,798,308.00	1,798,308.00	1,798,308.00	2,289,718.00	2,410,229.00	2,647,285.00	2,598,855.00	2,688,854.00
Dedicated Uniform Construction Code Fees	768,652.25	762,450.10	840,841.25	790,696.00	617,612.50	633,788.00	470,588.50	561,391.25	664,191.75	998,642.40	1,342,240.00
Interlocal Municipal Service Agreements Offset with Appropriations	798,096.24	782,887.83	770,007.58	1,001,296.36	1,171,791.45	1,110,268.29	1,066,363.20	1,114,707.44	957,616.79	703,795.00	648,339.98
Additional Revenues Offset with Appropriations											
Public and Private Revenues Offset with Appropriations	372,695.38	449,839.40	158,671.51	191,371.07	401,660.12	489,074.76	515,305.39	280,831.55	335,060.47	296,141.30	984,958.01
Other Special Items	2,031,951.23	399,153.91	438,211.18	404,329.58	578,208.84	201,278.02	1,332,332.66	784,281.45	2,014,183.62	2,438,325.03	2,456,834.31
Receipts from Delinquent Taxes	401,067.21	530,548.83	515,852.86	673,887.24	534,685.28	595,258.13	499,415.05	404,762.60	817,112.06	408,544.23	440,183.72
Current Year Taxes (1)	22,511,460.77	22,028,097.86	21,414,292.03	21,241,408.05	20,296,893.96	19,874,444.94	19,091,721.79	19,172,499.28	19,840,180.77	20,266,307.55	19,833,146.52
Non-Budget Revenues and Other Credits	2,561,758.73	2,303,141.77	2,843,680.06	2,261,873.99	1,991,228.60	2,104,677.12	1,965,168.27	1,931,227.17	1,910,210.00	1,306,927.57	1,244,670.53
<b>Total</b>	<b>\$ 46,642,837.20</b>	<b>\$ 44,053,349.02</b>	<b>\$ 43,332,627.41</b>	<b>\$ 42,682,236.47</b>	<b>\$ 43,552,916.74</b>	<b>\$ 42,964,440.92</b>	<b>\$ 42,085,278.26</b>	<b>\$ 42,961,365.87</b>	<b>\$ 45,193,999.79</b>	<b>\$ 45,751,033.01</b>	<b>\$ 42,690,481.95</b>

(1) excludes taxes allocated to county and school

**TOWNSHIP OF BERNARDS**  
**ASSESSED VALUE AND ESTIMATE OF TOTAL VALUE**

<u>Year</u>	Net Assessed Valuation <u>Taxable</u>	Estimated Full Cash <u>Valuation</u>	% of Net Assessed Value to Estimated <u>Full cash Valuation</u>
2015	\$ 6,799,350,700	\$ 7,095,221,434	95.83%
2014	6,589,251,700	6,941,900,232	94.92%
2013	6,386,058,000	6,730,668,212	94.88%
2012	6,303,061,600	6,745,571,062	93.44%
2011	6,385,261,097	6,723,057,110	94.98%
2010	6,427,802,477	7,195,297,724	89.33%
2009	6,823,575,000	7,350,124,631	92.84%
2008	7,145,257,680	7,260,742,618	98.41%
2007	7,145,579,652	7,103,135,463	100.60%
2006	7,024,455,357	6,479,272,097	108.41%
2005	6,406,611,095	5,902,410,904	108.54%
2004	5,309,898,347	5,452,589,814	97.38%

**TOWNSHIP OF BERNARDS  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND FIFTEEN YEARS AGO**

	2016			2000		
	Assessed Valuation	Rank	% of Total Net Assessed Valuation	Assessed Valuation	Rank	% of Total Net Assessed Valuation
295 N Maple LLC	\$ 197,109,192	1	2.89%			
Fellowship Village, Inc.	49,911,500.00	2	0.73%	\$ 26,589,000	6	0.80%
AREP Westgate I, LLC	31,120,100.00	3	0.46%			
Asford Basking Ridge LP	23,500,000.00	4	0.34%			
Mt Airy Investors LLC	22,560,000.00	5	0.33%			
131 Morristown Rd c/o UBS Realty Inv.	22,224,500.00	6	0.33%			
110 Allen Road LLC	22,195,900.00	7	0.33%			
120 Mountainview LLC	20,732,800.00	8	0.30%			
150 Allen Road LLC	19,131,900.00	9	0.28%			
Affinity Federal Credit Union	18,322,200.00	10	0.27%			
AT&T Resource Management				\$ 256,350,200	1	7.72%
NS MPG/Lucent				41,436,600.00	2	1.25%
New Valley Corporation				33,664,500.00	3	1.01%
Bernards 78 OP&F				29,256,000.00	4	0.88%
Conopco/Unilever				28,417,500.00	5	0.86%
Quinlan Properties				26,014,700.00	7	0.78%
AT&T Conference Center				21,000,000.00	8	0.63%
180/188 M. Airy % Trans Investment Company				12,958,800.00	9	0.39%
Weill/Trustee -- Brown J.				10,385,500.00	10	0.31%
	<u>\$ 426,808,092</u>		<u>6.26%</u>	<u>\$ 486,072,800</u>		<u>14.64%</u>
Total Net Assessed Valuation	\$ 6,816,942,135			\$ 3,320,166,419		

Source: Township of Bernards Assessor

**TOWNSHIP OF BERNARDS**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**  
**LAST THREE YEARS**

No Activity the Past Three Years

## TOWNSHIP OF BERNARDS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
Township of Bernards Board of Education	\$ 69,910,000	100.00%	\$ 69,910,000
County of Somerset	167,277,357	12.00%	20,068,265
			<hr/>
Subtotal, Overlapping Debt			\$ 89,978,265
<b>Township direct debt</b>			<hr/> <b>5,535,000</b>
<b>Total Direct and Overlapping Debt</b>			<hr/> <b>\$ 95,513,265</b> <hr/>

**Sources:** Debt outstanding provided by each governmental unit. Assessed value data used to estimate applicable percentage of Somerset County debt supplied by Somerset County Finance Department.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of Bernards Township. This process recognizes that, when considering the Township's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government

**TOWNSHIP OF BERNARDS  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2015**

Average Equalized Assessed Valuation	<u>\$ 6,922,596,628.00</u>
Legal Debt Limit (3 1/2% of Average Equalized Assessed Valuat	242,290,881.91
Net Debt Applicable to Limit	<u>5,021,794.96</u>
Legal Debt Margin	<u>\$ 237,269,086.93</u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 205,704,809	\$ 224,153,046	\$ 239,975,888	\$ 250,149,999	\$ 252,345,225	\$ 250,175,803	\$ 245,213,533	\$ 240,542,242	\$ 237,293,610	\$ 238,211,628	\$ 242,290,882
Total Net Debt Applicable to Limit	<u>16,045,000</u>	<u>12,050,000</u>	<u>17,384,303</u>	<u>24,270,463</u>	<u>23,120,000</u>	<u>19,805,000</u>	<u>13,840,000</u>	<u>11,065,000</u>	<u>8,494,012</u>	<u>6,282,006</u>	<u>5,021,795</u>
Legal Debt Margin	<u>\$ 189,659,809</u>	<u>\$ 212,103,046</u>	<u>\$ 222,591,584</u>	<u>\$ 225,879,536</u>	<u>\$ 229,225,225</u>	<u>\$ 230,370,803</u>	<u>\$ 231,373,533</u>	<u>\$ 229,477,242</u>	<u>\$ 228,799,598</u>	<u>\$ 231,929,622</u>	<u>\$ 237,269,087</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.46%	5.68%	7.81%	10.74%	10.09%	8.60%	5.98%	4.82%	3.71%	2.71%	2.12%

Note: Under state bond law, the Township's outstanding general obligation debt should not exceed 3.5% of average equalized assessed valuation. This is a three (3) year average. The net debt is related to Open Space and Farmland Preservation expenditures whose future principal and interest payments are derived from the dedicated Municipal Open Space Tax Levy.

## TOWNSHIP OF BERNARDS

**RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS TO  
EQUALIZED VALUE AND DEBT PER CAPITA  
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Equalized Valuation (2)</u>	<u>Gross Debt</u>	<u>Gross Debt per Capita</u>	<u>Ratio of Gross Bonded Debt to Equalized Valuation</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Equalized Valuation</u>	<u>Net Bonded debt Per Capita</u>
2005	26,927	\$ 6,416,483,716	\$ 16,045,000	\$ 595.87	0.25%	\$ 16,045,000	0.25%	\$ 595.87
2006	27,140	6,957,805,200	12,050,000	443.99	0.17%	12,050,000	0.17%	443.99
2007	27,140	7,195,072,876	17,440,000	642.59	0.24%	17,384,303	0.24%	640.54
2008	27,140	7,288,550,429	27,710,000	1,021.00	0.38%	24,270,463	0.33%	894.27
2009	27,140	7,145,967,376	23,120,000	851.88	0.32%	23,120,000	0.32%	851.88
2010	26,652	7,009,122,445	25,305,000	949.46	0.36%	19,805,000	0.28%	743.10
2011	26,652	7,006,100,933	16,620,000	623.59	0.24%	13,840,000	0.20%	519.29
2012	26,652	6,872,635,495	13,840,000	519.29	0.20%	11,065,000	0.16%	415.17
2013	28,687	6,779,817,418	11,065,000	385.71	0.16%	8,494,012	0.13%	296.09
2014	28,687	6,806,046,502	8,295,000	289.16	0.12%	6,282,006	0.09%	218.98
2015	28,687	7,103,335,111	5,535,000	192.94	0.08%	5,021,795	0.07%	175.05

(1) U.S. Census Bureau Census 2010

(2) State of New Jersey

**TOWNSHIP OF BERNARDS  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES - CURRENT FUND  
LAST TEN FISCAL YEARS  
UNAUDITED**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Current Fund Governmental Expenditures</u>	<u>Ratio of Debt Service to Current Fund Expenditures</u>
2005	\$ 1,760,000	\$ 671,738	\$ 2,431,738	\$ 112,846,913	2.15%
2006	3,995,000	615,304	4,610,304	121,078,609	3.81%
2007	1,310,000	484,863	1,794,863	124,943,949	1.44%
2008	400,000	154,897	554,897	126,954,112	0.44%
2009	400,000	74,400	474,400	129,143,641	0.37%
2010	400,000	49,600	449,600	132,130,742	0.34%
2011	400,000	24,800	424,800	134,557,082	0.32%
2012	-	-	-	135,754,451	0.00%
2013	-	-	-	138,298,758	0.00%
2014	-	-	-	141,708,212	0.00%
2015	-	-	-	146,471,621	0.00%

\*Taken From Current CAFR2014

**TOWNSHIP OF BERNARDS  
GOLF UTILITY -- SELF LIQUIDATING CALCULATION  
LAST TEN FISCAL YEARS  
PER N.J.S.A. 40A:2-45**

<u>Year</u>	<u>Fees, Rents and Other Charges</u>	<u>Operating and Maintenance</u>	<u>Excess/Loss</u>
2005	\$ 514,244	\$ 444,880	\$ 69,364
2006	579,668	462,098	117,570
2007	553,604	448,804	104,800
2008	528,829	476,082	52,747
2009	530,076	490,995	39,080
2010	509,200	476,948	32,252
2011	454,286	453,093	1,194
2012	441,934	516,684	(74,750)
2013	435,327	543,796	(108,469)
2014	431,645	502,744	(71,099)
2015	568,963	491,463	77,500

TOWNSHIP OF BERNARDS						
LIBRARY FUNDING, RESERVES, BEQUESTS AND STATE AID						
AS OF DECEMBER 31, 2015						
Account	Balance Dec. 31, 2014	Adjustment to Beginning Balance	Received in 2015	Pd/Chrgd 2015	Reimbursed 2015	Balance Dec. 31, 2015
Annual Required Appropriation	\$ 11,297.90	\$ 74,681.25	\$ 2,316,585.00	\$ 2,274,721.91	\$ 2,016.29	\$ 129,858.53
Appropriation Reserves	0.00		-		-	0.00
General Reserve	1,092,409.63	25,571.54	54,868.16	130,273.17		1,042,576.16
Bequests	308,277.89		5,000.00			313,277.89
State Aid	11,584.00		11,655.00	11,584.00		11,655.00
<b>Totals:</b>	<b>\$ 1,423,569.42</b>	<b>\$ 100,252.79</b>	<b>\$ 2,388,108.16</b>	<b>\$ 2,416,579.08</b>	<b>\$ 2,016.29</b>	<b>\$ 1,497,367.58</b>

1/3 Mil Annual Appropriation As Per N.J.S.A. 40: 54-8			
Year	Requirement	% increase-PY	PY Equalized Valuation
2000	\$1,097,093.00	7.71%	\$ 3,285,203,228.91
2001	1,236,103.00	12.67%	3,701,463,382.66
2002	1,442,773.00	16.72%	4,320,328,831.00
2003	1,665,571.00	15.44%	4,988,568,755.00
2004	1,794,925.00	7.77%	5,376,527,730.00
2005	1,948,827.00	8.57%	5,834,811,377.25
2006	2,141,310.00	9.88%	6,423,935,601.00
2007	2,321,537.00	8.42%	6,964,618,232.00
2008	2,400,805.00	3.41%	7,202,420,728.00
2009	2,432,284.08	1.31%	7,288,529,429.00
2010	2,385,761.51	-1.91%	7,350,124,631.00
2011	2,339,788.00	-1.93%	7,009,122,445.00
2012	2,290,390.00	-2.11%	6,863,212,979.00
2013	2,251,100.00	-1.72%	6,745,571,062.00
2014	2,246,423.00	-1.72%	6,730,668,212.00
2015	2,316,585.00	-1.86%	6,940,885,585.62
Increase 2000-2015:	\$1,219,492.00	111.16%	
Average Annual Increase:		5.04%	

**TOWNSHIP OF BERNARDS**

**DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Unemployment Rate</u>		<u>Per Capita Income</u>		<u>Population</u>	
2005	3.0%	(3)	54,753	(1)	26,927	(2)
2006	2.6%	(3)	54,753	(1)	27,140	(2)
2007	2.3%	(3)	54,753	(1)	27,140	(2)
2008	3.1%	(3)	54,753	(1)	27,894	(4)
2009	5.8%	(3)	54,753	(1)	28,300	(4)
2010	6.1%	(3)	65,260	(3)	28,352	(4)
2011	5.6%	(3)	65,260	(3)	28,352	(4)
2012	5.7%	(3)	68,813	(5)	28,699	(4)
2013	4.8%	(3)	70,441	(5)	28,515	(4)
2014	4.4%	(3)	67,423	(5)	28,687	(4)
2015	3.6%	(3)	74,838	(5)	28,678	(4)

(1) U.S. Census Bureau Census 2000

(2) U.S. Census Bureau Estimate

(3) U.S. Department of Labor-Bureau of Labor Statistics

(4) Bernards Township Demographer, Dr. William Draper

(5) U.S. Census Bureau, 2007-2011 American Community Survey (American FactFinder)

**TOWNSHIP OF BERNARDS**  
**MISCELLANEOUS STATISTICS**  
**UNAUDITED**

Date of Incorporation	1760
Form of Government	Township Committee
Area in Square Miles	24.5
Miles of streets (Municipal)	113.20
Bridges -- none under Township domain	

## TOWNSHIP OF BERNARDS

**TAX RATE HISTORY**  
**LAST TEN FISCAL YEARS**  
*(rate per \$100 of assessed value)*

Year	Township Tax Rates		Somerset County Tax Rates		Bernards Twp School District	TOTAL
	Municipal Services	Municipal Open Space	County Services	County Open Space		
2005	\$0.262	\$0.041	\$0.289	\$0.028	\$0.930	<b>\$ 1.550</b>
2006	0.235	0.041	0.271	0.028	0.915	<b>1.490</b>
2007	0.226	0.042	0.274	0.031	0.957	<b>1.530</b>
2008	0.224	0.040	0.275	0.031	0.992	<b>1.562</b>
2009	0.234	0.040	0.286	0.032	1.083	<b>1.675</b>
2010	0.258	0.040	0.298	0.033	1.199	<b>1.828</b>
2011	0.266	0.040	0.301	0.032	1.243	<b>1.882</b>
2012	0.278	0.040	0.309	0.032	1.282	<b>1.941</b>
2013	0.278	0.040	0.317	0.032	1.286	<b>1.953</b>
2014	0.277	0.040	0.321	0.031	1.265	<b>1.934</b>
2015	0.276	0.040	0.323	0.031	1.246	<b>1.916</b>

Source: Somerset County Board of Taxation

Notes:

**TOWNSHIP OF BERNARDS**  
**TAXABLE PROPERTY VALUATIONS**  
**ASSESSED AND EQUALIZED VALUATIONS**  
*(After Tax Court Appeals)*

<u>Classification</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Vacant Land \$	36,643,900	\$ 33,184,300	\$ 26,355,000	\$ 25,561,600	\$ 21,252,500	\$ 22,851,600	\$ 18,465,900	0.27%
Residential	5,849,444,900	5,524,809,100	5,531,687,400	5,499,098,700	5,599,386,300	5,817,633,500	6,029,535,000	88.68%
Farm (Regular)	21,199,300	23,609,000	24,162,100	24,104,100	24,545,100	25,252,400	23,433,900	0.34%
Commercial	884,170,700	816,560,311	776,172,100	740,862,500	727,722,100	710,308,200	713,515,600	10.49%
Industrial	11,490,000	11,184,000	11,044,500	5,446,500	5,260,000	5,260,000	6,476,500	0.10%
Apartment	9,301,900	8,205,800	7,876,400	7,988,200	7,892,000	7,946,000	7,923,800	0.12%
<b>Sub-Total (1)</b>	<b>6,812,250,700</b>	<b>6,417,552,511</b>	<b>6,377,297,500</b>	<b>6,303,061,600</b>	<b>6,386,058,000</b>	<b>6,589,251,700</b>	<b>6,799,350,700</b>	
Equalization Ratio	92.83%	89.32%	94.97%	95.35%	97.17%	98.90%	98.80%	
<b>Equalized Value by County</b>	<b>7,338,800,331</b>	<b>7,185,047,758</b>	<b>6,715,093,513</b>	<b>6,610,306,681</b>	<b>6,572,243,485</b>	<b>6,662,770,255</b>	<b>6,881,933,907</b>	
Public Utility (2)	11,324,300	10,249,966	7,963,597	7,736,493	8,607,710	7,863,173	8,113,677	
Equalization Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
<b>Equalized Value by County</b>	<b>\$ 11,324,300</b>	<b>\$ 10,249,966</b>	<b>\$ 7,963,597</b>	<b>\$ 7,736,493</b>	<b>\$ 8,607,710</b>	<b>\$ 7,863,173</b>	<b>\$ 8,113,677</b>	
<b>Total Equalized Value by County</b>	<b>\$ 7,350,124,631</b>	<b>\$ 7,195,297,724</b>	<b>\$ 6,723,057,110</b>	<b>\$ 6,618,043,174</b>	<b>\$ 6,580,851,195</b>	<b>\$ 6,670,633,428</b>	<b>\$ 6,890,047,584</b>	

(1) Net assessed valuation after deductions permitted by State of New Jersey statutes.

(2) Taxable value of machinery, implements, and equipment of telephone systems.

Source: County of Somerset Equalization Table

<http://www.nj.gov/treasury/taxation/lpt/lptvalue.shtml>

**TOWNSHIP OF BERNARDS  
COUNTY OF SOMERSET, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2015**

**GENERAL COMMENTS**

An audit of the financial accounts and transactions of the Township of Bernards, County of Somerset, New Jersey, for the year ended December 31, 2015, has been completed. The General Comments are herein set forth:

**Scope of Audit**

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Township of Bernards, County of Somerset, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

**INTERNAL CONTROL MATTERS**

In planning and performing our audit of the financial statements of Township of Bernards, County of Somerset, New Jersey as of and for the fiscal year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd.)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in the review of the Township's internal controls and as a means to inform management and those charged with governance of these matters and to permit the periodic performance of cost/benefit analyses for possible improvements to these aspects of internal control.

As indicated below, we identified the following matters relating to internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 31, 2016 on the financial statements of the Township of Bernards. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

#### Control Deficiencies:

##### A. Segregation of Duties – Offices Collecting Fees

We noted that conditions exist whereby the same person may collect, record and deposit cash receipts in the various offices within the Township. In most instances, this condition is the result of multiple tasks performed by individuals, along with the staffing levels of the respective offices.

This deficiency in internal control was not considered by us to be a significant deficiency. While basic internal control design objectives include the limiting of any individual's control over a transaction from start to finish, the volume of transactions in the various offices continues to remain at levels that do not justify the hiring of additional staff solely to improve internal control. Instead, we suggest that monitoring controls, including analytical procedures and inter-period comparisons, be utilized to identify unexpected changes in transactional levels for further review. As part of our engagement, we analyzed year-to-year activity levels in these offices and no significant unresolved differences in activity levels were noted.

## GENERAL COMMENTS

### OTHER MATTERS

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

N.J.S.A. 40A: 11-4 states “Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3, of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500.00 except by contract or agreement.”

On June 9, 2010, the Local Public Contracts Law was amended, effective on January 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Township’s Purchasing Agent is “Qualified” the Committee may increase the bid threshold from \$29,000.00 to \$36,000.00. On May 5, 2011, a revised Local Finance Notice was issued which reduced the threshold for Non-QPA municipalities from \$26,000.00 to \$17,500.00.

N.J.S.A. 40A: 11-3 provides that the Municipality may raise the bid threshold to \$36,000 if the Municipality employs a “Qualified Purchasing Agent” to manage its procurement functions. The Township has complied with this provision and has raised the threshold accordingly.

On May 5, 2011, the Local Public Contracts Law was amended, effective for periods beginning on January 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby decreasing the amount to \$17,500.00 under which a contract may be awarded without public advertising. Furthermore, if the Township’s purchasing agent is “Qualified”, the Township may increase the bid threshold to \$36,000.00.

Pursuant to provisions of statute, and upon notification of the adjustment to the threshold amount to \$40,000 when the purchasing agent is a Qualified Purchasing Agent, effective, July 1, 2015, the Township Committee approved a resolution increasing the Township’s bid threshold from \$36,000 to \$40,000 on July 14, 2015.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year and 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.

A review of the Township's purchasing records indicates bids were requested by public advertising for the following items as disclosed in the official minutes:

#### Materials, Supplies and Equipment:

2015 Caterpillar 924K Hi Lift Wheel Loader, 2016 Ford Super Duty F-550 4wd Trucks, 2015 Johnston VT651 Street Sweeper; 2106 Ford F450 Super Duty DRW Regular Cab 141 WB 60" CA XI 4WD

## GENERAL COMMENTS

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

#### Services and Rentals:

Golf Course Maintenance; Tree Trimming & Removal; Disposal Services-Bulky Waste; Snow Plowing & Equipment Rentals; Janitorial Services – Library & Municipal Building, Hosting VOIP PBX Communications.

#### Construction and Repairs:

Pool Facility Alterations; 2015 Road Improvement Program; Municipal Electrical Services; Municipal Trash Services and HVAC Replacements in Municipal Building.

The following contracts were awarded in 2015 through the Township's participation in the New Jersey Cooperative Purchasing Program, Somerset County Cooperative Pricing Council, Somerset County Cooperative Pricing Council, and Rutgers Green Purchasing Cooperative:

#### Materials, Supplies, Equipment, Services and Construction:

Automobiles; Gasoline, Fuel Oil, Diesel & Kerosene; Rock Salt; Catch Basins, Inlets and Manhole Casings; Road Resurfacing; Landscaping Machinery & Equipment and Playground Equipment.

Purchases were also made through state approved vendors for various items, which were permitted under the statutes. The minutes indicate the approval of the governing body was received when the purchases exceeded the statutory bid threshold for the following items:

#### Materials, Supplies and Equipment:

Computer Equipment, Vehicles, Furniture and Fixtures

N.J.A.C. 5:34-8.2 establishes procedures to be followed in circumstances when initial estimates of goods or services to be procured are incorrectly anticipated to be less than the bid threshold. These regulations require public bidding when remaining amounts exceed the bid threshold, or resolutions of the governing body in circumstances where remaining amounts are between 15% and 100% of the bid threshold and quotes are deemed to be the most advantageous method for procurement.

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.

## GENERAL COMMENTS

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

Examination of expenditures revealed no individual payments in excess of \$36,000 prior to July 1, 2015 or \$40,000 after July 1, 2015 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertising or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-4.

Upon inquiry of the various officials responsible for the purchases of materials, supplies, equipment, etc. for the Township in relation to the Local Public Contracts Laws regarding the solicitation of quotations when required and monitoring of change orders, procedures to assure compliance with statutory requirements were applied uniformly throughout the year.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A: 11-5. Tests of expenditure records yielded no violations of this provision of statute.

Any interpretation as to possible violation of N.J.S.A. 40A: 11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

### Pay-to-Play and Business Registration Requirements

An anomaly exists in the "Pay-to-Play" statutes when they are matched with the LPCL requirements to determine compliance requirements. The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. At the time c.271 was enacted, the bid threshold per the LPCL was also set at \$17,500. However, effective July 1, 2005, the bid threshold was increased to \$21,000. This created a gap for compliance, as under c. 271, a contract not awarded using a fair & open process and exceeding \$17,500 triggers the filing of additional documentation relating to ownership of the contracting entity and disclosure of political contributions. Since "Pay-to-Play" laws cover all contracts (not just professional services as some believe) any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Township to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006. A violation would require the issuance of purchase orders exceeding \$17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. Our review revealed one instance in which the Township was unable to demonstrate compliance with c.271.

### Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 2, 2015 adopted a resolution establishing a ten (10) day grace period to the 10<sup>th</sup> of each month that a quarterly installment is due and providing for the charging of interest on authorizing interest and penalties to be charged on delinquent taxes, as follows:

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments (Cont'd.)

**BE IT RESOLVED**, by the Township Committee of the Township of Bernards that if payment is not made by the tenth calendar day of the month on which the installment becomes payable, an interest charge of 8% per annum will be assessed on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, to be calculated from the date the tax was payable until the date of actual payment.

**BE IT FURTHER RESOLVED**, that a taxpayer who has a delinquency in excess of \$10,000, who fails to pay that delinquency prior to the end of a calendar year will be charged a penalty of 6% of the amount of the delinquency plus interest calculated to December 31st.

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The Township held a tax sale during 2015 and all delinquent items from 2014 were cleared at or prior to the holding of the sale. Several prior period items under bankruptcy proceedings were excluded from the sale. The Tax Collector should continue to review all disputed items to determine the status of delinquent accounts for proper disposition and ensure that the tax sale is complete in all respects.

Delinquent Taxes and Tax Title Liens (Cont'd)

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>Total Liens</u>
2015	4
2014	4
2013	4

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 2015 Taxes	25
Delinquent Taxes	25

The result of the test, which was made as of February 29, 2016, revealed no irregularities for all responses.

## GENERAL COMMENTS

### Interfund Balances

The following interfunds appear on the various balance sheets and should be cleared by cash transfers:

	Interfund Receivable	Interfund Payable
Current Fund	\$25,212.30	
Trust Fund		\$25,108.84
Capital Fund		\$103.46
Total	<u>\$25,212.30</u>	<u>\$25,212.30</u>

Interfund loan balances were not material in relation to the financial position or operating results of the respective funds for the year ended December 31, 2015.

### Investment of Idle Funds

The Chief Financial Officer had the idle funds of the Township invested in interest-bearing investments or accounts pursuant to its Cash Management Plan, adopted on January 2, 2015. During 2015, interest was earned and recorded as revenues in the Current Fund in the amount of \$34,837.52. Interest earnings are directly related to the Township's strong financial position.

All bank balances and investments held by the Township were directly confirmed as of December 31, 2015.

### Payment of Claims

Claims were examined on a test basis for the year under review and they were found to be in generally good order.

During the year under audit, the Purchasing Agent continued to direct user departments to vendors approved in conformity with the provisions of the Local Public Contracts Law based upon "unit prices". In the absence of a blanket contract purchase order, separate purchase orders were generated for each purchase.

All bill lists are presented to the Township Committee for review and approval prior to the disbursement of funds. Tests for compliance with these requirements yielded no exceptions.

### Purchase Order and Encumbrance System

The Township utilized a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on an electronic data processing system for budgetary control. It should be noted that the single most significant impediment to the timely encumbrance of commitments is the statutory budget process that the Township must follow. Under existing law, the Township must operate under a "Temporary" budget for the period from January 1<sup>st</sup> until a final budget is adopted. The total operating appropriations permitted for the Temporary Budget is 26.25% of prior year appropriations. Unfortunately, it has become increasingly difficult for local governments to adopt annual budgets during the first quarter of the year. In this environment, it is virtually impossible

## GENERAL COMMENTS

### Purchase Order and Encumbrance System (Cont'd.)

to encumber the estimated purchases for a twelve-month period against a three-month appropriation. Under the existing regulations, the Purchasing Agent may be required to make as many as four separate entries during a twelve-month period to record the award of a single, one-year contract.

It must also be noted that the objective of regulations requiring full encumbrance accounting is the avoidance of any expenditure for which an unexpended balance of a legally authorized appropriation does not exist. Audit testing of payment records indicated that all encumbrances were recorded in the budgetary records on a timely basis, and that there were sufficient unexpended balances available in the budgetary accounts for each encumbrance recorded.

Prior years' outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were found to have been made where appropriate to reflect actual commitments outstanding for budgetary control. We also noted that the Chief Financial Officer performed a review to identify unrecorded budgetary commitments at year-end and made adjustments where appropriate.

### Payrolls

As part of our audit procedures, we performed tests of the salaries paid to key administrative personnel as well as random tests of the entire population of employees. Our tests indicated that salaries fell within the ranges established in the Township's salary ordinance and that salary increases for 2015 were based upon collective bargaining agreements or a uniform percentage approved by the Township Committee.

### Other Officials Collecting Fees

Our audit included testing and other procedures performed on the records maintained for other officials collecting fees. These tests and procedures were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A: 5-15, that amounts charged were in accordance with the provisions of the Township Code and that monthly financial reports are being submitted to the Finance Department.

The Chief Financial Officer and Treasurer have devoted a significant effort to the development of internal controls over the financial reporting of moneys collected by the various offices and agencies of the Township. This oversight was evident in the quality of the records, timeliness of deposits, and the periodic reconciliation of cash turnovers to reported revenues.

We suggest that the Township continue to monitor all offices collecting fees to ensure all procedures are being followed for the periodic reconciliation of cash turnovers to reported revenues, and are maintaining accurate and concise records for doing so.

## GENERAL COMMENTS

### Surety Bonds

Based upon the provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Township's coverages currently exceed the minimum suggested levels of the revised Administrative Code.

### Municipal Court

The financial records maintained by the Municipal Court during the period under review were found to be in good condition. The examination of the general account indicated that deposits were properly recorded and spread by receipt category, cash was reconciled monthly and disbursements were made to the appropriate agencies on a timely basis. The processing of traffic and criminal cases entered on the State's on-line computer system was found to be good.

The auditor's report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Magistrate, Township Clerk and the Division of Local Government Services.

### Condition of Records - Finance Office

The financial records maintained by the Finance Department during 2015 were found to be complete in all respects as submitted for audit. The Township prepares internally all financial documents and reports that are required by statute and/or regulation and is one of the few municipalities in the State of New Jersey to prepare its own financial statements without auditor assistance.

### Debt Condition

Our consideration of the Township's financial condition included a review of the existing debt structure and related policies. Excluding bonds issued to fund open space preservation (\$5,535,000), the Township has no outstanding bond debt. During 2015, the Township authorized \$5.384 million of capital expenditures for its road program, building repairs and renovations, technology equipment, fleet replacements, various equipment replacements. All of these items were funded on a pay-as-you-go basis. In 2014, \$3.418 million of similar projects were funded on a pay-as-you-go basis.

The Township's continuing ability to maintain its infrastructure and provide the tools necessary for its employees to be productive, without the need to resort to bonding as a means to finance the associated costs, results in a tremendous savings to the taxpayers. To assist in benchmarking the amount of potential savings, the aggregate costs of issuance and interest payments on a ten-year or twenty-year serial bond issue could easily reach 25% or 50% of the total bonds issued, respectively.

## GENERAL COMMENTS

### Administration and Accounting for State & Federal Grants

The Township operated various programs during 2015, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process; matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity. The examination of these grant programs indicated that the Township had expended grant funds during 2015 for the purposes authorized and monitoring procedures appeared adequate to assure that grant objectives were met.

### Condition of Records – Tax Office

The conditions of the records maintained by the Tax Collector were found to be in good condition. Computerized real estate tax billings and billing adjustments were found to be in good order. The 2015 tax levy was proved to the billing records, and collection activity was proved to cash receipts records on a monthly basis. Evidence supporting adjustments to the billings made on the system was available for review for all items selected for testing.

### Property Acquired for Taxes

The value of the property acquired by liquidation of tax title liens on December 31, 2015 and 2014, on the basis of the last assessed valuation of such properties was \$195,100 and \$264,350.00, respectively.

### Compliance with Technical Accounting Directives

The Division of Local Government Services, Department of Community Affairs, State of New Jersey has issued Technical Accounting Directives (TADs) which require New Jersey municipalities to develop and maintain certain accounting systems and records to comply with the statutory basis of accounting. The Local Finance Board, State of New Jersey, has codified these TADs in the New Jersey Administrative Code, as follows:

N.J.A.C. 5:30 – 5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The accounting systems in place during 2015 were compliant with this directive. Comments relative to the operation of the system appear under the caption: “Purchase Order and Encumbrance System”.

N.J.A.C. 5:30 – 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Township has complied with the stated objectives of this requirement.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Township has maintained full general ledger records for each of its funds and accounts, and is in full compliance with this requirement.

## GENERAL COMMENTS

### Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c) 2, and no exceptions were noted for those items tested.

The Township is not required to file a corrective action plan for FY 2015, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### Status of Prior Year Recommendations

In the December 31, 2014 auditor's report the Township had no recommendations. As a result the Township was not required to file a corrective action plan for FY 2014, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

RECOMMENDATIONS

None

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ACKNOWLEDGMENT

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

During the course of our engagement we received the complete cooperation of the various officials of the Township, and the courtesies extended to us were greatly appreciated.

Respectfully submitted,

HODULIK & MORRISON, P.A.



Robert S. Morrison  
Registered Municipal Accountant  
No. 412