

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
REPORT OF AUDIT
2015

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF BERNARDSVILLE

COUNTY OF SOMERSET

REPORT OF AUDIT

2015

BOROUGH OF BERNARDSVILLE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015

<u>PART I – Financial Statements and Supplementary Data</u>	Page
Independent Auditors' Report	1-3
<u>Financial Statements</u>	Exhibit
<u>Current Fund</u>	
Comparative Balance Sheet - Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1
Statement of Revenue - Regulatory Basis	A-2
Statement of Expenditures - Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet - Regulatory Basis	B
<u>General Capital Fund</u>	
Comparative Balance Sheet - Regulatory Basis	C
Statement of General Capital Fund Balance - Regulatory Basis	C-1
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund</u>	
Comparative Balance Sheet - Regulatory Basis	E
Comparative Statement of Operations and Change in Fund Balance - Sewer Utility	
Operating Fund- Regulatory Basis	E-1
Statement of Sewer Capital Fund Balance-Regulatory Basis	E-1A
Statement of Revenue - Sewer Utility Operating Fund - Regulatory Basis	E-2
Statement of Expenditures - Sewer Utility Operating Fund - Regulatory Basis	E-3
<u>Swimming Pool/Recreation Utility Fund</u>	
Comparative Balance Sheet- Regulatory Basis	F
Comparative Statement of Operations and Change in Fund Balance –	
Swimming Pool/ Recreation Utility Operating Fund - Regulatory Basis	F-1
Statement of Revenue - Swimming Pool/Recreation Utility Operating Fund - Regulatory Basis	F-2
Statement of Expenditures - Swimming Pool/Recreation Utility Operating Fund - Regulatory Basis	F-3
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet - Regulatory Basis	G
	Page
<u>Notes to Financial Statements</u>	1-24
<u>Supplementary Data</u>	Schedule
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash-Treasurer	A-4
Schedule of Cash - Collector	A-5
Schedule of Cash – Federal and State Grant Fund	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens	A-8
Schedule of Revenue Accounts Receivable	A-9
Schedule of Consumer Accounts Receivable (Not Applicable)	A-10
Schedule of 2014 Appropriation Reserves	A-11

BOROUGH OF BERNARDSVILLE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

PART I (Cont'd)

<u>Supplementary Data (Cont'd)</u>	Schedule
<u>Current Fund (Cont'd)</u>	
Schedule of Regional School District Taxes Payable	A-12
Schedule of Grants Receivable – Federal and State Grant Fund	A-13
Schedule of Appropriated Reserves – Federal and State Grant Fund	A-14
Schedule of Unappropriated Reserves – Federal and State Grant Fund	A-15
<u>Trust Funds</u>	
Schedule of Cash - Treasurer	B-1
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	B-2
<u>General Capital Fund</u>	
Schedule of General Capital Cash - Treasurer	C-2
Analysis of General Capital Cash	C-3
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of NJ Wastewater Treatment Loan Payable (Not Applicable)	C-9
Schedule of Bonds and Notes Authorized But Not Issued	C-10
<u>Water Utility Fund (Not Applicable)</u>	
<u>Sewer Utility Fund</u>	
Schedule of Cash - Treasurer - Sewer Utility Fund	E-4
Analysis of Sewer Capital Cash - Sewer Utility Capital Fund	E-5
Schedule of Consumer Accounts Receivable - Sewer Utility Operating Fund	E-6
Schedule of Fixed Capital - Sewer Utility Capital Fund	E-7
Schedule of Fixed Capital Authorized and Uncompleted - Sewer Utility Capital Fund	E-8
Schedule of 2014 Appropriation Reserves - Sewer Utility Operating Fund	E-9
Schedule of Improvement Authorizations - Sewer Utility Capital Fund	E-10
Schedule of Capital Improvement Fund - Sewer Utility Capital Fund	E-11
Schedule of Reserve for Amortization - Sewer Utility Capital Fund	E-12
Schedule of Deferred Reserve for Amortization - Sewer Utility Capital Fund	E-13
Schedule of Bond Anticipation Notes Payable - Sewer Utility Capital Fund	E-14
Schedule of Serial Bonds Payable - Sewer Utility Capital Fund	E-15
Schedule of Bonds and Notes Authorized But Not Issued	E-16
<u>Swimming Pool/Recreation Utility Fund</u>	
Schedule of Cash - Treasurer - Swimming Pool/Recreation Utility Fund	F-4
Analysis of Swimming Pool/Recreation Capital Cash - Swimming Pool/Recreation Utility Capital Fund	F-5
Schedule of Fixed Capital - Swimming Pool/Recreation Utility Capital Fund	F-6
Schedule of Fixed Capital Authorized and Uncompleted- Swimming Pool/ Recreation Utility Capital Fund	F-7
Schedule of 2014 Appropriation Reserves - Swimming Pool/Recreation Utility Operating Fund	F-8
Schedule of Improvement Authorizations - Swimming Pool/Recreation Utility Capital Fund	F-9
Schedule of Capital Improvement Fund - Swimming Pool/Recreation Utility Capital Fund	F-10
Schedule of Deferred Reserve for Amortization - Swimming Pool/Recreation Utility Capital Fund	F-11
Schedule of Reserve for Amortization - Swimming Pool/Recreation Utility Capital Fund	F-12

BOROUGH OF BERNARDSVILLE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

<u>PART II – Single Audit</u>	Page
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2-3
Notes to Schedules of Expenditures of Federal and State Awards	4
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	5-6
Schedule of Findings and Responses	7
Summary Schedule of Prior Audit Findings	8
 <u>PART III – Comments and Recommendations</u>	
Comments and Recommendations	1-5
Summary of Recommendations	6

BOROUGH OF BERNARDSVILLE

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Bernardsville
Bernardsville, New Jersey

Report on the Financial Statements

We have audited the financial statements - *regulatory basis*- of the various funds of the Borough of Bernardsville, in the County of Somerset (the "Borough") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance the Division's regulatory basis of accounting, and the budget laws 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 fraud or error.

Auditors' Responsibility

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

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

The Honorable Mayor and Members
of the Borough Council
Borough of Bernardsville
Page 2

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Borough as of December 31, 2015 and 2014, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Borough of Bernardsville as of December 31, 2015 and 2014, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the Borough implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

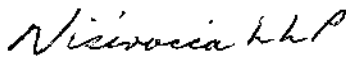
The Honorable Mayor and Members
of the Borough Council
Borough of Bernardsville
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016 on our consideration of the Borough'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 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 Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 24, 2016


NISIVOC CIA LLP



Francis J. Jones, Jr.
Registered Municipal Accountant No. 442
Certified Public Accountant

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
CURRENT FUND

BOROUGH OF BERNARDSVILLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,390,485.59	\$ 3,114,854.10
Change Fund		400.00	400.00
		<u>3,390,885.59</u>	<u>3,115,254.10</u>
Due From State of New Jersey:			
Senior Citizen and Veterans Deductions		13,647.72	13,362.82
		<u>3,404,533.31</u>	<u>3,128,616.92</u>
Receivables and Other Assets With Full Reserves :			
Delinquent Property Taxes Receivable	A-7	412,514.78	560,476.18
Tax Title Liens Receivable	A-8	4,962.54	4,764.14
Property Acquired for Taxes - Assessed Valuation		13,100.00	13,100.00
Revenue Accounts Receivable	A-9	29,902.44	43,554.03
Due From:			
- Animal Control Fund	B	652.06	0.44
- Other Trust Fund	B	332.38	
- Swimming Pool/Recreation Utility Operating Fund	F		3,000.00
- General Capital Fund	C	160.34	
Other Receivables		<u>7.72</u>	<u>7.72</u>
Total Receivables and Other Assets with Full Reserves		<u>461,632.26</u>	<u>624,902.51</u>
Total Regular Fund		<u>3,866,165.57</u>	<u>3,753,519.43</u>
Federal and State Grant Fund :			
Cash and Cash Equivalents	A-6	83,147.02	89,666.65
Federal and State Grants Receivable	A-13	38,413.04	25,884.68
Due From Current Fund	A	9,570.28	5,603.06
Total Federal and State Grant Fund		<u>131,130.34</u>	<u>121,154.39</u>
TOTAL ASSETS		<u>\$ 3,997,295.91</u>	<u>\$ 3,874,673.82</u>

BOROUGH OF BERNARDSVILLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 269,543.37	\$ 176,745.02
Unencumbered	A-3;A-11	361,082.24	365,848.57
		<u>630,625.61</u>	<u>542,593.59</u>
Accounts Payable - Vendors		2,615.00	2,615.00
Due to - General Capital Fund	C		43,460.13
Due to Other Trust Fund - Escrow/Community Garden	B	18,159.50	16,550.81
Due to - Federal and State Grant Fund	A	9,570.28	5,603.06
Prepaid Taxes		465,239.13	383,359.30
Tax Overpayments		7,087.45	15,680.11
Due to - State of NJ- Marriage License Fees		325.00	175.00
Reserve for Special Deposits		9,314.83	9,314.83
Reserve for Joint Insurance Fund Dividend		3,869.86	3,890.10
Reserve for Renovation for Hurricane Sandy		100,438.00	100,438.00
Unallocated Tax Receipts		2,161.62	
Reserve for Mitigation Fees		4,338.00	4,338.00
		<u>1,253,744.28</u>	<u>1,128,017.93</u>
Reserve for Receivables and Other Assets	A	461,632.26	624,902.51
Fund Balance	A-1	2,150,789.03	2,000,598.99
Total Regular Fund		<u>3,866,165.57</u>	<u>3,753,519.43</u>
Federal and State Grants Fund :			
Appropriated Reserves	A-14	124,113.88	104,572.42
Unappropriated Reserves	A-15	7,016.46	16,581.97
Total Federal and State Grant Fund		<u>131,130.34</u>	<u>121,154.39</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,997,295.91</u>	<u>\$ 3,874,673.82</u>

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

BOROUGH OF BERNARDSVILLECURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2015</u>	<u>2014</u>
Fund Balance Utilized		\$ 1,570,000.00	\$ 1,570,000.00
Miscellaneous Revenue Anticipated		1,900,043.68	3,094,832.73
Receipts from:			
Delinquent Taxes		555,648.30	445,478.80
Current Taxes		42,044,464.38	40,870,762.80
Nonbudget Revenue		29,639.58	122,446.15
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		172,136.54	82,203.37
Accounts Payable Cancelled			731.25
Interfunds Returned		3,733.91	313.53
Interfund Payable Cancelled		13,461.00	
Total Income		46,289,127.39	46,186,768.63
<u>Expenditures</u>			
Budgetary and Emergency Appropriations :			
Municipal Purposes		11,752,889.26	12,488,837.72
County Taxes		8,175,235.68	8,056,372.01
Regional School Taxes		24,135,100.00	23,554,373.00
Open Space Taxes		462,638.79	453,351.89
Prior Year Senior Citizen Deductions Disallowed		500.00	
Other Charges to Operations		42,573.62	9,932.69
Total Expenditures		44,568,937.35	44,562,867.31
Statutory Excess to Fund Balance		1,720,190.04	1,623,901.32
<u>Fund Balance</u>			
Balance January 1		2,000,598.99	1,946,697.67
		3,720,789.03	3,570,598.99
Decreased by:			
Utilized as Anticipated Revenue		1,570,000.00	1,570,000.00
Balance December 31	A	\$ 2,150,789.03	\$ 2,000,598.99

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

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Budget After Modification	Added by 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,570,000.00		\$ 1,570,000.00	
Miscellaneous Revenues :				
Licenses :				
Alcoholic Beverage Licenses	30,000.00		30,750.00	\$ 750.00
Other	17,000.00		18,895.00	1,895.00
Fees and Permits :				
Other	90,000.00		110,316.26	20,316.26
Fines and Costs :				
Municipal Court	80,000.00		97,670.78	17,670.78
Interest and Costs on Taxes	110,000.00		164,397.25	54,397.25
Parking Meters	4,000.00		5,101.46	1,101.46
Rental of Borough Property to Post Office	1,500.00		1,500.00	
Parking Lot Fees	24,000.00		46,813.25	22,813.25
Energy Receipts Tax	662,172.00		662,172.00	
Uniform Construction Code Fees	292,000.00		318,220.13	26,220.13
Clean Communities Program		\$ 22,153.56	22,153.56	
Municipal Alliance Program	19,945.00		19,945.00	
Body Armor Replacement Fund	2,018.00	2,023.70	4,041.70	
Somerset County Youth Services	1,500.00	5,000.00	6,500.00	
Municipal Alliance- Other Municipalities Share	3,042.00		3,042.00	
Recycling Tonnage Grant	13,063.00		13,063.00	
Sustainable Jersey		2,000.00	2,000.00	
Youth Service- Bedminster Township		5,000.00	5,000.00	
Uniform Fire Safety Act	11,000.00		11,848.53	848.53
Dividend from Joint Insurance Fund	4,851.00		3,890.10	(960.90)
Library Rental	120,000.00		116,083.71	(3,916.29)
Hotel Tax	18,000.00		27,565.74	9,565.74
Worker's Compensation Assessment Fund	10,000.00		10,796.69	796.69
Due from Sewer and Swimming Pool/ Recreation Utility Fund- Costs	22,000.00		22,000.00	
Verizon Franchise Fee	78,623.00		78,622.93	(0.07)
Comcast Franchise Fee	34,761.00		34,761.47	0.47
Library Reimbursement for Pension	64,000.00		59,623.28	(4,376.72)

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Budget After</u>	<u>Added by</u>		<u>Excess or</u>
	<u>Modification</u>	<u>40A:4-87</u>	<u>Realized</u>	<u>(Deficit)</u>
Library Reimbursement for Expenses	<u>\$ 5,000.00</u>		<u>\$ 3,269.84</u>	<u>\$ (1,730.16)</u>
Total Miscellaneous Revenues	<u>1,718,475.00</u>	<u>\$ 36,177.26</u>	<u>1,900,043.68</u>	<u>145,391.42</u>
Receipts from Delinquent Taxes	<u>460,000.00</u>		<u>555,648.30</u>	<u>95,648.30</u>
Amount to be raised by Taxes for Support of Municipal Budget :				
Local Tax for Municipal Purposes	<u>8,860,164.00</u>		<u>10,163,416.91</u>	<u>1,303,252.91</u>
Municipal Library Tax	<u>790,049.00</u>		<u>790,049.00</u>	
Budget Totals	<u>13,398,688.00</u>	<u>36,177.26</u>	<u>14,979,157.89</u>	<u>1,544,292.63</u>
Non-Budget Revenues			<u>29,639.58</u>	<u>29,639.58</u>
	<u><u>\$ 13,398,688.00</u></u>	<u><u>\$ 36,177.26</u></u>	<u><u>\$ 15,008,797.47</u></u>	<u><u>1,573,932.21</u></u>

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

Allocation of Current Tax Collections :		
Revenue from Collection of Current Taxes	\$	42,044,464.38
Allocated to School, County and Open Space Taxes		32,772,974.47
Balance for Support of Municipal Budget		<u>9,271,489.91</u>
 Add: Appropriation "Reserve for Uncollected Taxes"		 <u>1,681,976.00</u>
 Realized for Support of Municipal Budget	\$	 <u><u>10,953,465.91</u></u>
Analysis of Realized For Support of Municipal Budget:		
Minimum Library Tax	\$	790,049.00
Local Tax for Municipal Purposes		<u>10,163,416.91</u>
 Total Realized For Support of Municipal Budget	\$	 <u><u>10,953,465.91</u></u>
 Analysis of Fees and Permits:		
Cash Receipts	\$	112,246.71
Less: Refunds		<u>1,930.45</u>
	\$	<u><u>114,177.16</u></u>
 Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Homestead Rebate Postage	\$	262.20
Senior and Veteran Deductions- Administration Fee		935.00
Sale of Asset		400.00
Money for Trees in Lieu of Planting		5,750.00
Prior Year Refund		562.32
Miscellaneous Reimbursements		<u>3,684.32</u>
	\$	<u>11,593.84</u>
Interest on Investments and Deposits Earned In:		
Current Fund		<u>8,613.63</u>
Subtotal-Treasurer		<u>20,207.47</u>
 Statutory Excess due from Animal Control Trust Fund		
		651.11
Due from Other Trust Fund Police Duty Administrative Fees		<u>8,781.00</u>
 Total Miscellaneous Revenue Not Anticipated	\$	 <u><u>38,725.63</u></u>

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

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 277,000.00	\$ 277,000.00	\$ 264,391.65	\$ 12,608.35	
Other Expenses	60,000.00	60,000.00	55,222.61	4,777.39	
Human Resources:					
Other Expenses	55,000.00	50,000.00	38,390.95	11,609.05	
Municipal Clerk:					
Salaries & Wages	172,000.00	172,000.00	171,607.18	392.82	
Other Expenses	12,000.00	14,500.00	14,416.54	83.46	
Financial Administration:					
Salaries & Wages	96,000.00	82,000.00	79,296.32	2,703.68	
Other Expenses	4,000.00	5,000.00	4,207.63	792.37	
Audit Services:					
Other Expenses	22,000.00	22,000.00		22,000.00	
Computer Information Technology:					
Salaries & Wages	67,000.00	67,000.00	65,535.00	1,465.00	
Other Expenses	26,000.00	27,500.00	27,420.00	80.00	
Tax Assessment Administration:					
Salaries & Wages	125,000.00	113,600.00	112,511.25	1,088.75	
Other Expenses	3,500.00	3,500.00	2,532.65	967.35	
Revenue Administration (Tax Collection):					
Salaries & Wages	68,000.00	64,000.00	63,344.53	655.47	
Other Expenses	11,000.00	11,000.00	7,776.41	3,223.59	
Legal Services and Costs:					
Other Expenses	180,000.00	119,000.00	100,125.78	18,874.22	

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT (continued):					
Local Historian:					
Other Expenses	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00		
Engineering Services and Costs:					
Salaries & Wages	66,000.00	66,000.00	65,114.92	\$ 885.08	
Other Expenses	70,000.00	70,000.00	69,934.52	65.48	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	98,000.00	50,000.00	49,351.88	648.12	
Other Expenses	25,000.00	68,000.00	65,818.76	2,181.24	
Board of Adjustment:					
Other Expenses	25,000.00	17,000.00	11,869.74	5,130.26	
Zoning Officer:					
Other Expenses	31,000.00	31,000.00	28,123.71	2,876.29	
Housing Inspector:					
Other Expenses	60,000.00	60,000.00	60,000.00		
Insurance:					
Group Insurance	848,417.00	758,417.00	680,916.53	77,500.47	
General Liability Insurance	157,000.00	160,200.00	122,285.59	37,914.41	
Workers Compensation Insurance	184,000.00	188,000.00	141,000.00	47,000.00	
Health Benefit Waiver	20,000.00	20,000.00	19,675.20	324.80	

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	\$ 2,260,000.00	\$ 2,260,000.00	\$ 2,248,594.33	\$ 11,405.67	
Other Expense	110,000.00	110,000.00	108,841.44	1,158.56	
Purchase of Police Vehicle	42,000.00	42,000.00	37,951.12	4,048.88	
Municipal Radio and Communications:					
Salaries & Wages	240,000.00	253,500.00	251,509.15	1,990.85	
Other Expenses	21,000.00	7,000.00	6,675.95	324.05	
Aid to Volunteer Rescue Squad	62,000.00	62,000.00	62,000.00		
Municipal Court:					
Salaries & Wages	93,000.00	93,000.00	92,816.28	183.72	
Other Expenses	6,000.00	11,000.00	9,941.92	1,058.08	
Public Defender:					
Other Expenses	1,500.00	1,500.00		1,500.00	
Aid to Volunteer Fire Companies	90,000.00	90,000.00	90,000.00		
Fire:					
Other Expenses	23,000.00	25,500.00	24,474.00	1,026.00	
Emergency Management Services:					
Salaries & Wages	1,600.00	1,600.00	1,600.00		
Other Expense	2,700.00	2,700.00	2,529.80	170.20	
PUBLIC WORKS:					
Road Repairs and Maintenance:					
Salaries & Wages	850,000.00	880,000.00	868,683.65	11,316.35	
Other Expenses	425,000.00	485,000.00	481,220.06	3,779.94	
Fire Hydrant Service	80,000.00	80,000.00	80,000.00		

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC WORKS: (continued):					
Shade Tree Committe:					
Other Expenses	\$ 20,000.00	\$ 20,000.00	\$ 19,845.00	\$ 155.00	
Somerset County Mandatory Recycling Program	85,000.00	85,000.00	78,249.52	6,750.48	
Senior Citizen Van:					
Other Expenses	3,000.00	7,000.00	3,000.00	4,000.00	
Public Buildings and Grounds:					
Other Expenses	210,000.00	222,000.00	220,358.56	1,641.44	
Vehicle Maintenance:					
Salaries & Wages	76,000.00	79,000.00	77,152.30	1,847.70	
Other Expenses	75,000.00	90,000.00	87,821.51	2,178.49	
Snow Removal:					
Salaries & Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	8,000.00	8,000.00	7,999.50	0.50	
RECREATION AND EDUCATION:					
Swimming Pool/Recreation Utility:					
Other Expenses	100,000.00	100,000.00	100,000.00		
Celebration of Public Events:					
Other Expenses	2,500.00	2,500.00	1,846.64	653.36	
SANITATION:					
Sanitary Landfill:					
Other Expenses	50,000.00	50,000.00	43,777.20	6,222.80	
Other Expenses - Borough Clean Up Day	25,000.00				

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
HEALTH AND WELFARE:					
Board of Health:					
Other Expenses	\$ 92,000.00	\$ 92,000.00	\$ 92,000.00		
Environmental Commission:					
Other Expenses	3,000.00	3,000.00	1,557.30	\$ 1,442.70	
Animal Control Regulations:					
Other Expenses	20,000.00	20,000.00	18,706.57	1,293.43	
Workers & Community Right to Know:					
Other Expenses	500.00	500.00		500.00	
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code:					
Salaries & Wages	190,000.00	185,000.00	182,907.61	2,092.39	
Other Expenses	5,000.00	5,000.00	3,814.09	1,185.91	
Fire Prevention Official:					
Salaries & Wages	25,000.00	29,100.00	27,684.02	1,415.98	
Other Expenses	1,000.00	1,000.00	382.48	617.52	
UNCLASSIFIED:					
Gasoline	100,000.00	77,000.00	68,154.76	8,845.24	
Electricity	38,000.00	38,000.00	26,063.51	11,936.49	
Telephone	62,000.00	73,000.00	70,787.35	2,212.65	
Natural Gas	16,000.00	16,000.00	13,178.37	2,821.63	
Street Lighting	60,000.00	38,200.00	37,123.72	1,076.28	
Telecommunications Costs	1,500.00	1,500.00		1,500.00	
Salary and Wage Adjustment Program:					
Salaries & Wages	95,000.00	209,500.00	209,500.00		

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Total Operations Within "CAPS"	\$ 8,438,217.00	\$ 8,437,817.00	\$ 8,083,617.06	\$ 354,199.94	
Total Operations including Contingent within "CAPS"	8,438,217.00	8,437,817.00	8,083,617.06	354,199.94	
Detail:					
Salaries & Wages	4,802,600.00	4,885,300.00	4,834,600.07	50,699.93	
Other Expenses	3,635,617.00	3,552,517.00	3,249,016.99	303,500.01	
Deferred Charges and Statutory Expenditures					
Municipal Within "CAPS":					
Statutory Expenditures:					
Public Employees Retirement System	363,723.00	363,723.00	363,723.00		
Social Security System (O.A.S.I.)	230,000.00	230,000.00	223,191.78	6,808.22	
Police and Firemen's Retirement System of New Jersey	400,358.00	400,358.00	400,358.00		
Unemployment Compensation	16,000.00	16,400.00	16,325.92	74.08	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,010,081.00	1,010,481.00	1,003,598.70	6,882.30	
Total General Appropriations for Municipal Purposes Within "CAPS"	9,448,298.00	9,448,298.00	9,087,215.76	361,082.24	

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Total Operations Excluded "CAPS":					
Maintenance of Joint Free Public Library	\$ 897,085.00	\$ 897,085.00	\$ 897,085.00		
Employee Group Health Insurance	26,583.00	26,583.00	26,583.00		
Public and Private Programs Offset by Revenues:					
Municipal Alliance on Alcoholism and Drug Abuse:					
State Grant	19,945.00	19,945.00	19,945.00		
Borough Share	1,944.00	1,944.00	1,944.00		
Other Municipalities Share	3,042.00	3,042.00	3,042.00		
Clean Communities Grant (N.J.S.A.40A:4-87+\$22,153.56)		22,153.56	22,153.56		
Sustainable Jersey (N.J.S.A.40A:4-87+\$2,000)		2,000.00	2,000.00		
Somerset County Youth Services:					
Bernardsville Share (N.J.S.A.40A:4-87+\$5,000)	1,500.00	6,500.00	6,500.00		
Bedminster Share (N.J.S.A.40A:4-87+\$5,000)		5,000.00	5,000.00		
Reserve for Body Armor Replacement Fund	2,018.00	4,041.70	4,041.70		
Reserve for Recycling Tonnage Grant	13,063.00	13,063.00	13,063.00		
Total Operations Excluded from "CAPS"	965,180.00	1,001,357.26	1,001,357.26		
Detail:					
Other Expenses	965,180.00	1,001,357.26	1,001,357.26		
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	425,000.00	425,000.00	425,000.00		
Total Capital Improvements - Excluded from "CAPS"	425,000.00	425,000.00	425,000.00		

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	\$ 325,000.00	\$ 325,000.00	\$ 325,000.00		
Payment of Bond Anticipation Notes and Capital Notes	342,100.00	342,100.00	342,100.00		
Interest on Bonds	98,016.00	98,016.00	98,016.00		
Interest on Notes	113,118.00	113,118.00	113,118.00		
Total Municipal Debt Service - Excluded from "CAPS"	878,234.00	878,234.00	878,234.00		
Total General Appropriations - Excluded from "CAPS"	2,268,414.00	2,304,591.26	2,304,591.26		
Subtotal General Appropriations	11,716,712.00	11,752,889.26	11,391,807.02	\$ 361,082.24	
Reserve for Uncollected Taxes	1,681,976.00	1,681,976.00	1,681,976.00		
Total General Appropriations	<u>\$ 13,398,688.00</u>	<u>\$ 13,434,865.26</u>	<u>\$ 13,073,783.02</u>	<u>\$ 361,082.24</u>	<u>\$ -0-</u>

Ref.

A

BOROUGH OF BERNARDSVILLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 13,398,688.00	
Appropriation by NJSA 40A:4-87		<u>36,177.26</u>	
		<u>\$ 13,434,865.26</u>	
Reserve for Uncollected Taxes			\$ 1,681,976.00
Reserve for Encumbrances	A		269,543.37
Due Federal and State Grant Fund			77,689.26
Cash Disbursed			<u>11,452,561.97</u>
			13,481,770.60
Less: Appropriation Refunds			<u>407,987.58</u>
			<u>\$ 13,073,783.02</u>

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

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
TRUST FUNDS

BOROUGH OF BERNARDSVILLE
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 12,473.86	\$ 6,374.55
Other Trust Funds:			
Cash and Cash Equivalents	B-1	9,777,075.38	9,129,010.82
Due from Current Fund - Various Funds	A	18,159.50	16,550.81
		9,795,234.88	9,145,561.63
<u>TOTAL ASSETS</u>		<u>\$ 9,807,708.74</u>	<u>\$ 9,151,936.18</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-2	\$ 10,536.00	\$ 4,533.11
Due to State of New Jersey		112.80	6.00
Due to Current Fund	A	652.06	0.44
Prepaid Licenses		1,173.00	1,835.00
		12,473.86	6,374.55
Other Trust Funds:			
Due to Current Fund - Interest/ Police Fees	A	332.38	
Due to Current Fund - Revenue Accounts Receivable		22,645.73	37,536.63
Due to General Capital Fund - Open Space	C	90,000.00	90,000.00
Amount Due to State of New Jersey - Construction Code Fees		5,577.00	4,403.00
Reserve for:			
Public Defender		5,448.74	7,431.98
Railroad Station		204,953.96	106,714.23
Police Outside Duty		25,761.25	20,210.79
Shade Tree Trust		11,099.49	11,099.49
Law Enforcement Trust		60.63	980.58
Landfill Closure		11,098.25	11,052.62
Housing Trust		2,195,830.01	1,856,742.00
Open Space		6,241,549.42	5,997,642.90
Developer's Escrow		360,483.13	358,194.04
Parking Offenses Adjudication Act		2,363.52	2,267.52
Tax Sale Premium		198,200.00	477,300.00
Fire Prevention		2,152.99	1,951.01
Outside Lien Redemption		35.00	3,059.84
Community Garden Trust		2,185.00	975.00
Snow Removal		70,000.80	58,000.00
Accumulated Absences		345,457.58	100,000.00
		9,795,234.88	9,145,561.63
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,807,708.74</u>	<u>\$ 9,151,936.18</u>

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

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
GENERAL CAPITAL FUND

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,473,995.35	\$ 3,349,458.40
Investments	C-2	6,000,000.00	
Deferred Charges to Future Taxation:			
Funded		15,433,000.00	2,669,000.00
Unfunded	C-4	200.00	7,343,300.00
Federal and State Aid Receivable:			
New Jersey Transportation Trust Fund Authority Act Reccivable		75,000.00	75,000.00
Department of Transportation Grants Receivable		600,000.00	246,250.00
Safe Routes to School Program Grant Receivable		300,000.00	300,000.00
Federal Highway Administration		100,000.00	100,000.00
Due from Current Fund	A		43,460.13
Due from Open Space Trust Fund	B	90,000.00	90,000.00
Prospective Assessments to be Raised by Taxation		100,000.00	100,000.00
<u>TOTAL ASSETS</u>		<u>\$ 24,172,195.35</u>	<u>\$ 14,316,468.53</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 15,433,000.00	\$ 2,669,000.00
Bond Anticipation Notes Payable	C-7		7,343,300.00
Improvement Authorizations:			
Funded	C-5	7,970,551.56	393,197.48
Unfunded	C-5	200.00	3,363,376.09
Due to Current Fund	A	160.34	
Due to Sewer Utility Capital Fund	E	380,000.00	
Capital Improvement Fund	C-6	20,335.03	180,049.57
Reserve for:			
Preliminary Expenses		2,958.75	55,000.00
Prospective Assessments		100,000.00	100,000.00
Federal Highway Administration Grant		100,000.00	100,000.00
N.J. Department of Transportation Grant		75,000.00	75,000.00
Fund Balance	C-1	89,989.67	37,545.39
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 24,172,195.35</u>	<u>\$ 14,316,468.53</u>

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

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 37,545.39
Increased by:		
Premium on Bond Anticipation Notes		<u>52,444.28</u>
Balance December 31, 2015	C	<u>\$ 89,989.67</u>

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

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
WATER UTILITY FUND
NOT APPLICABLE

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
SEWER UTILITY FUND

BOROUGH OF BERNARDSVILLE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 599,923.17	\$ 581,973.30
Due from Sewer Utility Capital Fund	E	77.73	117.05
		<u>600,000.90</u>	<u>582,090.35</u>
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-6	<u>143,099.83</u>	<u>101,014.23</u>
Total Operating Fund		<u>743,100.73</u>	<u>683,104.58</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	879,861.50	1,339,711.30
Due from General Capital Fund	C	380,000.00	
Fixed Capital	E-7	1,374,651.82	1,374,651.82
Fixed Capital Authorized and Uncompleted	E-8	<u>2,223,000.00</u>	<u>1,670,000.00</u>
Total Capital Fund		<u>4,857,513.32</u>	<u>4,384,363.12</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,600,614.05</u>	<u>\$ 5,067,467.70</u>

BOROUGH OF BERNARDSVILLE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-3;E-9	\$ 24,205.63	\$ 22,947.19
Unencumbered	E-3;E-9	51,560.69	53,809.71
		<u>75,766.32</u>	<u>76,756.90</u>
Prepaid Sewer Rents		3,630.79	634.72
Accrued Interest on Bonds		5,288.76	5,226.51
Accrued Interest on Notes			10,597.92
		<u>84,685.87</u>	<u>93,216.05</u>
Reserve for Receivables	E	143,099.83	101,014.23
Fund Balance	E-1	515,315.03	488,874.30
		<u>743,100.73</u>	<u>683,104.58</u>
Capital Fund:			
Bond Anticipation Notes Payable	E-14		1,130,000.00
Serial Bonds Payable	E-15	1,658,000.00	325,000.00
Improvement Authorizations:			
Funded	E-10	96,590.91	83,021.38
Unfunded	E-10	1,121,282.33	1,108,414.44
Due to Sewer Utility Operating Fund	E-5	77.73	117.05
Capital Improvement Fund	E-11	97,447.09	132,447.09
Deferred Reserve for Amortization	E-13	735,000.00	475,000.00
Reserve for Amortization	E-12	1,141,651.82	1,114,651.82
Fund Balance	E-1A	7,463.44	15,711.34
		<u>4,857,513.32</u>	<u>4,384,363.12</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE:</u>		<u>\$ 5,600,614.05</u>	<u>\$ 5,067,467.70</u>

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

BOROUGH OF BERNARDSVILLE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated		\$ 60,000.00	\$ 69,850.00
Rents		1,197,982.54	1,199,447.25
Connection Fees		27,051.00	
Interest on Investments		1,977.96	1,888.93
Miscellaneous Revenue Not Anticipated		12,245.17	31,751.59
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		44,693.07	1,973.79
Cancellation of Accrued Interest on Notes		11,490.99	
Total Income		<u>1,355,440.73</u>	<u>1,304,911.56</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		935,500.00	905,000.00
Capital Improvements		60,000.00	60,000.00
Debt Service		222,000.00	160,850.00
Deferred Charges and Statutory Expenditures		51,500.00	45,000.00
Total Expenditures		<u>1,269,000.00</u>	<u>1,170,850.00</u>
Excess in Revenue		86,440.73	134,061.56
<u>Fund Balance</u>			
Balance January 1		<u>488,874.30</u>	<u>424,662.74</u>
		575,315.03	558,724.30
Decreased by:			
Utilized as Anticipated Revenue		<u>60,000.00</u>	<u>69,850.00</u>
Balance December 31	E	<u><u>\$ 515,315.03</u></u>	<u><u>\$ 488,874.30</u></u>

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

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2014	E	\$	15,711.34
Increased by:			
Premium on Bond Sale			6,752.10
			<u>22,463.44</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations			15,000.00
			<u>15,000.00</u>
Balance December 31, 2015	E	\$	<u><u>7,463.44</u></u>

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

BOROUGH OF BERNARDSVILLE
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ Deficit*</u>
Surplus Anticipated	\$ 60,000.00	\$ 60,000.00	
Sewer User Fees	1,190,000.00	1,197,982.54	\$ 7,982.54
Connection Fees	18,000.00	27,051.00	9,051.00
Interest on Investments	1,000.00	1,977.96	977.96
Miscellaneous Revenue Not Anticipated		12,245.17	12,245.17
	<u>\$ 1,269,000.00</u>	<u>\$ 1,299,256.67</u>	<u>\$ 30,256.67</u>

Sewer User Fees

Treasurer:

Cash Received	\$ 1,197,347.82	
Overpayments Applied	<u>634.72</u>	
		<u>\$ 1,197,982.54</u>

Analysis of Realized Revenue:

Other Miscellaneous

Interest on Investments -

Interest on Investments - Operating Fund	\$ 1,900.23	
Due from Sewer Utility Capital Fund	<u>77.73</u>	
		<u>\$ 1,977.96</u>

Analysis of Miscellaneous Revenue Not Anticipated:

Interest on Deposits	491.02	
Interest & Costs on Rents	11,554.75	
Miscellaneous	<u>199.40</u>	
		<u>\$ 12,245.17</u>

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

BOROUGH OF BERNARDSVILLE
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 415,000.00	\$ 418,500.00	\$ 414,999.20	\$ 3,500.80	
Other Expenses	523,000.00	517,000.00	469,152.31	47,847.69	
Capital Improvements:					
Capital Improvement Fund	60,000.00	60,000.00	60,000.00		
Debt Service:					
Payment of Bond Principal	40,000.00	40,000.00	40,000.00		
Payment of Bond Anticipation Notes and Capital Notes	150,000.00	150,000.00	150,000.00		
Payment of Bond Interest	12,000.00	12,000.00	12,000.00		
Payment of Notes Interest	20,000.00	20,000.00	20,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	22,000.00	22,000.00	22,000.00		
Social Security System (O.A.S.I.)	27,000.00	29,500.00	29,287.80	212.20	
	<u>\$ 1,269,000.00</u>	<u>\$ 1,269,000.00</u>	<u>\$ 1,217,439.31</u>	<u>\$ 51,560.69</u>	<u>\$ -0-</u>
				E.	
<u>Analysis of Paid or Charged</u>					
Cash Disbursed			\$ 1,161,233.68		
Encumbered		E.	24,205.63		
Accrued Interest on Bonds			12,000.00		
Accrued Interest on Notes			20,000.00		
			<u>\$ 1,217,439.31</u>		

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

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
SWIMMING POOL/ RECREATION UTILITY FUND

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 73,319.90	\$ 120,330.58
Petty Cash			150.00
Due from Swimming Pool/Recreation Utility Capital Fund	F	1.07	2.72
Due from Payroll Account			686.87
Deferred Charge - Emergency Authorization			22,000.00
Total Operating Fund		73,320.97	143,170.17
Capital Fund:			
Cash and Cash Equivalents	F-4	12,527.07	32,027.83
Fixed Capital	F-6	428,881.82	413,881.82
Fixed Capital Authorized and Uncompleted	F-7	44,593.00	46,093.00
Total Capital Fund		486,001.89	492,002.65
<u>TOTAL ASSETS</u>		<u>\$ 559,322.86</u>	<u>\$ 635,172.82</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	F-3;F-8	467.76	4,160.03
Unencumbered	F-3;F-8	5,688.37	4,523.85
		6,156.13	8,683.88
Due Current Fund	A		3,000.00
Accounts Payable - Vendors		140.00	140.00
		6,296.13	11,823.88
Fund Balance	F-1	67,024.84	131,346.29
Total Operating Fund		73,320.97	143,170.17
Capital Fund:			
Improvement Authorizations:			
Funded	F-9	4,213.30	10,212.41
Due to Swimming Pool/Recreation Utility Operating Fund	F	1.07	2.72
Capital Improvement Fund	F-10	8,312.70	21,812.70
Deferred Reserve for Amortization	F-11	44,593.00	46,093.00
Reserve for Amortization	F-12	428,881.82	413,881.82
Total Capital Fund		486,001.89	492,002.65
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 559,322.86</u>	<u>\$ 635,172.82</u>

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

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated		\$ 74,500.00	\$ 13,000.00
Recreation Fees		241,879.20	259,783.36
Swimming Pool User Fees		194,162.74	222,993.63
Miscellaneous Revenue Anticipated		100,173.11	100,241.91
Miscellaneous Revenue Not Anticipated			1,240.38
Receipts for 3% Convenience Fee		6,863.82	6,465.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		5,819.94	24,052.24
Total Income		<u>623,398.81</u>	<u>627,776.52</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		572,220.26	557,000.00
Deferred Charges and Statutory Expenditures		41,000.00	26,000.00
Total Expenditures		<u>613,220.26</u>	<u>583,000.00</u>
Excess in Revenue		10,178.55	44,776.52
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			22,000.00
Statutory Excess to Fund Balance		10,178.55	66,776.52
<u>Fund Balance</u>			
Balance January 1		131,346.29	77,569.77
		<u>141,524.84</u>	<u>144,346.29</u>
Decreased by:			
Utilized as Anticipated Revenue		74,500.00	13,000.00
Balance December 31	F	<u>\$ 67,024.84</u>	<u>\$ 131,346.29</u>

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

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ Deficit*</u>
Surplus Anticipated	\$ 74,500.00	\$ 74,500.00	
Recreation Fees	259,000.00	241,879.20	\$ 17,120.80 *
Swimming Pool Fees	222,000.00	194,162.74	27,837.26 *
3% Convenience Fee	6,000.00	6,863.82	863.82
Miscellaneous Revenue Anticipated	<u>100,000.00</u>	<u>100,173.11</u>	<u>173.11</u>
	<u>\$ 661,500.00</u>	<u>\$ 617,578.87</u>	<u>\$ 43,921.13 *</u>
Pool Fees:			
Cash Received		\$ 195,214.68	
Refunds		<u>(1,051.94)</u>	
		<u>\$ 194,162.74</u>	
Miscellaneous Revenue Anticipated:			
Borough Share of Management Costs		\$ 100,000.00	
Interest on Investments:			
Operating		150.80	
Capital		<u>22.31</u>	
		<u>\$ 100,173.11</u>	

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

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages:					
Swimming Pool	\$ 110,750.00	\$ 109,750.00	\$ 103,231.48	\$ 118.52	\$ 6,400.00
Recreation	163,750.00	163,750.00	148,882.08	1,067.92	13,800.00
Other Expenses:					
Swimming Pool	100,000.00	100,000.00	99,656.35	343.65	
Recreation	150,000.00	150,000.00	139,282.44	1,217.56	9,500.00
Ballfield/Lawn Repair	50,000.00	50,000.00	44,420.26		5,579.74
Health and Dental Benefits	34,000.00	34,000.00	32,059.28	1,940.72	
Deferred Charges:					
Emergency Authorizations	22,000.00	22,000.00	22,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	13,000.00	13,000.00			13,000.00
Social Security System (O.A.S.I.)	18,000.00	19,000.00	18,000.00	1,000.00	
	<u>\$ 661,500.00</u>	<u>\$ 661,500.00</u>	<u>\$ 607,531.89</u>	<u>\$ 5,688.37</u>	<u>\$ 48,279.74</u>
				F	
<u>Analysis of Paid or Charged</u>					
Cash Disbursed			\$ 585,064.13		
Encumbered		F	467.76		
Emergency Authorization			22,000.00		
			<u>\$ 607,531.89</u>		

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

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BERNARDSVILLE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2015	2014
<u>ASSETS</u>		
Land	\$ 2,523,797.50	\$ 2,523,797.50
Buildings	10,703,130.57	10,604,824.79
Machinery and Equipment	6,563,302.39	6,350,306.24
TOTAL ASSETS	<u>\$ 19,790,230.46</u>	<u>\$ 19,478,928.53</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 19,790,230.46</u>	<u>\$ 19,478,928.53</u>
TOTAL RESERVES	<u>\$ 19,790,230.46</u>	<u>\$ 19,478,928.53</u>

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") publication Codification of Government Accounting and Financial Reporting Standards, Section 2100 "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of the GASB were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

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

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

Assessment Trust Fund - Resources and expenditures for payment of Assessment Fund debt.

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

B. Description of Funds (Cont'd)

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Swimming Pool/Recreation Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Swimming Pool/Recreation utility.

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

C. Basis of Accounting

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

The accounting policies of the Borough of Bernardsville conform to the accounting principles applicable to municipalities which have been prescribed or permitted by the Division which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating and Trust Funds on the cash basis, and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund.

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

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

C. Basis of Accounting (Cont'd)

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

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; federal and state grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase, fixed assets purchased by the Utility Capital Funds would be depreciated, and the Borough's net pension liability and related deferred inflows and outflows would be recorded.

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

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

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

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

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

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

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

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

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

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

General Fixed Assets Account Group - General fixed assets are recorded at estimated historical cost or historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets.

The total value recorded for general fixed assets is offset by an "Investment in General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Swimming Pool/Recreation Utility Fund and Sewer Utility Fund. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Swimming Pool/Recreation Utility and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by Utility Funds are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. 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 fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1st quarter for the Current, Open Space and Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2015	2014	2013
<u>Issued</u>			
General - Bonds, Notes and Loans	\$ 15,433,000.00	\$ 10,012,300.00	\$ 8,007,300.00
Sewer Utility - Bonds and Notes	1,658,000.00	1,455,000.00	1,590,000.00
Total Issued	17,091,000.00	11,467,300.00	9,597,300.00
<u>Authorized but not Issued:</u>			
General - Bonds, Notes and Loans	200.00		
Sewer Utility - Bonds, Notes and Loans	63,000.00		
Total Authorized but not Issued	63,200.00		
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 17,154,200.00</u>	<u>\$ 11,467,300.00</u>	<u>\$ 9,597,300.00</u>

Summary of Statutory Debt Condition --Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .66%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 27,260,000.00	\$ 27,260,000.00	
General Debt	15,433,200.00		\$ 15,433,200.00
Sewer Utility Debt	1,721,000.00	1,721,000.00	
	<u>\$ 44,414,200.00</u>	<u>\$ 28,981,000.00</u>	<u>\$ 15,433,200.00</u>

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

Net Debt \$15,433,200.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$2,338,418,991.33 = .66%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 81,844,664.70
Net Debt	<u>15,433,200.00</u>
Remaining Borrowing Power	<u><u>\$ 66,411,464.70</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,287,011.50
Deductions:	
Operating and Maintenance Costs	\$ 987,000.00
Debt Service	<u>212,964.02</u>
	<u>1,199,964.02</u>
Excess in Revenue	<u><u>\$ 87,047.48</u></u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing is in agreement with the annual debt statement as filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/13	Additions	Retirements	Balance 12/31/14
Serial Bonds:				
General Capital Fund	\$ 2,994,000.00		\$ 325,000.00	\$ 2,669,000.00
Sewer Utility Capital Fund	360,000.00		35,000.00	325,000.00
Bond Anticipation Notes:				
General Capital Fund	5,013,300.00	\$ 7,343,300.00	5,013,300.00	7,343,300.00
Sewer Utility Capital Fund	<u>1,230,000.00</u>	<u>1,130,000.00</u>	<u>1,230,000.00</u>	<u>1,130,000.00</u>
	<u><u>\$ 9,597,300.00</u></u>	<u><u>\$ 8,473,300.00</u></u>	<u><u>\$ 6,603,300.00</u></u>	<u><u>\$11,467,300.00</u></u>

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

<u>Fund</u>	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>
Serial Bonds:				
General Capital Fund	\$ 2,669,000.00	\$ 14,698,000.00	\$ 1,934,000.00	\$15,433,000.00
Sewer Utility Capital Fund	325,000.00	1,573,000.00	240,000.00	1,658,000.00
Bond Anticipation Notes:				
General Capital Fund	7,343,300.00	\$ 7,001,200.00	14,344,500.00	
Sewer Utility Capital Fund	1,130,000.00	980,000.00	2,110,000.00	
	<u>\$ 11,467,300.00</u>	<u>\$ 7,981,200.00</u>	<u>\$ 18,628,500.00</u>	<u>\$ 17,091,000.00</u>

The Borough's debt issued and outstanding on December 31, 2015, is described as follows:

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
<u>General Capital Serial Bonds Payable</u>		
02/15/17	3.75%	\$ 735,000.00
08/27/32	2.25%-3.00%	12,984,000.00
02/15/21	1.35%	1,714,000.00
		<u>15,433,000.00</u>
<u>Sewer Capital Serial Bonds Payable</u>		
02/15/17	3.75%	\$ 85,000.00
08/27/32	2.25%-3.00%	1,360,000.00
02/15/21	1.35%	213,000.00
		<u>1,658,000.00</u>
Total Debt Issued and Outstanding		<u>\$ 17,091,000.00</u>

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

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

Calendar Year	General Capital		Sewer Utility Capital		Total
	Principal	Interest	Principal	Interest	
2016	852,000.00	344,065.65	94,000.00	36,893.32	1,326,958.97
2017	876,000.00	345,096.75	99,000.00	36,857.01	1,356,953.76
2018	896,000.00	324,555.75	108,000.00	34,503.51	1,363,059.26
2019	956,000.00	307,768.50	112,000.00	32,557.26	1,408,325.76
2020	980,000.00	290,223.00	111,000.00	30,512.01	1,411,735.01
2021-2025	4,573,000.00	1,176,860.25	439,000.00	125,137.05	6,313,997.30
2026-2030	4,500,000.00	650,250.00	495,000.00	72,131.26	5,717,381.26
2031-2032	1,800,000.00	81,000.00	200,000.00	9,000.00	209,000.00
	<u>\$15,433,000.00</u>	<u>\$ 3,519,819.90</u>	<u>\$1,658,000.00</u>	<u>\$ 377,591.42</u>	<u>\$19,107,411.32</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$10,056,497 at June 30, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$9,463,743 at June 30, 2015. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

The amount of fund balances at December 31, 2015, which are included in the Adopted budget in the Current Fund, Sewer Utility Operating Fund and Swimming Pool/Recreation Utility Fund for the year ending December 31, 2016, are as follows:

Current Fund	\$ 1,595,000
Sewer Utility Fund	\$ 60,000
Swimming Pool/Recreation Utility Fund	\$ 28,200

Note 4: Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Bernardsville has not elected to defer school taxes.

Note 5: Pension Plans

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions (Cont'd)

determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$385,723 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2015, the Borough's liability was \$10,056,497 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0448%, which was a decrease of 0.003% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized actual pension expense in the amount of \$385,723.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
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 Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Borough's proportionate share of the Net Pension Liability	\$ 9,955,932	\$ 10,056,497	\$ 10,157,062

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided

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

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

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

Contributions

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015.

The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Borough contributions to PFRS amounted to \$461,788 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$47,054 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$112,753.

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

Pension Liabilities and Pension Expense

At June 30, 2015, the Borough's liability for its proportionate share of the net pension liability was \$9,463,743. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0568%, which was an increase of 0.002% from its proportion measured as of June 30, 2014.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$829,938 as of June 30, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.0568%, which was an increase of 0.002% from its proportion measured as of June 30, 2014 which is the same proportion as the Borough's.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Borough's Proportionate Share of the Net Pension Liability	\$ 9,463,743
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>829,938</u>
Total Net Pension Liability	<u><u>\$ 10,293,681</u></u>

For the year ended December 31, 2015, the Borough recognized total pension expense of \$400,358.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
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 Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2015 are summarized in the following table:

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

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

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

	June 30, 2015		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 10,190,744	\$ 10,293,681	\$ 10,396,618

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Borough recognized pension expense of \$-0- for the year ended December 31, 2015. Employee contributions to DCRP amounted to \$-0- for the year ended December 31, 2015.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Accrued Vacation, Compensatory Time and Retirement Leave Benefits

The Borough of Bernardsville does not permit employees to accrue unused vacation and compensatory time after May 31st of the subsequent year. Also, pursuant to Borough policy employees with 20 years of service to the Borough are entitled to Retirement Leave calculated in accordance with the policy. It is estimated that the current cost of such unpaid compensation at December 31, 2015 would approximate \$784,452.44. These amounts are not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid benefits expected to be used in that year will be provided for in the current year's budget.

Note 7: Supplemental Tax Information

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

	2015	2014	2013
<u>Tax Rate</u>	\$ 1.837	\$ 1.829	\$ 1.787
<u>Apportionment of Tax Rate</u>			
Municipal	.437	.433	.419
(Includes Library and Open Space)			
County	.354	.356	.351
Regional School District	1.046	1.040	1.017
<u>Assessed Valuations</u>			
2015	\$ 2,308,708,231.00		
2014		\$ 2,266,051,368.00	
2013			\$ 2,407,259,590.33

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 42,493,654.39	\$ 42,044,464.38	98.94%
2014	41,459,707.97	40,870,762.80	98.58%
2013	40,523,651.66	40,034,028.30	98.79%

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 8: Cash and Cash Equivalents and Investments

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

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

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

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2015, cash and cash equivalents of the Borough of Bernardsville consisted of the following:

Fund	Cash on Hand	Checking Accounts and Certificates of Deposit	Total
Current	\$ 400.00	\$ 3,390,485.59	\$ 3,390,885.59
Federal and State Grants		83,147.02	83,147.02
Animal Control		12,473.86	12,473.86
Other Trust		9,778,060.48	9,778,060.48
General Capital		7,473,995.35	7,473,995.35
Sewer Utility Operating		599,923.17	599,923.17
Sewer Utility Capital		879,861.50	879,861.50
Swimming Pool/Recreation			
Utility Operating		73,319.90	73,319.90
Swimming Pool/Recreation			
Utility Capital		12,527.07	12,527.07
	<u>\$ 400.00</u>	<u>\$ 22,303,793.94</u>	<u>\$ 22,304,193.94</u>

During the year December 31, 2015, the Borough did not hold any investments during the year other than certificates of deposit. The carrying amount of the Borough's cash and cash equivalents at December 31, 2015, was \$22,304,193.94 and the bank balance was \$22,318,023.53.

During the year December 31, 2014, the Borough did not hold any investments during the year other than short-term certificates of deposit. The carrying amount of the Borough's cash and cash equivalents at December 31, 2014, was \$17,763,957.53 and the bank balance was \$17,684,849.93.

Note 9: Risk Management

The Borough 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. Health benefits are provided to employees through the State of New Jersey health benefits plan.

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

The following coverages are offered by these funds to its members:

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

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 9: Risk Management (Cont'd)

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

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

Summarized, selected financial information of this Fund as of December 31, 2014 is as follows:

Total Assets	<u>\$ 5,714,307</u>
Net Position	<u>\$ 2,885,508</u>
Total Revenue	<u>\$ 5,234,192</u>
Total Expenses	<u>\$ 4,430,580</u>
Change in Net Position	<u>\$ 803,612</u>
Member Dividends	<u>\$ 84,347</u>

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough is required to remit employee withholdings to the State on a quarterly basis. All the Borough's claims are paid by the State.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 10: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,144.78	\$ 27,729.78
Federal and State Grant Fund	9,570.28	
Animal Control Fund		652.06
Other Trust Fund	18,159.50	90,332.38
General Capital Fund	90,000.00	380,160.34
Sewer Utility Operating Fund	77.73	
Sewer Utility Capital Fund	380,000.00	77.73
Swimming Pool/Recreation Utility Operating Fund	1.07	
Swimming Pool/Recreation Utility Capital Fund		1.07
	<u>\$ 498,953.36</u>	<u>\$ 498,953.36</u>

The interfund between the General Capital Fund and the Other Trust Fund is due to an ordinance that is being funded through the Open Space Trust Fund which occurred during 2014. The interfund between Current Fund and Sewer Utility Capital Fund is due to transactions related to the issuance of bonds during 2015.

Note 11: Contingent Liabilities

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

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

The Borough has received approval by the New Jersey Department of Environmental Protection for the closure of the Borough's sanitary landfill. The landfill has not received municipal waste for several years. The Borough has set aside \$11,052.62 in the Other Trust Fund to fund the landfill closure. Ultimate costs of the closure of the landfill will most likely exceed the funds held; however, no estimate can be made at this time. It is expected that this project will be funded by a capital ordinance when the Borough proceeds with the project.

BOROUGH OF BERNARDSVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 12: Economic Dependency

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

Note 13: Deferred Compensation Plan

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

Note 14: Open Space Tax

The Borough of Bernardsville created an Open Space Trust Fund with a Tax Levy of \$.019 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Borough. As of December 31, 2015, the balance in the Open Space Trust Fund was \$6,241,549.42.

Note 15: Fixed Assets

The following schedule is a summarization of general fixed assets for the years ended December 31, 2015 and 2014:

	Balance Dec. 31, 2014	Additions	Adjustments/ Deletions	Balance Dec. 31, 2015
Land	\$ 2,523,797.50			\$ 2,523,797.50
Buildings	10,604,824.79	\$ 98,305.78		10,703,130.57
Machinery and Equipment	6,350,306.24	212,996.15		6,563,302.39
	<u>\$ 19,478,928.53</u>	<u>\$ 311,301.93</u>	<u>\$ -0-</u>	<u>\$ 19,790,230.46</u>
	Balance Dec. 31, 2013	Additions	Adjustments/ Deletions	Balance Dec. 31, 2014
Land	\$ 2,523,797.50			\$ 2,523,797.50
Buildings	10,593,177.79	\$ 11,647.00		10,604,824.79
Machinery and Equipment	6,226,279.10	124,027.14		6,350,306.24
	<u>\$ 19,343,254.39</u>	<u>\$ 135,674.14</u>	<u>\$ -0-</u>	<u>\$ 19,478,928.53</u>

SUPPLEMENTARY DATA

BOROUGH OF BERNARDSVILLE
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2015

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Kevin Sooy	Mayor	
Michael DePoortere	Council President	
Peter Birnbaum	Councilman	
Jeffrey J. DeLeo	Councilman	
Chris Schmidt	Councilman	
Bill Youngblood	Councilman	
Janet Waite	Councilwoman	
Ralph A. Maresca, Jr.	Administrator	(A)
	Chief Financial Officer	(A)
John D. Cassells	Assistant to the Administrator/CFO	(A)
Sandra G. Jones	Borough Clerk/Assistant Administrator	(A)
	Dog Licensing Official	(A)
	Assessment Searcher	(A)
Anthony Suriano	Deputy Borough Clerk	(A)
Leslie Roberson	Tax Collector	(A)
	Sewer Collector	(A)
	Tax Searcher	(A)
Miles Winder	Judge	(A)
Teresa Van Allen	Court Administrator	(A)
John Pidegon	Attorney	
John M. MacDowall	Assistant to the Engineer/Public Works Manager	(A)

All bonds were examined and were properly executed.

(A) Surety bond coverage is provided by the Suburban Municipal Joint Insurance Fund ("JIF") and the Municipal Excess Liability Joint Insurance Fund ("MEL") Basic coverage is \$50,000 provided by the JIF and excess coverage in the amount of \$950,000 is provided by the MEL.

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
CURRENT FUND

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 3,114,854.10
Increased by Receipts:		
Tax Collector	\$ 42,861,353.64	
Revenue Accounts Receivable	1,658,031.52	
Due State of New Jersey:		
DCA Training Fees	27,553.00	
Marriage License Fees	1,400.00	
Veterans and Senior Citizens' Deductions	46,750.00	
Miscellaneous Revenue Not Anticipated	11,593.84	
Due Federal and State Grant Fund	2,023.70	
Due from Other Trust Fund	13,120.49	
Due from General Capital Fund - Interest	4,449.70	
Due from Sewer Utility Operating Fund	31,641.04	
Due from Sewer Utility Capital Fund	372.42	
Due from Swimming Pool/Recreation Pool Fund	3,000.00	
2014 Appropriation Refunds	347.12	
2015 Appropriation Refunds	407,987.58	
Reserve for Joint Insurance Fund Dividend	3,869.86	
		45,073,493.91
		48,188,348.01
Decreased by Disbursements:		
2015 Appropriation Expenditures	11,518,281.56	
2014 Appropriation Reserves	370,804.17	
Regional School Taxes	24,135,100.00	
County Taxes	8,175,235.68	
Municipal Open Space Tax	462,638.79	
Tax Overpayments	59,843.77	
Refund of Fees and Permits	1,930.45	
Due to State of New Jersey:		
DCA Training Fees	27,553.00	
Marriage License Fees	1,250.00	
Due Other Trust - Garden Community Reserve	1,475.00	
Due General Capital Fund	43,750.00	
		44,797,862.42
Balance December 31, 2015	A	\$ 3,390,485.59

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2015

Prepaid Taxes	\$ 465,239.13	
2015 Taxes Receivable	41,613,570.18	
Delinquent Taxes Receivable	555,648.30	
Interest and Costs on Taxes	164,397.25	
Tax Overpayments	51,251.11	
Unallocated Receipts	2,161.62	
Penalties	9,086.05	
		<u>\$ 42,861,353.64</u>
Decreased by:		
Payments to Municipal Treasurer		<u><u>\$ 42,861,353.64</u></u>

BOROUGH OF BERNARDSVILLE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

Balance December 31, 2014	<u>Ref.</u> A	\$ 89,666.65
Increased by Receipts:		
Due to Current Fund - Interest	88.72	
Grants Receivable	44,612.20	
Unappropriated Reserves	<u>7,015.49</u>	
		<u>51,716.41</u>
		141,383.06
Decreased by Disbursements:		
Due to Current Fund - Interest	88.24	
Appropriated Grant Reserves	<u>58,147.80</u>	
		<u>58,236.04</u>
Balance December 31, 2015	A	<u>\$ 83,147.02</u>

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2014	2015 Levy	Collections		State's Share of Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2015
			2014	2015				
2013	\$ 6,033.24			\$ 6,033.24				
2014	554,442.94			549,615.06	\$ (500.00)	\$ 5,327.88		
	560,476.18			555,648.30	(500.00)	5,327.88		
2015		\$ 42,493,654.39	\$ 383,359.30	41,613,570.18	47,534.90	36,476.83	\$ 198.40	\$ 412,514.78
	\$ 560,476.18	\$ 42,493,654.39	\$ 383,359.30	\$ 42,169,218.48	\$ 47,034.90	\$ 47,132.59	\$ 198.40	\$ 412,514.78

Ref. A

A

Analysis of 2015 Property Tax Levy

Tax Yield :

General Purpose Tax	\$ 42,411,006.57
Added Taxes (54:4-63.1 et seq.)	82,647.82
	<u>\$ 42,493,654.39</u>

Tax Levy :

Regional School District Tax	\$ 24,135,100.00
County Taxes	8,160,693.62
Amount Due to County for Added Taxes (54:4-63.1 et seq.)	<u>14,542.06</u>
	8,175,235.68
Municipal Open Space	<u>462,638.79</u>
	32,772,974.47

Minimum Library Tax	790,049.00
Local Tax for Municipal Purposes	8,860,164.00
Add : Additional Tax Levied	<u>70,466.92</u>
	<u>\$ 42,493,654.39</u>

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 4,764.14
Increased by:		
Transfer from Taxes Receivable		<u>198.40</u>
Balance December 31, 2015	A	<u>\$ 4,962.54</u>

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued In	Received In		Balance
	Dec. 31, 2014	2015	2015		Dec. 31, 2015
			Collector	Treasurer	
Licenses:					
Alcoholic Beverage Licenses		\$ 30,750.00		\$ 30,750.00	
Other Licenses		18,985.00		18,985.00	
Fees and Permits:					
Construction Code Official	\$ 37,536.63	303,329.23		318,220.13	\$ 22,645.73
Other		113,646.71		113,646.71	
Municipal Court:					
Fines and Costs	6,017.40	98,887.05		97,647.74	7,256.71
Interest and Costs on Taxes			\$ 164,397.25		
Parking Meters		5,101.46		5,101.46	
Rental of Borough Property to Post Office		1,500.00		1,500.00	
Parking Lot Fees		46,813.25		46,813.25	
Energy Receipts Taxes		662,172.00		662,172.00	
Due from Sewer Utility Fund- Costs		22,000.00		22,000.00	
Due from Library- Costs		59,623.28		59,623.28	
Cable Franchise Fees- Verizon		113,384.40		113,384.40	
Library Reimbursement for Expenses		3,269.84		3,269.84	
Worker's Compensation Assessment Fund		10,796.69		10,796.69	
Uniform Fire Safety		11,848.53		11,848.53	
Library Rental		116,083.71		116,083.71	
Hotel Tax		27,565.74		27,565.74	
	<u>\$ 43,554.03</u>	<u>\$ 1,645,756.89</u>	<u>\$ 164,397.25</u>	<u>\$ 1,659,408.48</u>	<u>\$ 29,902.44</u>

Ref.

A

A

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

(NOT APPLICABLE)

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries & Wages	\$ 1,460.37			
Other Expenses	7,193.27	\$ 8,193.27	\$ 7,173.64	\$ 1,019.63
Human Resources:				
Other Expenses	2,807.68	2,807.68	2,807.68	
Municipal Clerk:				
Salaries & Wages	1,927.53			
Other Expenses	1,234.76	1,234.76	1,232.75	2.01
Financial Administration:				
Salaries & Wages	3,340.48			
Other Expenses	46.25	46.25	4.00	42.25
Annual Audit	20,718.64	20,718.64	20,718.64	
Insurance (N.J.S.A. 40A:4-45.3(00)):				
Workers Compensation	4.88	4.88		4.88
Employee Group Insurance	22,338.91	22,338.91		22,338.91
Health Benefit Waiver	4,150.34	4,150.34		4,150.34
Computerized Data Processing:				
Salaries & Wages	3,241.76			
Other Expenses	2,000.00	2,000.00	109.03	1,890.97
Assessment of Taxes:				
Salaries & Wages	2,575.62			
Other Expenses	1,444.96	1,444.96	772.86	672.10
Revenue Administration (Tax Collection):				
Salaries & Wages	812.70			
Other Expenses	5,322.61	5,322.61	1,596.98	3,725.63
Legal Services and Costs:				
Other Expenses	16,763.34	16,763.34	16,217.94	545.40
Engineering Services and Costs:				
Other Expenses	24,876.50	24,876.50	23,284.31	1,592.19
Local Historian:				
Other Expenses	645.30	645.30		645.30
Public Building and Grounds:				
Other Expenses	21,795.01	26,795.01	21,020.44	5,774.57
Planning Board:				
Other Expenses	4,902.29	4,902.29	4,804.35	97.94
Zoning Officer:				
Other Expenses	179.89	179.89	179.89	
Housing Inspector:				
Other Expenses	5,983.77	5,983.77	5,000.00	983.77
Board of Adjustment:				
Other Expenses	4,926.08	6,026.08	6,026.08	
Somerset County Mandatory Recycling Program:				
Other Expenses	6,550.48	6,550.48		6,550.48
Shade Tree Commission:				
Other Expenses	11,320.50	14,520.50	14,433.00	87.50
Environmental Commission (N.J.S.A.40:56.1,et seq.):				
Other Expenses	2,299.10	2,299.10		2,299.10

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY:				
Police				
Salaries & Wages	\$ 40,617.87	\$ 27,017.87		\$ 27,017.87
Other Expense	31,768.85	40,950.46	\$ 24,797.23	16,153.23
Purchase of Police Cars	1,760.56	1,760.56		1,760.56
Municipal Court:				
Salaries & Wages	4,145.49			
Other Expenses	350.50	350.50	246.00	104.50
Public Defender:				
Other Expenses	1,500.00	1,500.00		1,500.00
911 Communication System:				
Salaries & Wages	2,000.00			
Other Expenses	6,852.85	6,852.85	6,845.66	7.19
Emergency Management:				
Salaries & Wages	1,600.00			
Other Expenses	1,632.93	1,632.93	1,423.35	209.58
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries & Wages	11,607.38	6,607.38		6,607.38
Other Expenses	66,408.57	85,008.57	61,858.27	23,150.30
Fire Hydrant Service:				
Other Expenses	6,576.74	6,576.74		6,576.74
Vehicle Maintenance:				
Other Expenses	19,657.14	19,657.14	16,408.08	3,249.06
Snow Removal:				
Other Expenses	4,577.56	4,577.56	4,577.55	0.01
Senior Citizen Van:				
Other Expenses		5,300.00	5,276.57	23.43
Animal Control:				
Other Expenses	630.00	630.00		630.00
Workers and Community Right to Know:				
Other Expenses	500.00	500.00		500.00
Salary and Wage Adjustment Program	100,000.00	100,000.00	100,000.00	
UNIFORM CONSTRUCTION CODE:				
Construction Code Official:				
Salaries & Wages	415.61			
Other Expenses	831.32	831.32	98.85	732.47
Fire Prevention Official:				
Salaries & Wages	3,262.05			
Other Expenses	75.33	75.33		75.33
SANITATION:				
Sanitary Landfill:				
Other Expenses	20,830.07	20,830.07	14,763.20	6,066.87
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	4,109.55	4,109.55		4,109.55
Street Lighting	10,188.90	10,188.90	3,628.54	6,560.36
Telephone and Telegraph	3,501.10	3,501.10	1,474.52	2,026.58
Telecommunication Costs	1,076.30	1,076.30		1,076.30
Natural Gas	4,687.29	4,687.29	904.99	3,782.30
Gasoline	9,806.74	9,806.74	2,772.65	7,034.09

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	\$ 759.87	\$ 759.87		\$ 759.87
	<u>\$ 542,593.59</u>	<u>\$ 542,593.59</u>	<u>\$ 370,457.05</u>	<u>\$ 172,136.54</u>
<u>Analysis of Balance @ 12/31/2014</u>				
Unencumbered	\$ 365,848.57			
Encumbered	<u>176,745.02</u>			
	<u>\$ 542,593.59</u>			

BOROUGH OF BERNARDSVILLE
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2015

Increased by:

Levy - Calendar Year 2015

\$ 24,135,100.00

Decreased by:

Payments to Regional School District

\$ 24,135,100.00

BOROUGH OF BERNARDSVILLE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance Dec 31, 2014	2015 Realized Revenue	2015 Cash Receipts	Due from Current Fund	Transferred from Unappropriated Reserves	Balance Dec 31, 2015
Municipal Alliance Program-2014	\$ 18,120.09		\$ 17,417.03			\$ 703.06
Municipal Alliance Program-2013	1,224.91					1,224.91
Municipal Alliance Program-2015		\$ 19,945.00				19,945.00
Municipal Alliance Program - Other Municipalities - 2015		3,042.00	3,041.61			0.39
Clean Communities Program 2015		22,153.56	22,153.56			
Sustainable Jersey		2,000.00	2,000.00			
Somerset County Youth Services		6,500.00			\$ 1,500.00	5,000.00
Recycling Tonnage Grant		13,063.00			13,063.00	
Child Passenger Safety Grant	3,652.59					3,652.59
Click It or Ticket Grant	2,887.09					2,887.09
Body Armor Replacement Fund		4,041.70		\$ 2,023.70	2,018.00	
Youth Service - Bedminster Township		5,000.00				5,000.00
	<u>\$ 25,884.68</u>	<u>\$ 75,745.26</u>	<u>\$ 44,612.20</u>	<u>\$ 2,023.70</u>	<u>\$ 16,581.00</u>	<u>\$ 38,413.04</u>
<u>Ref.</u>	A					A

BOROUGH OF BERNARDSVILLE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

Grant	Balance Dec 31, 2014	From 2015 Budget Appropriations	Appropriations By N.J.S.A. 40A:4-87	Paid or Charged	Balance Dec 31, 2015
Drunk Driving Enforcement Fund	\$ 7,172.71			\$ 507.37	\$ 6,665.34
Municipal Alliance Program - State	19,850.62	\$ 19,945.00		18,501.00	21,294.62
Other Municipalities Share	1,462.26	3,042.00		4,504.26	
Local Matching	2,956.64	1,944.00		616.96	4,283.68
Reserve for Police Donation/OEM	9,436.00				9,436.00
Clean Communities Program	17,787.24		\$ 22,153.56	11,973.24	27,967.56
Alcohol Education and Rehabilitation Fund	3,431.31				3,431.31
Body Armor Replacement Fund	2,554.97	2,018.00	2,023.70	2,554.97	4,041.70
Office of Emergency Management Exercise	875.43			875.43	
Donation for Senior Citizen's Van	2,252.72				2,252.72
Somerset County Youth Services	1,746.19	1,500.00	5,000.00	3,246.19	5,000.00
Youth Service - Bedminster Township	4,681.50		5,000.00	4,681.50	5,000.00
Federal Bullet Proof Vest Grant	561.45			561.45	
Recycling Tonnage Grant	17,831.21	13,063.00		5,179.43	25,714.78
Somerset Hills Board of Education- DARE Program	2,653.68				2,653.68
DOT Overtime Reimbursement	1,000.00				1,000.00
Girl on Move	1,002.40			888.06	114.34
Mayor Wellness Campaign	300.00				300.00
Hennessey Family Charity	250.00				250.00
Donation- Rescue Squad	500.00				500.00
N.J Distracted Driver	3,379.00			3,379.00	
Sustainable Jersey			2,000.00	678.94	1,321.06
Click it or Ticket Grant	2,887.09				2,887
	<u>\$ 104,572.42</u>	<u>\$ 41,512.00</u>	<u>\$ 36,177.26</u>	<u>\$ 58,147.80</u>	<u>\$ 124,113.88</u>
Ref.	A				A
Grant Funds		\$ 39,568.00	\$ 36,177.26		
Matching Share Grant- Current Fund		1,944.00			
		<u>\$ 41,512.00</u>	<u>\$ 36,177.26</u>		

BOROUGH OF BERNARDSVILLE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

Grant	Balance Dec 31, 2014	Cash Received	Budget Revenue Realized	Balance Dec 31, 2015
Recycling Tonnage Grant	\$ 13,063.65		\$ 13,063.00	\$ 0.65
Body Armor Replacement Fund	2,018.32	\$ 2,015.49	2,018.00	2,015.81
Office of Emergency Management		5,000.00		5,000.00
Somerset County Youth Services	1,500.00		1,500.00	
	<u>\$ 16,581.97</u>	<u>\$ 7,015.49</u>	<u>\$ 16,581.00</u>	<u>\$ 7,016.46</u>
<u>Ref.</u>	A			A

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
TRUST FUNDS

BOROUGH OF BERNARDSVILLE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
<u>Ref.</u>		
Balance December 31, 2014	B \$ 6,374.55	\$ 9,129,010.82
Increased by Receipts:		
Borough Dog and Cat License Fees	\$ 4,911.00	
Prepaid Fees	1,188.00	
Penalties on Dog License Fees	395.00	
Miscellaneous Dog Fees	200.00	
State Dog License Fees	582.60	
Due Current Fund:		
Interest Earnings	10.26	\$ 816.97
Construction Code Fees		329,532.00
Police Fees		4,650.00
Due to State of New Jersey - DCA Fees		18,426.00
Landfill		85,792.73
Developer's Escrow		107,346.00
Open Space Trust		462,638.79
Public Defender		1,310.00
Fire Prevention		201.98
Police Outside Duty		134,864.50
Railroad Station		145,213.30
Outside Lien Redemption Trust		399,579.79
Parking Offenses Adjudication Act		96.00
Tax Sale Premiums		553,300.00
Housing Trust		366,740.23
Community Garden Trust		1,750.00
Snow Removal		52,000.00
Accumulated Absences		309,500.00
	<u>7,286.86</u>	<u>2,973,758.29</u>
	13,661.41	12,102,769.11

BOROUGH OF BERNARDSVILLE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
<u>Ref.</u>		
Decreased by Disbursements:		
Due to State of New Jersey Board of Health	\$ 652.80	
Administrative Expenses (R.S. 4:19-15.11)	525.00	
Due to Current Fund:		
Interest Earned	9.75	\$ 765.33
Construction Code Fees		344,422.90
Police Fees		8,781.00
Due to State of New Jersey - DCA Fees		17,252.00
Developer's Escrow		102,211.28
Open Space Trust		304,517.65
Law Enforcement Trust		920.54
Public Defender		3,300.00
Police Outside Duty		129,310.99
Railroad Station		46,973.57
Outside Lien Redemption Trust		402,604.63
Tax Sale Premiums		832,400.00
Housing Trust		27,652.22
Community Garden Trust		540.00
Accumulated Absences		64,042.42
Snow Removal		39,999.20
	<u>\$ 1,187.55</u>	<u>\$ 2,325,693.73</u>
Balance December 31, 2015	B <u>\$ 12,473.86</u>	<u>\$ 9,777,075.38</u>

BOROUGH OF BERNARDSVILLE
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 4,533.11
Increased by:		
Dog and Cat License Fees Collected	\$ 4,912.00	
Late Fees	390.00	
Replacements	4.00	
Miscellaneous	200.00	
Prior Year Prepays Applied	<u>1,673.00</u>	
		<u>7,179.00</u>
		11,712.11
Decreased by:		
Expenditures Under R.S. 4:19-15.11	525.00	
Statutory Excess Due to Current Fund	<u>651.11</u>	
		<u>1,176.11</u>
Balance December 31, 2015	B	<u><u>\$ 10,536.00</u></u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2013	\$ 5,682.00
2014	<u>4,854.00</u>
Maximum Allowable Reserve	<u><u>\$ 10,536.00</u></u>

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
GENERAL CAPITAL FUND

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2014	<u>Ref.</u> C	\$ 3,349,458.40
Increased by:		
Premium on Note Sale	\$ 52,444.28	
2015 Budget Appropriation:		
Capital Improvement Fund	425,000.00	
Bond Anticipation Notes	7,001,200.00	
Department of Transportation Grants Receivable	46,250.00	
Sale of Serial Bonds	12,984,000.00	
Due to Sewer Utility Capital Fund - Bond Proceeds	1,360,000.00	
Improvement Authorization Refunds	35,157.95	
Due Current Fund:		
Interfund Returned	43,750.00	
Interest Earned	4,320.17	
		<u>21,952,122.40</u>
		25,301,580.80
Decreased by:		
Improvement Authorization Expenditures	2,816,994.50	
Due Current Fund:		
Interest Earned	4,449.70	
Reserve for Preliminary Expenses	23,741.25	
Bond Anticipation Notes	14,002,400.00	
Due to Sewer Utility Capital Fund - Bond Proceeds	980,000.00	
		<u>17,827,585.45</u>
Balance December 31, 2015	C	<u>\$ 7,473,995.35</u>
Analysis of Balance December 31, 2015:		
Cash and Cash Equivalents	C	\$ 1,473,995.35
Investments	C	<u>6,000,000.00</u>
		<u>\$ 7,473,995.35</u>

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2014	Receipts				Disbursements					Balance/ (Deficit) Dec. 31, 2015
		Budget Appropriation	Serial Bonds	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous			
									From	To	
Capital Fund Balance	\$ 37,545.39				\$ 52,444.28						\$ 89,989.67
Capital Improvement Fund	180,049.57	\$ 425,000.00							\$ 674,700.00	\$ 89,985.46	20,335.03
New Jersey Transportation Fund Authority Act Receivable	(75,000.00)										(75,000.00)
Federal Highway Administration Receivable	(100,000.00)										(100,000.00)
New Jersey Department of Transportation Grants Receivable	(246,250.00)	46,250.00							400,000.00		(600,000.00)
Safe Routes to School Program Grant Receivable	(300,000.00)										(300,000.00)
Prospective Assessment to be Raised by Taxation	(100,000.00)										(100,000.00)
Reserve for Federal Highway Administration Grant	100,000.00										100,000.00
Reserve for Prospective Assessments	100,000.00										100,000.00
Reserve for N.J. Department of Transportation Grant	75,000.00										75,000.00
Reserve for Preliminary Expenses	55,000.00							\$ 23,741.25	55,000.00	26,700.00	2,958.75
Due from Open Space Trust Fund	(90,000.00)										(90,000.00)
Due Sewer Utility Capital Fund					1,360,000.00			980,000.00			380,000.00
Due Current Fund	(43,460.13)				48,070.17			4,449.70			160.34
Ord. No.	Improvement Description										
1244	Purchase of Various Items	7,500.00							7,500.00		
1349	Fire Prevention and Fire Company Equipment	420.00							420.00		
1354	Various Improvements	468.71									468.71
1394	Various Improvements	51,062.90				\$ 8,892.73					42,170.17
1426	Various Improvements	2,291.53									2,291.53
1452/1476											
14501	Various Improvements	1,047.27				91.29					955.98
1490	Improvement of Olcott Avenue	100.87									100.87
09-1509	Various Improvements	6,156.75	\$ 586,000.00	\$ 586,000.00		4,705.08	\$ 1,172,000.00				1,451.67
09-1511	Lighting at the Ammerman Parking Lot	200.00									200.00
10-1537	Various Improvements	93,398.85	723,000.00	723,000.00			1,446,000.00				93,398.85
10-1539	Improvement of Various Roads	97,539.99				54,600.34					42,939.65
10-1555	Dunster Squibb Property	200.00									200.00
10-1556	Improvements to Tower Mountain Drive	3,838.09				3,838.09					
10-1573	Rebuilding Claremont Steps	44,965.80				98.80					44,867.00
11-1579	Various Improvements	183,600.06	775,000.00	775,000.00		165,091.04	1,550,000.00				18,509.02
11-1590	Various Improvements	4,336.80				1,648.75					2,688.05
12-1597	Various Improvements	32,672.29	875,000.00	875,000.00		23,702.06	1,750,000.00				8,970.23
12-1605	Downtown Project Improvements	27,065.46							27,065.46		
13-1621	Various Improvements	545,114.31	1,083,900.00	1,083,900.00		468,980.27	2,167,800.00				76,134.04
13-1643	Road Equipment (Bomford)	1,517.00									1,517.00
14-1652	Various Improvements	393,540.10	485,500.00	485,500.00	4,998.00	173,404.72	971,000.00				225,133.38
14-1662	Audio Visual Equipment	790.00				780.00					10.00
14-1664	Peters Tract	7,628.25				1,813.00					5,815.25
14-1666	Various Improvements	2,089,826.76	2,099,000.00	2,099,000.00	3,871.95	1,512,123.80	4,198,000.00				581,574.91
14-1671	Drainage Claremont Field	82,274.81			25,000.00	99,023.81					8,201.00
14-1672	Guide Rail Replacement	60,000.00				51,105.00					8,895.00
15-1691	Various Improvements		5,983,000.00			114,056.22				715,000.00	6,583,943.78
15-1693	Various Equipment				1,288.00	123,848.60				333,000.00	210,439.40
1481/1501	Downtown Projects- Supplemental	19,066.97	373,600.00	373,800.00		7,190.90	747,600.00				11,676.07
		\$ 3,349,458.40	\$ 471,250.00	\$ 12,984,000.00	\$ 7,001,200.00	\$ 1,495,672.40	\$ 2,816,994.50	\$ 14,002,400.00	\$ 1,008,190.95	\$ 1,164,685.46	\$ 7,473,995.35

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Cancelled	Funded by Budget Appropriation	Serial Bonds Issued	Balance Dec. 31, 2015	Analysis of Balance December 31, 2015
								Unexpended Improvement Authorizations
1481/1501	Downtown Projects - Supplemental	\$ 403,800.00			\$ 30,000.00	\$ 373,600.00	\$ 200.00	\$ 200.00
09-1509	Various Improvements	624,000.00			38,000.00	586,000.00		
10-1537	Various Improvements	767,000.00			44,000.00	723,000.00		
11-1579	Various Improvements	815,000.00			40,000.00	775,000.00		
12-1597	Various Improvements	921,500.00			46,500.00	875,000.00		
13-1621	Various Improvements	1,142,000.00			58,100.00	1,083,900.00		
14-1652	Various Improvements	509,000.00			23,500.00	485,500.00		
14-1666	Various Improvements	2,161,000.00			62,000.00	2,099,000.00		
15-1691	Various Improvements		\$ 5,983,000.00			5,983,000.00		
15-1698	Refunding Bond Ordinance		1,787,000.00	\$ 73,000.00		1,714,000.00		
		<u>\$ 7,343,300.00</u>	<u>\$ 7,770,000.00</u>	<u>\$ 73,000.00</u>	<u>\$ 342,100.00</u>	<u>\$ 14,698,000.00</u>	<u>\$ 200.00</u>	<u>\$ 200.00</u>
Ref.		C					C	

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

		2015 Authorizations											
Ord No.	Improvement Description	Ordinance		Balance Dec. 31, 2014		Capital Improvement Fund	Other Funding Sources	Deferred Charges to Future Taxation- Unfunded	Paid or Charged	(Cancellation) / Adjustment	Balance Dec. 31, 2015		
		Date	Amount	Funded	Unfunded						Funded	Unfunded	
General Improvements:													
1244	Purchase Various Items	05/21/01	\$ 87,250.00	\$ 7,500.00						\$ (7,500.00)			
1349	Fire Prev./ Co. Equipment	06/07/04	60,000.00	420.00						(420.00)			
1354	Various Improvements	09/16/04	950,000.00	468.71							\$ 468.71		
1394/1476	Various Improvements	05/18/05	968,615.00	51,062.90					\$ 8,892.73		42,170.17		
1426/1476	Various Improvements	03/27/06	820,000.00	2,291.53							2,291.53		
1452/1476/1501	Various Improvements	01/18/07	1,700,000.00	1,047.27					91.29		955.98		
1490	Improvement of Olcott Ave	05/27/08	80,300.00	100.87							100.87		
09-1509	Various Improvements	04/30/09	775,000.00		\$ 6,156.75				4,705.08		1,451.67		
09-1511	Lighting at the Ammerman Parking Lot	04/30/09	7,000.00	200.00							200.00		
10-1537	Various Improvements	03/22/10	900,000.00		93,398.85						93,398.85		
10-1539	improvement of Various Roads	05/10/10	450,000.00	97,539.99					54,600.34		42,939.65		
10-1555	Dunster Squibb Property	07/12/10	20,000.00	200.00							200.00		
10-1556	Improvement of Tower Mountain Drive	08/09/10	160,000.00	3,838.09					3,838.09				
10-1573	Rebuilding Claremont Steps	11/08/10	120,000.00	44,965.80					98.80		44,867.00		
11-1579	Various Improvements	01/17/11	900,000.00		183,600.06				165,091.04		18,509.02		
11-1590	Various Improvements	05/23/11	100,000.00	4,336.80					1,648.75		2,688.05		
12-1597	Various Improvements	01/23/12	970,000.00		32,672.29				23,702.06		8,970.23		
12-1605	Downtown Project Improvements	03/26/12	70,000.00	27,065.46						(27,065.46)			
13-1621	Various improvements	02/20/13	1,200,000.00		545,114.31				468,980.27		76,134.04		
13-1643	Road Equipment (Boulevard)	09/23/13	107,000.00	1,517.00							1,517.00		
14-1652	Various Improvements	03/24/14	535,000.00		393,540.10				168,406.72		225,133.38		
14-1662	Audio Visual Equipment	05/27/14	24,000.00	790.00					780.00		10.00		
14-1664	Peters Tract	05/27/14	17,500.00	7,628.25					1,813.00		5,815.25		
14-1666	Various Improvements	07/14/14	2,470,000.00		2,089,826.76				1,508,251.85		581,574.91		
14-1671	Drainage Claremont Field	09/22/14	90,000.00	82,224.81					74,023.81		8,201.00		
14-1672	Guide Rail Replacement	09/22/14	60,000.00	60,000.00					53,105.00		6,895.00		
15-1691	Various Improvements	05/26/15	6,698,000.00			\$315,000.00	\$400,000.00	\$5,983,000.00	114,056.22		6,583,943.78		
15-1693	Various Equipment	06/08/15	333,000.00			333,000.00			122,560.60		210,439.40		
15-1698	Refunding Bond Ordinance	08/20/15	1,787,000.00					1,787,000.00	1,714,000.00	(73,000.00)			
Local Improvement:													
1481/1501	Downtown Projects- Sidewalks	04/30/08	649,200.00		19,066.97				7,190.90		11,676.07	\$ 200.00	
				\$ 393,197.48	\$ 3,363,376.09	\$648,000.00	\$400,000.00	\$7,770,000.00	\$4,495,836.55	\$ (107,985.46)	\$ 7,970,551.56	\$ 200.00	
			Ref.	C	C						C	C	
								Cash Disbursed	\$2,816,994.50				
								Refunding Bonds	1,714,000.00				
								Capital Improvement Fund		\$ 34,985.46			
								Deferred Charges to Future Taxation - Unfunded		73,000.00			
								Less: Refunds	(35,157.95)				
									\$4,495,836.55	\$ 107,985.46			

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 180,049.57
Increased by:		
2015 Budget Appropriation		\$ 425,000.00
Improvement Authorizations Cancelled		34,985.46
Cancelled Reserve for Preliminary Expenses		55,000.00
		<u>514,985.46</u>
		695,035.03
Decreased by:		
Preliminary Costs Projects		26,700.00
Appropriated to Finance Improvement Authorizations		648,000.00
		<u>674,700.00</u>
Balance December 31, 2015	C	<u>\$ 20,335.03</u>

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. #	Improvement Authorization	Original Note		Date of		Interest Rate	Balance		Matured	Balance Dec. 31, 2015
		Date of Issue	Amount	Issue	Maturity		Dec. 31, 2014	Issued		
1481/1501	Downtown Projects - Supplemental	04/30/08	5,238,000.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	\$ 403,800.00	\$ 373,800.00	\$ 403,800.00 373,800.00	
09-1509	Various Improvements	04/09/09	738,000.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	624,000.00	586,000.00	624,000.00 586,000.00	
10-1537	Various Improvements	03/22/10	855,000.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	767,000.00	723,000.00	767,000.00 723,000.00	
11-1579	Various Improvements	01/17/11	855,000.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	815,000.00	775,000.00	815,000.00 775,000.00	
12-1597	Various Improvements	02/21/12	921,500.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	921,500.00	875,000.00	921,500.00 875,000.00	
13-1621	Various Improvements	02/20/13	1,200,000.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	1,142,000.00	1,083,900.00	1,142,000.00 1,083,900.00	
14-1652	Various Improvements	05/23/14	509,000.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	509,000.00	485,500.00	509,000.00 485,500.00	
14-1666	Various Improvements	09/15/14	2,161,000.00	02/19/14 02/18/15	02/19/15 10/21/15	1.00% 1.25%	2,161,000.00	2,099,000.00	2,161,000.00 2,099,000.00	
							<u>\$ 7,343,300.00</u>	<u>\$ 7,001,200.00</u>	<u>\$ 14,344,500.00</u>	<u>\$ -0-</u>
							Ref. C			C
							Renewed	\$ 7,001,200.00	\$ 7,001,200.00	
							Serial Bonds Issued		7,001,000.00	
							Paid by Cash		200.00	
							Paid by Budget Appropriation		342,100.00	
								<u>\$ 7,001,200.00</u>	<u>\$ 14,344,500.00</u>	

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Issued	Defeased/ Matured	Balance Dec. 31, 2015
			December 31, 2015						
			Date	Amount					
General Bonds of 2007	02/15/07	\$4,579,000.00	02/15/16	\$ 365,000.00	3.750%				
			02/15/17	370,000.00	3.750%	\$2,669,000.00		\$ 1,934,000.00	\$ 735,000.00
General Bonds of 2015	08/27/15	12,984,000.00	08/15/16	454,000.00	2.250%				
			08/15/17	475,000.00	2.250%				
			08/15/18	495,000.00	2.250%				
			08/15/19	520,000.00	2.250%				
			08/15/20	550,000.00	2.250%				
			08/15/21	590,000.00	2.250%				
			08/15/22	900,000.00	2.250%				
			08/15/23	900,000.00	2.250%				
			08/15/24	900,000.00	2.250%				
			08/15/25	900,000.00	2.250%				
			08/15/26	900,000.00	2.375%				
			08/15/27	900,000.00	2.500%				
			08/15/28	900,000.00	2.625%				
			08/15/29	900,000.00	3.000%				
			08/15/30	900,000.00	3.000%				
			08/15/31	900,000.00	3.000%				
			08/15/32	900,000.00	3.000%			\$12,984,000.00	
Refunding Bonds of 2015	09/29/15	1,714,000.00	02/15/16	33,000.00	1.350%				
			02/15/17	31,000.00	1.350%				
			02/15/18	401,000.00	1.350%				
			02/15/19	436,000.00	1.350%				
			02/15/20	430,000.00	1.350%				
			02/15/21	383,000.00	1.350%			1,714,000.00	
						\$ 2,669,000.00	\$ 14,698,000.00	\$ 1,934,000.00	\$15,433,000.00

Ref.

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BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF NJ WASTEWATER TREATMENT LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF BERNARDSVILLE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

Ord. #	Improvement Description	2015 Authorizations	Cancelled	Bond Anticipation Notes Redeemed	Serial Bonds Issued	Balance Dec. 31, 2015
1481/1501	Downtown Projects- Sidewalks			\$ 200.00		\$ 200.00
15-1691	Various Improvements	\$ 5,983,000.00			\$ 5,983,000.00	
15-1698	Refunding Bond Ordinance	1,787,000.00	\$ 73,000.00		1,714,000.00	
	Totals	<u>\$ 7,770,000.00</u>	<u>\$ 73,000.00</u>	<u>\$ 200.00</u>	<u>\$ 7,697,000.00</u>	<u>\$ 200.00</u>

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
WATER UTILITY FUND
NOT APPLICABLE

BOROUGH OF BERNARDSVILLE
COUNTY OF SOMERSET
2015
SEWER UTILITY FUND

BOROUGH OF BERNARDSVILLE
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Operating</u>	<u>Capital</u>
Ref.		
Balance December 31, 2014	E \$ 581,973.30	\$ 1,339,711.30
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,197,347.82	
Premium Tax Sale		
Prepaid Sewer Rents	3,630.79	
Connection Fees	27,051.00	
Miscellaneous Revenue	12,877.23	
Interest on Investments		\$ 1,053.98
Due from Current Fund:		
Interfunds Returned	12,556.60	
Budget Appropriations:		
Capital Improvement Fund		60,000.00
Payment of Bond Anticipation Notes		150,000.00
Bond Anticipation Notes		980,000.00
Premium on Bond Anticipation Note Sale		6,752.10
	<u>1,253,463.44</u>	<u>1,197,806.08</u>
	1,835,436.74	2,537,517.38
Decreased by Disbursements:		
2015 Budget Appropriations	1,161,233.69	
2014 Appropriation Reserves	32,063.83	
Improvement Authorizations		526,562.58
Accrued Interest on Bonds and Notes	11,937.75	
Due to Current Fund:		
Interfund Advance	9,641.04	
Interfund Returned	12,556.60	
Due to Sewer Utility Operating Fund:		
Interest on Investments		1,093.30
Due to General Capital Fund:		
Interfund Advance	8,080.66	
Bond Anticipation Notes		1,130,000.00
	<u>1,235,513.57</u>	<u>1,657,655.88</u>
Balance December 31, 2015	E \$ 599,923.17	\$ 879,861.50

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

	Balance Dec. 31, 2014	Budget Appropriation	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2015
			Serial Bonds	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Capital Improvement Fund	\$ 132,447.09	\$ 60,000.00							\$ 95,000.00		\$ 97,447.09
Due to Sewer Utility Operating Fund	117.95				\$ 1,093.98			\$ 1,093.98			77.73
Fund Balance	15,711.34				6,752.10				15,000.00		7,463.44
Improvement Authorizations:											
Ord											
Number	Improvement Description										
02-1297	Improvements to Pumping Station										327.81
04-1367	Sludge Aeration Blower, SBR Blower/Motor and Air Compressor										29,020.00
05-1399	Various Projects										16,066.57
06-1438	Replacement of Filter Media in the Water Treatment Plant										517.00
07-1469	Wastewater Treatment Plant Traveling Bridge Filter										
12-1610	Improvement of the Sanitary Sewerage System										443,414.44
12-1615	Utility Pick-Up Truck w/ Snow Plow										3,869.00
13-1620	Improvement of the Sanitary Sewerage System										698,221.00
15-1687	Improvement of the Sanitary Sewerage System										75,000.00
15-1690	Improvement of the Sanitary Sewerage System										590,000.00
15-1698	Refunding Bond Ordinance										213,000.00
15-1702	Improvement of the Sanitary Sewerage System										17,739.52
											213,000.00
											8,343.40
											25,000.00
											16,656.60
	<u>\$ 1,339,711.30</u>	<u>\$ 210,000.00</u>	<u>\$ 213,000.00</u>	<u>\$ 980,000.00</u>	<u>\$ 7,896.08</u>	<u>\$ 739,562.58</u>	<u>\$ 1,130,000.00</u>	<u>\$ 1,093.98</u>	<u>\$ 110,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 879,861.50</u>

BOROUGH OF BERNARDSVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 101,014.23
Increased by:		
Sewer Rents Levied		1,240,395.33
		<u>1,341,409.56</u>
Decreased by:		
Collections	S	1,197,347.82
Other		327.19
Prepays Applied		<u>634.72</u>
		<u>1,198,309.73</u>
Balance December 31, 2015	E	<u><u>S 143,099.83</u></u>

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Ref.

Balance December 31, 2014	E	\$ 1,374,651.82
Balance December 31, 2015	E	<u>\$ 1,374,651.82</u>

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance Dec. 31, 2014	2015 Authorizations	Balance Dec. 31, 2015
	Number	Date			
Improvements to Pumping Station	02-1297	10/21/2002	\$ 15,000.00		\$ 15,000.00
Sludge Aeration Blower, SBR Blower/Motor and Air Compressor	04-1367	11/8/2004	40,000.00		40,000.00
Various Projects	05-1399	8/15/2005	65,000.00		65,000.00
Replacement of Filter Media in the Wastewater Treatment Plant	06-1438	7/10/2006	50,000.00		50,000.00
Wastewater Treatment Plant Traveling Bridge Filter	07-1469	9/24/2007	65,000.00		65,000.00
Traveling Bridge Filters Engineering Study	12-1600	2/27/2012	17,000.00		
Improvement of the Sanitary Sewerage System	12-1610	6/11/2012	700,000.00		700,000.00
Utility Pick-Up Truck w/ Snow Plow	12-1616	11/26/2012	35,000.00		35,000.00
Improvement of the Sanitary Sewerage System	13-1620	9/23/2013	700,000.00		700,000.00
Improvement of the Sanitary Sewerage System	15-1687	4/27/2015	128,000.00	\$ 128,000.00	128,000.00
Improvement of the Sanitary Sewerage System	15-1690	5/26/2015	400,000.00	400,000.00	400,000.00
Improvement of the Sanitary Sewerage System	15-1702	9/14/2015	25,000.00	25,000.00	25,000.00
			<u>\$ 1,670,000.00</u>	<u>\$ 553,000.00</u>	<u>\$ 2,223,000.00</u>

Ref.

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BOROUGH OF BERNARDSVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015

		Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages		\$ 11,000.00	\$ 11,000.00		\$ 11,000.00
Other Expenses		65,756.90	65,756.90	\$ 32,063.83	33,693.07
		<u>\$ 76,756.90</u>	<u>\$ 76,756.90</u>	<u>\$ 32,063.83</u>	<u>\$ 44,693.07</u>
	<u>Ref.</u>				
<u>Balance at December 31, 2014</u>					
Encumbered	E	\$ 22,947.19			
Unencumbered	E	<u>53,809.71</u>			
		<u>\$ 76,756.90</u>			

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Number	Ordinance Date	Amount	Balance Dec. 31, 2014		2015 Authorizations			Paid or Charged	Balance Dec. 31, 2015	
				Funded	Unfunded	Capital Fund Balance/ Improvement Fund	Fund Balance	Deferred Charges to Future Revenue		Funded	Unfunded
Improvements to Pumping Station	02-1297	10/21/2002	\$ 15,000.00	\$ 327.81						\$ 327.81	
Sludge Aeration Blower, SBR Blower Motor and Air Compressor	04-1367	11/8/2004	40,000.00	29,020.00						29,020.00	
Various Projects	05-1399	8/15/2005	65,000.00	16,066.57						16,066.57	
Replace Filter Media in Water Treatment Plant	06-1438	7/10/2006	50,000.00	517.00						517.00	
Wastewater Treatment Traveling Bridge Filter	07-1469	9/24/2007	65,000.00								
Improvement of the Sanitary Sewerage System	12-1610	6/11/2012	700,000.00		\$ 443,414.44				\$ 367,132.11		\$ 76,282.33
Utility Pick-Up Truck w/ Snow Plow	12-1616	11/26/2012	35,000.00	3,869.00						3,869.00	
Improvement of the Sanitary Sewerage System	13-1620	9/23/2013	700,000.00	33,221.00	665,000.00				5,347.55	27,873.45	665,000.00
Improvement of the Sanitary Sewerage System	15-1687	4/27/2015	128,000.00			\$ 50,000.00	\$ 15,000.00	\$ 63,000.00	128,000.00		
Improvement of the Sanitary Sewerage System	15-1690	5/26/2015	400,000.00			20,000.00		380,000.00	17,739.52	382,260.48	
Refunding Bond Ordinance	15-1698	8/20/2015	213,000.00					213,000.00	213,000.00		
SBR Control System	15-1702	9/14/2015	25,000.00			25,000.00			8,343.40	16,656.60	
				<u>\$ 83,021.38</u>	<u>\$ 1,108,414.44</u>	<u>\$ 95,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 656,000.00</u>	<u>\$ 739,562.58</u>	<u>\$ 476,590.91</u>	<u>\$ 741,282.33</u>
		<u>Ref.</u>		<u>E</u>	<u>F</u>					<u>E</u>	<u>F</u>

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 132,447.09
Increased by:		
2015 Budget Appropriation		60,000.00
		<u>192,447.09</u>
Decreased by:		
Amount Appropriated to Finance Improvement Authorizations		95,000.00
		<u>95,000.00</u>
Balance December 31, 2015	E	<u>\$ 97,447.09</u>

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 1,114,651.82
Increased by:		
Serial Bonds Paid		40,000.00
Serial Bonds Defeased		200,000.00
		<u>1,354,651.82</u>
Decreased by:		
Serial Bond Refunding		<u>213,000.00</u>
Balance December 31, 2015	E	<u><u>\$ 1,141,651.82</u></u>

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2014	2015 Authorizations		Budget Appropriations	Balance Dec. 31, 2015
				Capital Improvement Fund	Fund Balance		
02-1297	Improvement to Pumping Station	10/21/2002	\$ 15,000.00				\$ 15,000.00
04-1367	Sludge Aeration Blower, SBR Blower/ Motor and Air Compressor	11/8/2004	40,000.00				40,000.00
05-1399	Various Projects	8/15/2005	65,000.00				65,000.00
06-1438	Replacement of Filter Media in the Water Treatment Plant	7/10/2006	50,000.00				50,000.00
12-1610	Improvement of the Sanitary Sewerage System	6/11/2012	235,000.00			\$ 75,000.00	310,000.00
12-1616	Utility Pick-Up Truck w/ Snow Plow	11/26/2012	35,000.00				35,000.00
13-1620	Improvement of the Sanitary Sewerage System	9/23/2013	35,000.00			75,000.00	110,000.00
15-1687	Improvement of the Sanitary Sewerage System	4/27/2015		\$ 50,000.00	\$ 15,000.00		65,000.00
15-1690	Improvement of the Sanitary Sewerage System	5/26/2015		20,000.00			20,000.00
15-1702	Improvement of the Sanitary Sewerage System	9/14/2015		25,000.00			25,000.00
			<u>\$ 475,000.00</u>	<u>\$ 95,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 735,000.00</u>
		<u>Ref.</u>	E				E

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Issue of Original Note	Date of		Interest Rate	Balance Dec. 31, 2014	Issued	Matured	Balance Dec. 31, 2015
			Issue	Maturity					
12-1610	Improvement of the Sanitary Sewerage System	07/31/12	02/19/14	02/19/15	0.44%	\$ 465,000.00		\$ 465,000.00	
			02/18/15	10/21/15	1.25%		\$ 390,000.00	390,000.00	
13-1620	Improvement of the Sanitary Sewerage System	02/20/13	02/19/14	02/19/15	0.44%	665,000.00		665,000.00	
			02/18/15	10/21/15	1.25%		590,000.00	590,000.00	
						<u>\$ 1,130,000.00</u>	<u>\$ 980,000.00</u>	<u>\$ 2,110,000.00</u>	<u>\$ -0-</u>
					<u>Ref.</u>	<u>E</u>			<u>E</u>
				Renewals			\$ 980,000.00	\$ 980,000.00	
				Serial Bonds Issued				980,000.00	
				Paid by Budget Appropriation				150,000.00	
							<u>\$ 980,000.00</u>	<u>\$ 2,110,000.00</u>	

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Issued	Defeased/ Matured	Balance Dec. 31, 2015
			December 31, 2015						
			Date	Amount					
Improvement of Sanitary Sewerage System	2/15/2007	\$ 525,000.00	02/15/16	\$40,000.00	3.75%				
			02/15/17	45,000.00	3.75%	\$ 325,000.00		\$ 240,000.00	\$ 85,000.00
General Bonds of 2015	08/27/15	1,360,000.00	08/15/16	50,000.00	2.25%				
			08/15/17	50,000.00	2.25%				
			08/15/18	55,000.00	2.25%				
			08/15/19	60,000.00	2.25%				
			08/15/20	60,000.00	2.25%				
			08/15/21	60,000.00	2.25%				
			08/15/22	75,000.00	2.25%				
			08/15/23	80,000.00	2.25%				
			08/15/24	85,000.00	2.25%				
			08/15/25	90,000.00	2.25%				
			08/15/26	95,000.00	2.38%				
			08/15/27	100,000.00	2.50%				
			08/15/28	100,000.00	2.63%				
			08/15/29	100,000.00	3.00%				
			08/15/30	100,000.00	3.00%				
			08/15/31	100,000.00	3.00%				
			08/15/32	100,000.00	3.00%		\$ 1,360,000.00		1,360,000.00
Refunding Bonds of 2015	09/29/15	213,000.00	02/15/16	4,000.00	1.35%				
			02/15/17	4,000.00	1.35%				
			02/15/18	53,000.00	1.35%				
			02/15/19	52,000.00	1.35%				
			02/15/20	51,000.00	1.35%				
			02/15/21	49,000.00	1.35%		213,000.00		213,000.00
							<u>\$ 325,000.00</u>	<u>\$ 1,573,000.00</u>	<u>\$ 240,000.00</u>

Ref.

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BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>2015 Authori- zations</u>	<u>Serial Bonds Issued</u>	<u>Balance Dec 31, 2015</u>
15-1687	4/27/2015	Improvement of the Sanitary Sewerage System	\$ 63,000.00		\$ 63,000.00
15-1690	5/26/2015	Improvement of the Sanitary Sewerage System	380,000.00	\$ 380,000.00	
15-1698	8/20/2015	Refunding Bond Ordinance, 2007 Refunding Bonds	213,000.00	213,000.00	
			<u>\$ 656,000.00</u>	<u>\$ 593,000.00</u>	<u>\$ 63,000.00</u>

BOROUGH OF BERNARDSVILLE

COUNTY OF SOMERSET

2015

SWIMMING POOL/ RECREATION UTILITY FUND

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2014	F	\$ 120,330.58	\$ 32,027.83
Increased by Receipts:			
Recreation Fees		\$ 241,879.20	
Pool Fees		195,214.68	
3% Convenience Fee		6,863.82	
Interest on Investments		150.80	
Borough Share of Management Costs		100,000.00	
Due Swimming Pool/Recreation Utility Capital Fund:			
Interest Income			\$ 22.31
Interfunds Returned- Swimming Pool Capital Fund		23.96	
Interfunds Advanced-Payroll		686.87	
Miscellaneous Revenue Not Anticipated		150.00	
		<u>544,969.33</u>	<u>22.31</u>
		665,299.91	32,050.14
Decreased by Disbursements:			
2015 Budget Appropriations		585,064.13	
2014 Appropriation Reserves		2,863.94	
Improvement Authorizations			19,499.11
Refund of Pool Fees		1,051.94	
Due Swimming Pool Utility Operating Fund:			
Interest on Investments			23.96
Due to Current Fund		<u>3,000.00</u>	
		<u>591,980.01</u>	<u>19,523.07</u>
Balance December 31, 2015	F	<u>\$ 73,319.90</u>	<u>\$ 12,527.07</u>

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY CAPITAL FUND
ANALYSIS OF SWIMMING POOL/ RECREATION UTILITY CAPITAL CASH

		Balance	Receipts	Disbursements		Transfers		Balance
		Dec. 31, 2014	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2015
Capital Improvement Fund		\$ 21,812.70				\$ 13,500.00		\$ 8,312.70
Due Swimming Pool Utility/ Recreation Operating Fund		2.72	\$ 22.31		\$ 23.96			1.07
Ordinance Number	Improvement Authorizations:							
1491	Computer Software	820.01						820.01
1528	Purchase of Computer Hardware	1,511.04						1,511.04
1591	Replacement of a Slide at the Kiwanis/Peters Park Playground	350.00						350.00
1658	Various Equipment	7,531.36		\$ 7,531.36				
1682	Various Equipment			9,347.75			\$ 10,000.00	652.25
1689	Various Equipment			2,620.00			3,500.00	880.00
		<u>\$ 32,027.83</u>	<u>\$ 22.31</u>	<u>\$ 19,499.11</u>	<u>\$ 23.96</u>	<u>\$ 13,500.00</u>	<u>\$ 13,500.00</u>	<u>\$ 12,527.07</u>

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec 31, 2014	Additions by Ordinance	Balance Dec 31, 2015
Various Material For Snack Shed	\$ 3,446.90		\$ 3,446.90
Various Pool Renovations	14,640.00		14,640.00
Various Projects and/or Purchases	30,827.50		30,827.50
Purchase Recreation Equipments	10,000.00		10,000.00
Pool Bathroom Renovations	65,000.00		65,000.00
Various Projects and/or Purchases	24,553.10		24,553.10
Reconstruction of the Upper Polo Grounds and Softball Fields	16,366.32		16,366.32
Purchase of Bleachers for Playing Field	14,891.00		14,891.00
Recreation Shelter at Pool	14,750.00		14,750.00
Repair Pool Filter	60,000.00		60,000.00
Repair Lower Polo Grounds Fields	15,000.00		15,000.00
Baseball Dugouts at Claremont Field	18,000.00		18,000.00
Pool Heater	1,207.00		1,207.00
Pool Slide	39,700.00		39,700.00
Purchase and Installation of Swim Pool Diving Stand	1,750.00		1,750.00
Swimming Pool Improvements	15,000.00		15,000.00
Backstop at Kiwanis Field	4,000.00		4,000.00
Outdoor Furniture	6,750.00		6,750.00
Lightning Protection Systems	6,000.00		6,000.00
General Equipment	10,000.00	15,000.00	25,000.00
Motor and Housing, Main Pump, Copper Piping, and Other Equipment	20,000.00		20,000.00
Drainage Work at Kiwanis Ballfield	5,000.00		5,000.00
Sandblasting and Tiling of the Baby Pool	17,000.00		17,000.00
	<u>\$ 413,881.82</u>	<u>\$ 15,000.00</u>	<u>\$ 428,881.82</u>

Ref.

F

F

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance No.</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>To Fixed Capital</u>	<u>Balance Dec. 31, 2015</u>
Computer Software	1491	\$ 20,000.00			\$ 20,000.00
Purchase of Computer Hardware	1528	4,093.00			4,093.00
Kiwanis/Peters Park Playground	1591	7,000.00			7,000.00
Various Equipment	1658	15,000.00		\$ 15,000.00	
Various Equipment	1682		\$ 10,000.00		10,000.00
Various Equipment	1689		3,500.00		3,500.00
		<u>\$ 46,093.00</u>	<u>\$ 13,500.00</u>	<u>\$ 15,000.00</u>	<u>\$ 44,593.00</u>
	<u>Ref.</u>	F			F

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015

		<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:					
Salaries and Wages:					
Swimming Pool		\$ 965.91	\$ 965.91		\$ 965.91
Other Expenses					
Swimming Pool		2,119.78	2,119.78	\$ 250.58	1,869.20
Recreation		2,324.81	2,324.81	1,442.74	882.07
Ballfield/Lawn Repair		3,273.38	3,273.38	1,170.62	2,102.76
		<u>\$ 8,683.88</u>	<u>\$ 8,683.88</u>	<u>\$ 2,863.94</u>	<u>\$ 5,819.94</u>
	Ref.				
<u>Balance at December 31, 2014</u>					
Unencumbered	F	\$ 4,523.85			
Encumbered	F	<u>4,160.03</u>			
		<u>\$ 8,683.88</u>			
Cash Disbursed				<u>\$ 2,863.94</u>	

BOROUGH OF BERNARDSVILLE
 SWIMMING POOL/RECREATION UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord Number	Improvement Description	Ordinance		Balance December 31, 2014 Funded	2015 Authorizations		Paid or Charged	Balance December 31, 2015 Funded
		Date	Amount		Capital Improvement Fund			
1491	Computer Software	07/14/08	\$ 20,000.00	\$ 820.01				\$ 820.01
1528	Purchase of Computer Hardware	11/23/09	4,093.00	1,511.04				1,511.04
1591	Replacement of a Slide at the Kiwanis/Peters Park Playground	06/13/11	7,000.00	350.00				350.00
1658	Various Equipment	04/14/14	15,000.00	7,531.36			\$ 7,531.36	
1682	Various Equipment	03/25/15	10,000.00		\$ 10,000.00		9,347.75	652.25
1689	Various Equipment	05/11/15	3,500.00		3,500.00		2,620.00	880.00
				<u>\$ 10,212.41</u>	<u>\$ 13,500.00</u>		<u>\$ 19,499.11</u>	<u>\$ 4,213.30</u>
<u>Ref.</u>				F				F

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	F	\$ 21,812.70
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>13,500.00</u>
Balance December 31, 2015	F	<u><u>\$ 8,312.70</u></u>

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2014	2015 Authorizations	Transferred to Reserve for Amortization	Balance Dec. 31, 2015
1491	Computer Software	07/14/08	\$ 20,000.00			\$ 20,000.00
1528	Purchase of Computer Hardware	11/23/09	4,093.00			4,093.00
1591	Replacement of a Slide at the Kiwanis/Peters Park Playground	06/13/11	7,000.00			7,000.00
1658	Various Equipment	04/14/14	15,000.00		\$ 15,000.00	
1682	Various Equipment	03/25/15		\$ 10,000.00		10,000.00
1689	Various Equipment	05/11/15		3,500.00		3,500.00
			<u>\$ 46,093.00</u>	<u>\$ 13,500.00</u>	<u>\$ 15,000.00</u>	<u>\$ 44,593.00</u>
		<u>Ref.</u>	F			F

BOROUGH OF BERNARDSVILLE
SWIMMING POOL/RECREATION UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	F	\$ 413,881.82
Increased by:		
Transfer from Deferred Reserve for Amortization		<u>15,000.00</u>
Balance December 31, 2015	F	<u>\$ 428,881.82</u>

BOROUGH OF BERNARDSVILLE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

BOROUGH OF BERNARDSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Funding Department/ Pass Thru Department	Federal Program	CFDA #	Pass Through Entity ID	Grant Period		Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures	Amounts Provided To Subrecipients
				From	To					
U.S. Department of Justice: Office of Justice Program	Bullet Proof Vest Program	16.607	N/A	01/01/14	12/31/15	\$ 561.45		\$ 561.45	\$ 561.45	
								561.45	561.45	-0-
U.S. Department of Law and Public Safety (Passed through New Jersey Department of Law and Public Safety)	New Jersey Distracted Driver	20.600	N/A	01/01/14	12/31/15	3,379.85		3,379.85	3,379.85	
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	State Highway Projects	20-205	ADA-4010200849	01/01/14	12/31/14	185,000.00	\$ 46,250.00		185,000.00	
				01/01/11	12/31/11	150,000.00			150,000.00	
				01/01/13	12/31/15	175,000.00			175,000.00	
Total Department of Transportation							46,250.00	-0-	510,000.00	-0-
							\$ 46,250.00	\$ 3,941.30	\$ 513,941.30	-0-
TOTAL FEDERAL AWARDS										

N/A - Not Available/ Applicable

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BERNARDSVILLE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities Act	765-042-4900- 004-V42Y-6020	01/01/14	12/31/16	\$ 18,234.34		\$ 11,973.24	\$ 12,420.34
			01/01/15	12/31/16	22,153.56	\$ 22,153.56		
	Cool Cities Community Stewardship	100-042-4870-079-8120	01/01/07	12/31/16	25,000.00			24,230.77
	Recycling Tonnage Grant	752-042-4900-001-6020	01/01/10	12/31/16	11,549.00		5,179.43	8,796.06
			01/01/15	12/31/15	13,063.30			
			01/01/16	12/31/16	13,063.30	13,063.30		
	Youth Services- Bedminster	N/A	01/01/14	12/31/15	5,000.00		4,681.50	5,000.00
			01/01/15	12/31/16	5,000.00	5,000.00		
	Somerset Hills Board of Education- DARE Program	N/A	01/01/12	12/31/16	5,000.00			4,086.03
			01/01/13	12/31/16	2,500.00			760.29
	Youth Services Competitive Grant	N/A	01/01/13	12/31/14	1,500.00			1,500.00
	Somerset County Youth Services	N/A	01/01/13	12/31/13	5,000.00			5,000.00
			01/01/14	12/31/15	5,000.00		1,746.19	5,000.00
			01/01/15	12/31/15	1,500.00		1,500.00	1,500.00
Subtotal - Department of Environmental Protection						40,216.86	25,080.36	80,793.49
New Jersey Highlands Council	2009 Plan Conformance Grant- Highlands	100-082-2078-032	01/01/09	12/31/16	50,000.00			17,964.80
	Initial Assessment Grant- Highlands	10-032-080-1430	01/01/10	12/31/16	5,000.00			3,561.56
Subtotal - New Jersey Highlands Council								21,526.36
Department of Health and Senior Services								
Department of Treasury								
(Passed through the County of Somerset)	Municipal Alliance Against Substance Abuse	100-082-2000- 995-164	01/01/14	12/31/15	30,324.50		6,593.17	30,324.50
			01/01/15	12/31/16	17,417.03	17,417.03	11,907.83	11,907.83
Municipal Alliance Program- Program Coordinator- Other Municipalities Share	Program Coordinator - Other Municipalities Share Substance Abuse	100-082-2000- 044-995120	01/01/14	12/31/15	4,624.49		1,462.26	4,624.49
			01/01/15	12/31/16	3,042.00	3,041.61	3,042.00	2,280.96
	Subtotal - Department of Treasury						20,458.64	23,005.26
Department of Law and Public Safety								
	Drunk Driving Enforcement Fund	100-078-6400- 760-YYYY	01/01/10	12/31/16	3,085.94		507.37	1,527.61
			01/01/11	12/31/16	2,465.05			317.50

BOROUGH OF BERNARDSVILLE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Law and Public Safety (Cont'd)	Body Armor Replacement Fund	718-066-1020	01/01/15	12/31/15	\$ 2,018.32		\$ 2,018.32	\$ 2,018.32
		001-YCJS-6120	01/01/16	12/31/16	2,015.49	\$ 2,015.49	\$36.65	\$36.65
	Office of Emergency Management	100-066-1200-	01/01/13	12/31/15	14,000.00		875.43	14,000.00
		726-YLMR	01/01/15	12/31/16	5,000.00	5,000.00		
	OEM-Police Donations		01/01/12	12/31/16	10,000.00			564.00
Subtotal - Department of Law and Public Safety						<u>7,015.49</u>	<u>3,937.77</u>	<u>19,166.34</u>
TOTAL STATE AWARDS						<u>\$ 67,690.99</u>	<u>\$ 52,023.39</u>	<u>\$ 170,623.97</u>

N/A - Not Available

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BERNARDSVILLE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

Note A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Borough of Bernardsville under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Bernardsville
Bernardsville, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Bernardsville, in the County of Somerset (the "Borough") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 24, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2015-01, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Borough Council
Borough of Bernardsville
Bernardsville, New Jersey

Compliance and Other Matters

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

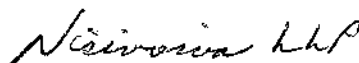
The Borough's Response to the Finding

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

Purpose of this Report

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

Mount Arlington, New Jersey
June 24, 2016


NISIVOCCIA LLP



Francis J. Jones, Jr.
Certified Public Accountant
Registered Municipal Accountant No. 442

BOROUGH OF BERNARDSVILLE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and New Jersey's OMB Circular 15-08.

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

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

Finding 2015-1

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permit and license fees; preparation of payroll; and recording of collections. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time. The Borough has made progress in this area and is working to resolve the finding.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

BOROUGH OF BERNARDSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015

The prior year finding regarding segregation of duties has not been resolved and is included as current year Finding 2015-1.

BOROUGH OF BERNARDSVILLE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

BOROUGH OF BERNARDSVILLE
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

Effective January 1, 2011 and thereafter, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the bid threshold may be up to \$36,000. Effective July 1, 2015 and thereafter, the bid threshold in accordance with N.J.S.A. 40A:11-3 has been increased to \$40,000 for a contracting unit with a qualified purchasing agent.

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

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

BOROUGH OF BERNARDSVILLE
COMMENTS AND RECOMMENDATIONS
 (Continued)

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

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

Collection of Interest on Delinquent Taxes, Assessments and Sewer Rents

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

On January 3, 2015, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes as follows:

"FOR TAXES NOT IN ARREARS, 0% for ten days after the first day of the month on which taxes are due. Taxes not paid during this ten day period shall be deemed to be in arrears as of the said first day of the month.

"FOR TAXES IN ARREARS, 8% per annum on the first \$1,500 of the delinquency, 18% per annum on any amount in excess of \$1,500 BOTH TO BE INCREASED TO THE MAXIMUM ALLOWED BY LAW IN THE EVENT OF AN INCREASE IN THE STATUTORY MINIMUM.

"RESOLVED FURTHER, that pursuant to N.J.S.A. 54:4-67, as amended, a penalty shall be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay said delinquency prior to the end of the calendar year. The penalty so charged is hereby fixed at 6% of the amount of the delinquency; and if taxes are fully paid and satisfied for that calendar year by the holder of an outstanding tax sale certificate, the holder shall be entitled to receive the same 6% penalty as part of the amount required to redeem such certificate of sale; and pursuant to N.J.S.A. 54:5-61, as amended, the amount to be charged on account of tax sale certificates shall include the redemption penalties and that a service charge in the amount of \$20 shall be imposed for each check returned for insufficient funds.

On December 12, 1967, the governing body adopted an ordinance authorizing interest to be charged on delinquent sanitary sewer rents, as follows:

"Pursuant to the provisions of N.J.S.A. 40:63-8, the charges set forth herein above shall draw the same interest from the time they become due as taxes upon real estate in the Borough of Bernardsville and shall be a lien upon the premises connected to the sanitary sewers until paid, and the Borough of Bernardsville shall have the same remedies for the collection thereof, with interest, cost and penalties as the Borough of Bernardsville has by law for collection of taxes upon real estate."

It appears from an examination of the Tax Collector's and the Utility Collector's records that interest was collected in accordance with the foregoing resolutions/ordinances.

BOROUGH OF BERNARDSVILLE
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Tax Title Liens</u>
2015	1
2014	1
2013	1

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2015 Taxes	20
Payment of 2016 Taxes	20
Delinquent Taxes	15
Tax Title Liens	1
Payment of 2015 Sewer Utility Charges	20
Delinquent Sewer Utility Charges	15

N.J.A.C. Accounting Requirements

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

1. Maintenance of an encumbrance accounting system.
2. Fixed assets accounting and reporting system.
3. General ledger accounting and recording system.

The Borough maintains an encumbrance accounting system, a fixed assets accounting and reporting system and a general ledger accounting system.

Federal and State Grant Fund and General Capital Fund

During our review of the federal and state grant fund and general capital fund grants, we noted several receivables and appropriated reserve balances which have been on the balance sheet for several years. A review of the federal and state grant fund and general capital fund receivables and reserves should be performed to identify those grants which will be collected or expended and which grants should be cancelled. No formal recommendation is judged to be warranted.

BOROUGH OF BERNARDSVILLE
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2015.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Receipts	Disbursements	Balance Dec. 31, 2015
State of New Jersey				
Fines & Costs	\$ 2,869.60	\$ 66,824.95	\$ 65,784.26	\$ 3,910.29
County of Somerset	2,785.00	48,615.00	48,562.00	2,838.00
Municipality	6,017.40	98,887.05	97,647.74	7,256.71
Municipality - POAA	16.00	100.00	108.00	8.00
Weights and Measures		9,350.00	9,350.00	
Conditional Discharge		438.00	363.00	75.00
Interest	0.87	18.52	17.88	1.51
Public Defender		1,380.00	1,310.00	70.00
	<u>\$ 11,688.87</u>	<u>\$ 225,613.52</u>	<u>\$ 223,142.88</u>	<u>\$ 14,159.51</u>

During our review of the Municipal Court, we noted that several items on the Tickets Assigned to an Officer but Not Issued Report were still outstanding dating as far back as 2008. We would suggest that any items in excess of 6 months be reviewed for proper disposition. A formal recommendation is judged to be unnecessary at this time.

Purchase Order Process

During our review of the purchase orders processed during the year, we noted that due to the small size of the Finance Office staff, it is not always possible for purchase orders to be physically encumbered in the accounting software prior to orders being placed for certain goods or services. However, consideration should be given to maintaining an approval log for these purchase orders or other similar documentation. A formal recommendation is judged to be unnecessary at this time.

Management Suggestions:

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the Borough consider options to test and protect the Borough from cyber-crime.

Deferred Compensation Plans

The Borough has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the Borough. The Borough should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the Borough's fiduciary responsibilities.

BOROUGH OF BERNARDSVILLE
COMMENTS AND RECOMMENDATIONS
(Continued)

Independent Contractors vs. Employees

The Borough should consider reviewing the status of "Independent Contractors" utilized by the Borough with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year Recommendations

The prior year recommendation about segregation of duties is included in the current year recommendations and is in the process of being implemented, where possible.

BOROUGH OF BERNARDSVILLE
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the payroll, recording and treasury functions in the tax office, court and various departments within the Borough.

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