

*BOROUGH OF BERNARDSVILLE*

*COUNTY OF SOMERSET*

*REPORT OF AUDIT*

*2016*

*NISIVOCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF BERNARDSVILLE

COUNTY OF SOMERSET

REPORT OF AUDIT

2016

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BOROUGH OF BERNARDSVILLE

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

## 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, 2016 and 2015, 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; including 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  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the 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, 2016 and 2015, 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 as of December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Other Matters***

***Supplementary Information***

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



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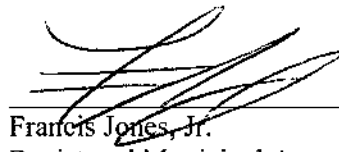
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017 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 19, 2017

  
NISIVOCCIA LLP

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

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
CURRENT FUND

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2016</u>	<u>2015</u>
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 4,328,620.67	\$ 3,390,485.59
Change Fund		400.00	400.00
		<u>4,329,020.67</u>	<u>3,390,885.59</u>
Due From State of New Jersey:			
Senior Citizen and Veterans Deductions		12,242.24	13,647.72
		<u>4,341,262.91</u>	<u>3,404,533.31</u>
Receivables and Other Assets With Full Reserves :			
Delinquent Property Taxes Receivable	A-7	545,389.67	412,514.78
Tax Title Liens Receivable	A-8	5,168.90	4,962.54
Property Acquired for Taxes - Assessed Valuation		13,100.00	13,100.00
Revenue Accounts Receivable	A-9	27,047.83	29,902.44
Due From:			
- Animal Control Fund	B	851.54	652.06
- Other Trust Fund	B	9,597.62	332.38
- Pool Utility Operating Fund	F	440.00	
- 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>601,603.28</u>	<u>461,632.26</u>
Total Regular Fund		<u>4,942,866.19</u>	<u>3,866,165.57</u>
Federal and State Grant Fund :			
Cash and Cash Equivalents	A-6	100,770.58	83,147.02
Federal and State Grants Receivable	A-13	31,686.57	38,413.04
Due From Current Fund	A	13,022.53	9,570.28
Total Federal and State Grant Fund		<u>145,479.68</u>	<u>131,130.34</u>
TOTAL ASSETS		<u>\$ 5,088,345.87</u>	<u>\$ 3,997,295.91</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>2016</u>	<u>2015</u>
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 397,359.05	\$ 269,543.37
Unencumbered	A-3;A-11	339,853.75	361,082.24
		<u>737,212.80</u>	<u>630,625.61</u>
Accounts Payable - Vendors		9,619.01	2,615.00
Due to General Capital Fund	C	370,366.17	
Due to Other Trust Fund - Escrow/Community Garden	B		18,159.50
Due to Federal and State Grant Fund	A	13,022.53	9,570.28
Prepaid Taxes		525,848.79	465,239.13
Tax Overpayments		217.50	7,087.45
Due to - State of NJ- Marriage License Fees		583.00	325.00
County Taxes Payable		40,107.76	
Due to Other Trust Fund - Open Space	B	460,678.35	
Reserve for Special Deposits		9,314.83	9,314.83
Reserve for Joint Insurance Fund Dividend		3,761.86	3,869.86
Reserve for Renovation for Hurricane Sandy		81,676.87	100,438.00
Unallocated Tax Receipts		2,161.62	2,161.62
Reserve for Mitigation Fees		4,338.00	4,338.00
		<u>2,258,909.09</u>	<u>1,253,744.28</u>
Reserve for Receivables and Other Assets	A	601,603.28	461,632.26
Fund Balance	A-1	2,082,353.82	2,150,789.03
Total Regular Fund		<u>4,942,866.19</u>	<u>3,866,165.57</u>
Federal and State Grant Fund :			
Appropriated Reserves	A-14	140,454.62	124,113.88
Unappropriated Reserves	A-15	5,025.06	7,016.46
Total Federal and State Grant Fund		<u>145,479.68</u>	<u>131,130.34</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 5,088,345.87</u>	<u>\$ 3,997,295.91</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>2016</u>	<u>2015</u>
Fund Balance Utilized		\$ 1,595,000.00	\$ 1,570,000.00
Miscellaneous Revenue Anticipated		2,212,489.36	1,900,043.68
Receipts from:			
Delinquent Taxes		404,576.07	555,648.30
Current Taxes		42,623,959.07	42,044,464.38
Nonbudget Revenue		59,196.09	29,639.58
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		105,230.02	172,136.54
Close Petty Cash		250.00	
Interfunds Returned		1,144.78	3,733.91
Interfund Payable Cancelled			13,461.00
Total Income		<u>47,001,845.39</u>	<u>46,289,127.39</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations :			
Municipal Purposes		12,368,586.73	11,752,889.26
County Taxes		8,106,574.36	8,175,235.68
Regional School Taxes		24,527,302.00	24,135,100.00
Open Space Taxes		460,678.35	462,638.79
Prior Year Senior Citizen Deductions Disallowed		1,250.00	500.00
Other Charges to Operations			42,573.62
Interfund Advanced		10,889.16	
Total Expenditures		<u>45,475,280.60</u>	<u>44,568,937.35</u>
Statutory Excess to Fund Balance		1,526,564.79	1,720,190.04
<u>Fund Balance</u>			
Balance January 1		<u>2,150,789.03</u>	<u>2,000,598.99</u>
		3,677,353.82	3,720,789.03
Decreased by:			
Utilized as Anticipated Revenue		<u>1,595,000.00</u>	<u>1,570,000.00</u>
Balance December 31	A	<u>\$ 2,082,353.82</u>	<u>\$ 2,150,789.03</u>

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, 2016

	Budget After Modification	Added by 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,595,000.00		\$ 1,595,000.00	
Miscellaneous Revenues :				
Licenses :				
Alcoholic Beverage Licenses	30,000.00		30,000.00	
Other	16,376.00		15,898.00	\$ (478.00)
Fees and Permits :				
Other	110,000.00		137,149.79	27,149.79
Fines and Costs :				
Municipal Court	97,000.00		97,550.63	550.63
Interest and Costs on Taxes	154,000.00		114,111.76	(39,888.24)
Parking Meters	4,000.00		4,790.52	790.52
Rental of Borough Property to Post Office	1,500.00			(1,500.00)
Parking Lot Fees	45,000.00		37,085.00	(7,915.00)
Consolidated Municipal Property Tax Relief Aid				
Energy Receipts Tax	662,172.00		662,172.00	
Uniform Construction Code Fees	315,000.00		388,151.21	73,151.21
Clean Communities Program		\$ 25,335.80	25,335.80	
Municipal Alliance Program	21,535.00		21,535.00	
Federal Bullet Proof Vests Grant		1,354.05	1,354.05	
Office of Emergency Management Exercise	5,000.00		5,000.00	
Body Armor Replacement Fund	2,015.00		2,015.00	
Somerset County Youth Services		5,000.00	5,000.00	
Municipal Alliance- Other Municipalities Share	3,284.00		3,284.00	
Recycling Tonnage Grant	27,171.00		27,171.00	
Sustainable Jersey		2,000.00	2,000.00	
Police Donation	1,500.00		1,500.00	
Youth Service- Bedminster Township		5,000.00	5,000.00	
Utility Operating Surplus of Prior Year - Sewer	25,000.00		25,000.00	
Click It or Ticket		1,315.64	1,315.64	
Drunk Driving Enforcement Fund		6,139.75	6,139.75	
Uniform Fire Safety Act	11,000.00		13,179.73	2,179.73
Dividend from Joint Insurance Fund	3,870.00		3,869.86	(0.14)
Library Rental	116,000.00		131,985.60	15,985.60
Hotel Tax	27,000.00		27,369.54	369.54
Worker's Compensation Assessment Fund	10,000.00		11,007.34	1,007.34
Due from Sewer and Swimming Pool/Recreation				
Utility Fund - Costs	35,000.00		35,000.00	
Reserve for Hurricane Sandy	100,438.00		100,438.00	
Verizon Franchise Fee	82,601.00		47,690.91	(34,910.09)
Comcast Franchise Fee	34,910.00		34,909.63	(0.37)
Library Reimbursement for Pension	58,000.00		62,689.55	4,689.55

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	Budget After Modification	Added by 40A:4-87	Realized	Excess or (Deficit)
Library Reimbursement for Expenses	\$ 3,200.00		\$ 1,880.42	\$ (1,319.58)
Capital Surplus	89,000.00		89,000.00	
Total Miscellaneous Revenues	2,091,572.00	\$ 46,145.24	2,177,579.73	39,862.49
Receipts from Delinquent Taxes	408,801.00		404,576.07	(4,224.93)
Amount to be raised by Taxes for Support of Municipal Budget :				
Local Tax for Municipal Purposes	9,168,206.34		10,470,533.70	1,302,327.36
Municipal Library Tax	767,653.00		767,653.00	
Budget Totals	14,031,232.34	46,145.24	15,415,342.50	1,337,964.92
Non-Budget Revenues			59,196.09	59,196.09
	<u>\$ 14,031,232.34</u>	<u>\$ 46,145.24</u>	<u>\$ 15,474,538.59</u>	<u>\$ 1,397,161.01</u>

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

Allocation of Current Tax Collections :		
Revenue from Collection of Current Taxes		\$ 42,623,959.07
Allocated to School, County and Open Space Taxes		33,094,554.71
Balance for Support of Municipal Budget		<u>9,529,404.36</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,708,782.34</u>
Realized for Support of Municipal Budget		<u>\$ 11,238,186.70</u>
Analysis of Realized For Support of Municipal Budget:		
Minimum Library Tax	\$ 767,653.00	
Local Tax for Municipal Purposes	<u>10,470,533.70</u>	
Total Realized For Support of Municipal Budget		<u>\$ 11,238,186.70</u>
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Homestead Rebate Postage	\$ 205.20	
Senior and Veteran Deductions- Administration Fee	855.00	
Sale of Asset	870.00	
Miscellaneous Reimbursements	<u>4,518.13</u>	
		\$ 6,448.33
Interest on Investments and Deposits Earned In:		
Current Fund		<u>43,843.86</u>
		50,292.19
Due from Recreation Pool Trust Fund	\$ 440.00	
Due From Federal and State Grant Fund	1.80	
Due From Other Trust	105.38	
Due From Other Trust-Escrow	167.24	
Due From Police Outside Duty	7,975.00	
Due from Animal Control Trust Fund	<u>214.48</u>	
		<u>8,903.90</u>
Total Miscellaneous Revenue Not Anticipated		<u>\$ 59,196.09</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, 2016

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 294,000.00	\$ 289,000.00	\$ 279,645.46	\$ 9,354.54	
Other Expenses	62,000.00	72,000.00	66,990.30	5,009.70	
Human Resources:					
Other Expenses	50,000.00	20,000.00	15,301.73	4,698.27	
Municipal Clerk:					
Salaries & Wages	175,000.00	187,000.00	185,377.56	1,622.44	
Other Expenses	12,000.00	13,000.00	12,712.04	287.96	
Financial Administration:					
Salaries & Wages	90,000.00	87,000.00	85,564.51	1,435.49	
Other Expenses	22,000.00	22,000.00	9,877.51	12,122.49	
Audit Services:					
Other Expenses	22,000.00	26,000.00	4,000.00	22,000.00	
Computer Information Technology:					
Salaries & Wages	77,000.00	79,800.00	79,528.18	271.82	
Other Expenses	32,000.00	33,500.00	29,458.67	4,041.33	
Tax Assessment Administration:					
Salaries & Wages	125,000.00	125,000.00	119,355.50	5,644.50	
Other Expenses	3,500.00	4,300.00	3,999.18	300.82	
Revenue Administration (Tax Collection):					
Salaries & Wages	74,000.00	57,000.00	55,216.90	1,783.10	
Other Expenses	11,000.00	11,000.00	8,586.51	2,413.49	
Legal Services and Costs:					
Other Expenses	160,000.00	98,000.00	86,500.69	11,499.31	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT (continued):					
Local Historian:					
Other Expenses	\$ 1,000.00	\$ 1,000.00	\$ 407.30	\$ 592.70	
Engineering Services and Costs:					
Salaries & Wages	68,000.00	68,000.00	66,562.29	1,437.71	
Other Expenses	70,000.00	80,000.00	78,870.21	1,129.79	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	80,000.00	89,500.00	89,091.60	408.40	
Other Expenses	25,000.00	27,000.00	17,797.33	9,202.67	
Board of Adjustment:					
Other Expenses	20,000.00	15,000.00	13,472.58	1,527.42	
Zoning Officer:					
Salaries & Wages	25,000.00	23,000.00	22,009.96	990.04	
Housing Inspector:					
Other Expenses	55,000.00	22,000.00	20,959.81	1,040.19	
Insurance:					
Group Insurance	860,870.00	800,038.56	707,682.24	92,356.32	
General Liability Insurance	162,000.00	172,000.00	165,724.24	6,275.76	
Workers Compensation Insurance	189,000.00	189,000.00	188,000.00	1,000.00	
Health Benefit Waiver	20,000.00	20,000.00	19,938.24	61.76	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	\$ 2,290,000.00	\$ 2,283,000.00	\$ 2,280,647.42	\$ 2,352.58	
Other Expense	110,000.00	99,000.00	96,423.27	2,576.73	
Purchase of Police Vehicle	42,000.00	22,500.00	20,514.27	1,985.73	
Municipal Radio and Communications:					
Salaries & Wages	245,000.00	261,000.00	257,396.01	3,603.99	
Other Expenses	22,000.00	17,000.00	17,000.00		
Aid to Volunteer Rescue Squad	62,000.00	62,000.00	62,000.00		
Municipal Court:					
Salaries & Wages	13,000.00	13,000.00	13,000.00		
Other Expenses	2,000.00	331.44	331.44		
Public Defender:					
Other Expenses	1,500.00				
Aid to Volunteer Fire Companies	90,000.00	90,000.00	90,000.00		
Fire:					
Other Expenses	23,000.00	23,000.00	75.00	22,925.00	
Emergency Management Services:					
Salaries & Wages	1,600.00	1,600.00	1,600.00		
Other Expense	2,700.00	2,700.00	2,618.61	81.39	
PUBLIC WORKS:					
Road Repairs and Maintenance:					
Salaries & Wages	910,000.00	898,000.00	894,303.72	3,696.28	
Other Expenses	450,000.00	462,100.00	455,730.01	6,369.99	
Fire Hydrant Service	80,000.00	86,700.00	69,228.50	17,471.50	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC WORKS: (continued):					
Shade Tree Committee:					
Other Expenses	\$ 30,000.00	\$ 42,500.00	\$ 42,500.00		
Somerset County Mandatory Recycling Program	85,000.00	85,000.00	61,244.45	\$ 23,755.55	
Senior Citizen Van:					
Other Expenses	8,000.00	8,000.00	3,339.53	4,660.47	
Public Buildings and Grounds:					
Other Expenses	205,000.00	272,850.00	271,693.01	1,156.99	
Vehicle Maintenance:					
Salaries & Wages	78,000.00	79,750.00	78,726.56	1,023.44	
Other Expenses	75,000.00	66,900.00	66,426.15	473.85	
Snow Removal:					
Salaries & Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	8,000.00	8,000.00	7,999.93	0.07	
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	2,500.00		
SANITATION:					
Sanitary Landfill:					
Other Expenses	50,000.00	42,000.00	40,870.79	1,129.21	
Other Expenses - Borough Clean Up Day	25,000.00	5.43		5.43	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
HEALTH AND WELFARE:					
Board of Health:					
Other Expenses	\$ 95,000.00	\$ 95,000.00	\$ 95,000.00		
Environmental Commission:					
Other Expenses	3,000.00	3,000.00	655.00	\$ 2,345.00	
Animal Control Regulations:					
Other Expenses	20,000.00	20,000.00	17,540.00	2,460.00	
Workers & Community Right to Know:					
Other Expenses	500.00	500.00		500.00	
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code:					
Salaries & Wages	160,000.00	176,000.00	175,397.49	602.51	
Other Expenses	5,000.00	5,500.00	4,957.25	542.75	
Fire Prevention Official:					
Salaries & Wages	27,000.00	30,000.00	28,700.39	1,299.61	
Other Expenses	1,000.00	1,000.00	958.17	41.83	
UNCLASSIFIED:					
Gasoline	86,900.00	61,531.44	51,492.48	10,038.96	
Electricity	38,000.00	33,000.00	26,843.05	6,156.95	
Telephone	62,000.00	76,500.00	75,474.99	1,025.01	
Natural Gas	16,000.00	16,000.00	8,493.02	7,506.98	
Street Lighting	60,000.00	50,000.00	42,616.14	7,383.86	
Telecommunications Costs	1,500.00	1,500.00	1,359.54	140.46	
Salary and Wage Adjustment Program:					
Salaries & Wages	100,000.00	160,294.57	160,294.57		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total Operations Within "CAPS"	\$ 8,475,570.00	\$ 8,393,401.44	\$ 8,061,581.30	\$ 331,820.14	
Total Operations including Contingent within "CAPS"	8,475,570.00	8,393,401.44	8,061,581.30	331,820.14	
Detail:					
Salaries & Wages	4,835,600.00	4,910,944.57	4,875,418.12	35,526.45	
Other Expenses	3,639,970.00	3,482,456.87	3,186,163.18	296,293.69	
Deferred Charges and Statutory Expenditures					
Municipal Within "CAPS":					
Statutory Expenditures:					
Public Employees Retirement System	385,152.00	385,152.00	385,152.00		
Social Security System (O.A.S.I.)	230,000.00	234,000.00	231,482.25	2,517.75	
Police and Firemen's Retirement System of New Jersey	461,838.00	461,838.00	461,838.00		
Unemployment Compensation	16,000.00	16,000.00	13,112.93	2,887.07	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,092,990.00	1,096,990.00	1,091,585.18	5,404.82	
Total General Appropriations for Municipal Purposes Within "CAPS"	9,568,560.00	9,490,391.44	9,153,166.48	337,224.96	

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total Operations Excluded "CAPS":					
Maintenance of Joint Free Public Library	\$ 897,085.00	\$ 897,085.00	\$ 897,085.00		
Employee Group Health Insurance	14,130.00	14,130.00	14,130.00		
Interlocal Agreements:					
Municipal Court	84,000.00	87,168.56	84,539.77	\$ 2,628.79	
Public and Private Programs Offset by Revenues:					
Municipal Alliance on Alcoholism and Drug Abuse:					
State Grant	21,535.00	21,535.00	21,535.00		
Borough Share	2,100.00	2,100.00	2,100.00		
Other Municipalities Share	3,284.00	3,284.00	3,284.00		
Clean Communities Grant (N.J.S.A.40A:4-87+\$25,335.80)		25,335.80	25,335.80		
Click It or Ticket (N.J.S.A.40A:4-87+\$1,315.64)		1,315.64	1,315.64		
Federal Bullet Proof Vest (N.J.S.A.40A:4-87+1,354.05)		1,354.05	1,354.05		
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)		5,000.00	5,000.00		
Bedminster Share (N.J.S.A.40A:4-87+\$5,000)		5,000.00	5,000.00		
Drunk Driving Enforcement Fund(N.J.S.A.40A:4-87+\$6,139.75)		6,139.75	6,139.75		
Reserve for Body Armor Replacement Fund	2,015.00	2,015.00	2,015.00		
Police Donation	1,500.00	1,500.00	1,500.00		
Office of Emergency Management Expertise	5,000.00	5,000.00	5,000.00		
Reserve for Recycling Tonnage Grant	27,171.00	27,171.00	27,171.00		
Total Operations Excluded from "CAPS"	<u>1,057,820.00</u>	<u>1,107,133.80</u>	<u>1,104,505.01</u>	<u>2,628.79</u>	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Detail:					
Other Expenses	\$ 1,057,820.00	\$ 1,107,133.80	\$ 1,104,505.01	\$ 2,628.79	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	500,000.00	575,000.00	575,000.00		
Total Capital Improvements - Excluded from "CAPS"	500,000.00	575,000.00	575,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	852,000.00	852,000.00	852,000.00		
Interest on Bonds	344,070.00	344,070.00	344,061.49		\$ 8.51
Total Municipal Debt Service - Excluded from "CAPS"	1,196,070.00	1,196,070.00	1,196,061.49		8.51
Total General Appropriations - Excluded from "CAPS"	2,753,890.00	2,878,203.80	2,875,566.50	2,628.79	8.51
Subtotal General Appropriations	12,322,450.00	12,368,595.24	12,028,732.98	339,853.75	8.51
Reserve for Uncollected Taxes	1,708,782.34	1,708,782.34	1,708,782.34		
Total General Appropriations	\$ 14,031,232.34	\$ 14,077,377.58	\$ 13,737,515.32	\$ 339,853.75	\$ 8.51

Ref.

A



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

	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 14,031,232.34	
Appropriation by NJSA 40A:4-87		<u>46,145.24</u>	
		<u>\$ 14,077,377.58</u>	
Reserve for Uncollected Taxes			\$ 1,708,782.34
Reserve for Encumbrances	A		397,359.05
Due Federal and State Grant Fund			108,750.24
Cash Disbursed			<u>11,957,849.66</u>
			14,172,741.29
Less: Appropriation Refunds			<u>435,225.97</u>
			<u>\$ 13,737,515.32</u>

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

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
TRUST FUNDS

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

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 5,702.92	\$ 12,473.86
Other Trust Funds:			
Cash and Cash Equivalents	B-1	10,252,530.68	9,777,075.38
Deficit in Garden Community Reserve		15.00	
Due from Current Fund	A		18,159.50
Due from Current Fund - Open Space	A	460,678.35	
		10,713,224.03	9,795,234.88
<u>TOTAL ASSETS</u>		<u>\$ 10,718,926.95</u>	<u>\$ 9,807,708.74</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-2	\$ 4,010.78	\$ 10,536.00
Due to State of New Jersey		72.60	112.80
Due to Current Fund	A	851.54	652.06
Prepaid Licenses		768.00	1,173.00
		5,702.92	12,473.86
Other Trust Funds:			
Due to Current Fund - Interest/ Police Fees/Escrow	A	9,597.62	332.38
Due to Current Fund - Revenue Accounts Receivable		21,170.02	22,645.73
Due to General Capital Fund - Open Space	C	89,800.00	90,000.00
Amount Due to State of New Jersey - Construction Code Fees		3,215.00	5,577.00
Reserve for:			
Public Defender		6,386.24	5,448.74
Railroad Station		150,081.40	204,953.96
Police Outside Duty		25,191.79	25,761.25
Shade Tree Trust		46,249.49	11,099.49
Law Enforcement Trust		785.48	60.63
Landfill Closure		11,098.25	11,098.25
Housing Trust		2,463,142.01	2,195,830.01
Open Space		6,590,299.86	6,241,549.42
Developer's Escrow		366,636.57	360,483.13
Parking Offenses Adjudication Act		2,523.52	2,363.52
Tax Sale Premium		322,600.00	198,200.00
Fire Prevention		3,131.47	2,152.99
Outside Lien Redemption		1,535.82	35.00
Community Garden Trust			2,185.00
Storm Recovery		100,000.80	70,000.80
Accumulated Absences		499,778.69	345,457.58
		10,713,224.03	9,795,234.88
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,718,926.95</u>	<u>\$ 9,807,708.74</u>

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

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 376,177.73	\$ 1,473,995.35
Investments	C-2	5,000,000.00	6,000,000.00
Deferred Charges to Future Taxation:			
Funded		14,581,000.00	15,433,000.00
Unfunded	C-4	200.00	200.00
Federal and State Aid Receivable:			
New Jersey Transportation Trust Fund Authority Act Reccivable		75,000.00	75,000.00
Department of Transportation Grants Receivable		300,000.00	600,000.00
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	370,366.17	
Due from Other Trust Fund - Open Space	B	89,800.00	90,000.00
Prospective Assessments to be Raised by Taxation		100,000.00	100,000.00
<u>TOTAL ASSETS</u>		<u>\$ 21,292,543.90</u>	<u>\$ 24,172,195.35</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 14,581,000.00	\$ 15,433,000.00
Improvement Authorizations:			
Funded	C-5	5,867,927.67	7,970,551.56
Unfunded	C-5	200.00	200.00
Due to Current Fund	A		160.34
Due to Sewer Utility Capital Fund	E	380,000.00	380,000.00
Capital Improvement Fund	C-6	165,345.03	20,335.03
Reserve for:			
Preliminary Expenses			2,958.75
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	23,071.20	89,989.67
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 21,292,543.90</u>	<u>\$ 24,172,195.35</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, 2015	C	\$ 89,989.67
Increased by:		
Funded Improvement Authorizations Canceled		32,081.53
		<u>122,071.20</u>
Decreased by:		
Appropriated to Finance Improvement Authorization	\$ 10,000.00	
Appropriated to 2016 Current Fund Budget Revenue	<u>89,000.00</u>	
		<u>99,000.00</u>
Balance December 31, 2016	C	<u>\$ 23,071.20</u>

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

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
WATER UTILITY FUND  
NOT APPLICABLE

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
SEWER UTILITY FUND



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

		December 31,	
	<u>Ref.</u>	<u>2016</u>	<u>2015 Restated</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 777,242.29	\$ 599,923.17
Due from Sewer Utility Capital Fund	E	66.82	77.73
		<u>777,309.11</u>	<u>600,000.90</u>
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-6	116,488.57	143,099.83
		<u>116,488.57</u>	<u>143,099.83</u>
Total Operating Fund		<u>893,797.68</u>	<u>743,100.73</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	780,220.35	879,861.50
Due from Sewer Utility Operating Fund	E	120,000.00	
Due from General Capital Fund	C	380,000.00	380,000.00
Fixed Capital	E-7	1,374,651.82	1,374,651.82
Fixed Capital Authorized and Uncompleted	E-8	2,160,000.00	2,160,000.00
		<u>4,814,872.17</u>	<u>4,794,513.32</u>
Total Capital Fund		<u>4,814,872.17</u>	<u>4,794,513.32</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,708,669.85</u>	<u>\$ 5,537,614.05</u>

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

		December 31,	
	Ref.	2016	2015 Restated
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-3;E-9	\$ 30,602.21	\$ 24,205.63
Unencumbered	E-3;E-9	38,600.94	51,560.69
		69,203.15	75,766.32
Due to Sewer Utility Capital Fund	E	120,000.00	
Prepaid Sewer Rents		3,727.28	3,630.79
Accrued Interest on Bonds		14,150.40	5,288.76
		207,080.83	84,685.87
Reserve for Receivables	E	116,488.57	143,099.83
Fund Balance	E-1	570,228.28	515,315.03
Total Operating Fund		893,797.68	743,100.73
Capital Fund:			
Serial Bonds Payable	E-15	1,564,000.00	1,658,000.00
Improvement Authorizations:			
Funded	E-10	1,055,243.00	1,154,873.24
Due to Sewer Utility Operating Fund	E	66.82	77.73
Capital Improvement Fund	E-11	217,447.09	97,447.09
Deferred Reserve for Amortization	E-13	735,000.00	735,000.00
Reserve for Amortization	E-12	1,235,651.82	1,141,651.82
Fund Balance	E-1A	7,463.44	7,463.44
Total Capital Fund		4,814,872.17	4,794,513.32
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,708,669.85</u>	<u>\$ 5,537,614.05</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

		Year Ended December 31,	
	Ref.	2016	2015
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated		\$ 60,000.00	\$ 60,000.00
Rents		1,273,682.67	1,197,982.54
Connection Fees		33,687.00	27,051.00
Interest on Investments		1,519.29	1,977.96
Miscellaneous Revenue Not Anticipated		13,284.83	12,245.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		26,739.46	44,693.07
Cancellation of Accrued Interest on Notes			11,490.99
Total Income		1,408,913.25	1,355,440.73
<u>Expenditures</u>			
Budget Expenditures:			
Operating		954,245.00	935,500.00
Capital Improvements		120,000.00	60,000.00
Debt Service		139,755.00	222,000.00
Deferred Charges and Statutory Expenditures		55,000.00	51,500.00
Total Expenditures		1,269,000.00	1,269,000.00
Excess in Revenue		139,913.25	86,440.73
<u>Fund Balance</u>			
Balance January 1		515,315.03	488,874.30
		655,228.28	575,315.03
Decreased by:			
Utilized as Anticipated Revenue in Current Fund Budget		25,000.00	
Utilized as Anticipated Revenue		60,000.00	60,000.00
Balance December 31	E	\$ 570,228.28	\$ 515,315.03

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, 2015	E	\$	7,463.44
Balance December 31, 2016	E	\$	<u>7,463.44</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, 2016

	<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	1,273,682.67	\$ 83,682.67
Connection Fees	18,000.00	33,687.00	15,687.00
Interest on Investments	1,000.00	1,519.29	519.29
Miscellaneous Revenue Not Anticipated		13,284.83	13,284.83
	<u>\$ 1,269,000.00</u>	<u>\$ 1,382,173.79</u>	<u>\$ 113,173.79</u>
Sewer User Fees			
Treasurer:			
Cash Received	\$ 1,270,051.88		
Overpayments Applied	<u>3,630.79</u>		
		<u>\$ 1,273,682.67</u>	
Analysis of Realized Revenue:			
Other Miscellaneous			
Interest on Investments -			
Interest on Investments - Operating Fund	\$ 686.20		
Due from Sewer Utility Capital Fund	<u>833.09</u>		
		<u>\$ 1,519.29</u>	
Analysis of Miscellaneous Revenue Not Anticipated:			
Interest & Costs on Rents		<u>\$ 13,284.83</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, 2016

	<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	\$ 431,245.00	\$ 431,245.00	\$ 412,177.69	\$ 19,067.31	
Other Expenses	523,000.00	523,000.00	506,225.10	16,774.90	
Capital Improvements:					
Capital Improvement Fund	120,000.00	120,000.00	120,000.00		
Debt Service:					
Payment of Bond Principal	94,000.00	94,000.00	94,000.00		
Payment of Bond Interest	45,755.00	45,755.00	45,755.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	22,000.00	22,000.00	22,000.00		
Social Security System (O.A.S.I.)	33,000.00	33,000.00	30,241.27	2,758.73	
	<u>\$ 1,269,000.00</u>	<u>\$ 1,269,000.00</u>	<u>\$ 1,230,399.06</u>	<u>\$ 38,600.94</u>	<u>\$ -0-</u>
				E	
<u>Analysis of Paid or Charged</u>					
Cash Disbursed			\$ 1,044,083.16		
Less: Refund			(10,041.31)		
Encumbered			30,602.21		
Accrued Interest on Bonds			45,755.00		
Due To Sewer Utility Capital Fund			120,000.00		
			<u>\$ 1,230,399.06</u>		

Ref.

E

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

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
SWIMMING POOL/ RECREATION UTILITY FUND

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

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 43,911.90	\$ 73,319.90
Due from Swimming Pool/Recreation Utility Capital Fund	F	0.24	1.07
Total Operating Fund		43,912.14	73,320.97
Capital Fund:			
Cash and Cash Equivalents	F-4	68.76	12,527.07
Fixed Capital	F-6	481,719.00	428,881.82
Fixed Capital Authorized and Uncompleted	F-7		44,593.00
Total Capital Fund		481,787.76	486,001.89
<u>TOTAL ASSETS</u>		<u>\$ 525,699.90</u>	<u>\$ 559,322.86</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	F-8		\$ 467.76
Unencumbered	F-8		5,688.37
			6,156.13
Due to Current Fund	A	\$ 440.00	
Accounts Payable - Vendors			140.00
		440.00	6,296.13
Fund Balance	F-1	43,472.14	67,024.84
Total Operating Fund		43,912.14	73,320.97
Capital Fund:			
Improvement Authorizations:			
Funded	F-9		4,213.30
Due to Swimming Pool/Recreation Utility Operating Fund	F	0.24	1.07
Capital Improvement Fund	F-10	68.52	8,312.70
Deferred Reserve for Amortization	F-11		44,593.00
Reserve for Amortization	F-12	481,719.00	428,881.82
Total Capital Fund		481,787.76	486,001.89
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 525,699.90</u>	<u>\$ 559,322.86</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

	Year Ended December 31,	
<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>		
Surplus Anticipated	\$ 28,200.00	\$ 74,500.00
Recreation Fees	230,772.71	241,879.20
Swimming Pool User Fees	173,759.22	194,162.74
Miscellaneous Revenue Anticipated	100,127.91	100,173.11
Receipts for 3% Convenience Fee	8,254.81	6,863.82
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	4,912.22	5,819.94
Total Income	<u>546,026.87</u>	<u>623,398.81</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	510,326.79	572,220.26
Deferred Charges and Statutory Expenditures	31,052.78	41,000.00
Total Expenditures	<u>541,379.57</u>	<u>613,220.26</u>
Excess in Revenue	4,647.30	10,178.55
<u>Fund Balance</u>		
Balance January 1	<u>67,024.84</u>	<u>131,346.29</u>
	71,672.14	141,524.84
Decreased by:		
Utilized as Anticipated Revenue	<u>28,200.00</u>	<u>74,500.00</u>
Balance December 31	<u><u>\$ 43,472.14</u></u>	<u><u>\$ 67,024.84</u></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, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ Deficit*</u>
Surplus Anticipated	\$ 28,200.00	\$ 28,200.00	
Recreation Fees	240,000.00	230,772.71	\$ 9,227.29 *
Swimming Pool Fees	190,000.00	173,759.22	16,240.78 *
3% Convenience Fee	6,800.00	8,254.81	1,454.81
Miscellaneous Revenue Anticipated	<u>100,000.00</u>	<u>100,127.91</u>	<u>127.91</u>
	<u><u>\$ 565,000.00</u></u>	<u><u>\$ 541,114.65</u></u>	<u><u>\$ 23,885.35 *</u></u>
Pool Fees:			
Cash Received		\$ 186,973.60	
Refunds		(13,602.45)	
Miscellaneous		213.07	
		<u><u>\$ 173,584.22</u></u>	
Miscellaneous Revenue Anticipated:			
Borough Share of Management Costs		\$ 100,000.00	
Interest on Investments:			
Operating		119.81	
Due from Capital		8.10	
		<u><u>\$ 100,127.91</u></u>	
Recreation Fees:			
Cash Received		\$ 230,947.71	
Refunds		(175.00)	
		<u><u>\$ 230,772.71</u></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, 2016

	<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:					
Swimming Pool	\$ 100,000.00	\$ 100,000.00	\$ 97,222.39		\$ 2,777.61
Recreation	149,000.00	149,000.00	146,315.70		2,684.30
Other Expenses:					
Swimming Pool	85,000.00	82,000.00	78,343.42		3,656.58
Recreation	140,500.00	143,500.00	141,923.22		1,576.78
Ballfield/Lawn Repair	24,500.00	24,500.00	17,236.15		7,263.85
Health and Dental Benefits	34,000.00	34,000.00	29,285.91		4,714.09
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	13,000.00	13,000.00	13,000.00		
Social Security System (O.A.S.I.)	19,000.00	19,000.00	18,052.78		947.22
	<u>\$ 565,000.00</u>	<u>\$ 565,000.00</u>	<u>\$ 541,379.57</u>	<u>\$ -0-</u>	<u>\$ 23,620.43</u>

Ref.

F

Analysis of Paid or Charged

Cash Disbursed	\$ 553,015.31
Refunds	(11,635.74)
	<u>\$ 541,379.57</u>

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

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2016	2015
<u>ASSETS</u>		
Land	\$ 2,523,797.50	\$ 2,523,797.50
Buildings	10,703,130.57	10,703,130.57
Machinery and Equipment	6,600,902.39	6,563,302.39
TOTAL ASSETS	<u>\$ 19,827,830.46</u>	<u>\$ 19,790,230.46</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 19,827,830.46</u>	<u>\$ 19,790,230.46</u>
TOTAL RESERVES	<u>\$ 19,827,830.46</u>	<u>\$ 19,790,230.46</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, 2016

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") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the 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, 2016  
(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, 2016  
(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, investments would generally be stated at fair value 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 the 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, 2016  
 (Continued)

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

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

Investments – Investments are stated at cost.

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, 2016  
(Continued)

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

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1<sup>st</sup> 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,		
	2016	2015 Restated	2014
<u>Issued</u>			
General - Bonds, Notes and Loans	\$ 14,581,000.00	\$ 15,433,000.00	\$ 10,012,300.00
Sewer Utility - Bonds and Notes	1,564,000.00	1,658,000.00	1,455,000.00
Total Issued	16,145,000.00	17,091,000.00	11,467,300.00
<u>Authorized but not Issued:</u>			
General - Bonds, Notes and Loans	200.00	200.00	
Total Authorized but not Issued	200.00	200.00	
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 16,145,200.00</u>	<u>\$ 17,091,200.00</u>	<u>\$ 11,467,300.00</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 .62%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 20,536,151.18	\$ 20,536,151.18	
General Debt	14,581,200.00		\$ 14,581,200.00
Sewer Utility Debt	1,564,000.00	1,564,000.00	
	<u>\$ 36,681,351.18</u>	<u>\$ 22,100,151.18</u>	<u>\$ 14,581,200.00</u>

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Net Debt \$14,581,200 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$2,324,209,889 = .62%.

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

3-1/2% Average Equalized Valuation of Real Property \$ 81,347,346.12

Net Debt 14,581,200.00

Remaining Borrowing Power \$ 66,766,146.12

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 \$ 1,382,173.79

Deductions:

Operating and Maintenance Costs	\$ 1,009,245.00	
Debt Service	<u>139,755.00</u>	
		<u>1,149,000.00</u>

Excess in Revenue \$ 233,173.79

Calculation of "Self-Liquidating Purpose", Swimming Pool/Recreation Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year \$ 541,114.65

Deductions:

Operating and Maintenance Costs	<u>541,379.57</u>	
---------------------------------	-------------------	--

Excess/(Deficit) in Revenue \$ (264.92)

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 12/31/14	Additions	Retirements	Balance 12/31/15
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	<u>1,130,000.00</u>	<u>980,000.00</u>	<u>2,110,000.00</u>	
	<u>\$ 11,467,300.00</u>	<u>\$24,252,200.00</u>	<u>\$ 18,628,500.00</u>	<u>\$ 17,091,000.00</u>

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

<u>Fund</u>	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/16</u>
Serial Bonds:				
General Capital Fund	\$ 15,433,000.00		\$ 852,000.00	\$ 14,581,000.00
Sewer Utility Capital Fund	<u>1,658,000.00</u>		<u>94,000.00</u>	<u>1,564,000.00</u>
	<u>\$ 17,091,000.00</u>	<u>\$ -0-</u>	<u>\$ 946,000.00</u>	<u>\$ 16,145,000.00</u>

The Borough's debt issued and outstanding on December 31, 2016, 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%	\$ 370,000.00
08/27/32	2.25%-3.00%	12,530,000.00
02/15/21	1.35%	<u>1,681,000.00</u>
		<u>14,581,000.00</u>
<u>Sewer Capital Serial Bonds Payable</u>		
02/15/17	3.75%	\$ 45,000.00
08/27/32	2.25%-3.00%	1,310,000.00
02/15/21	1.35%	<u>209,000.00</u>
		<u>1,564,000.00</u>
Total Debt Issued and Outstanding		<u>\$ 16,145,000.00</u>

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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	
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	973,000.00	269,775.00	109,000.00	14,078.13	1,365,853.13
2022-2026	4,500,000.00	1,080,000.00	425,000.00	106,340.67	6,111,340.67
2027-2031	4,500,000.00	528,750.00	500,000.00	29,375.00	5,558,125.00
2032	900,000.00	27,000.00	100,000.00	1,500.00	101,500.00
	<u>\$14,581,000.00</u>	<u>\$ 3,173,169.00</u>	<u>\$ 1,564,000.00</u>	<u>\$ 285,723.59</u>	<u>\$18,676,892.59</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$13,388,199 at June 30, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$10,392,417 at June 30, 2016. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

The amount of fund balances at December 31, 2016, which are included in the Introduced budget in the Current Fund and Sewer Utility Operating Fund for the year ending December 31, 2017, are as follows:

Current Fund	\$ 1,577,750.98
Sewer Utility Fund	\$ 80,000.00

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, 2016  
(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](http://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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A.43: 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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 \$420,152 for 2016.

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Borough's liability was \$13,388,199 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2016. 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 0.0047%, which was an increase of 0.0004% from its proportion measured as of June 30, 2015. The Borough has rolled forward the net pension liability to December 31, 2015 with no adjustments. The State of New Jersey Public Employee's Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Services, State of New Jersey is permitting municipalities to include the June 30, 2015 pension information in the Notes to the Financial Statements as the June 30, 2016 pension information has not been released as of the date of this audit.

For the year ended December 31, 2016, the Borough recognized actual pension expense in the amount of \$420,152.

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

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



BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2016 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, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Borough's proportionate share of the Net Pension Liability	\$ 16,405,675	\$ 13,388,199	\$ 10,897,011

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided

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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation.

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2016 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Borough contributions to PFRS amounted to \$461,838 for the year ended December 31, 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$33,440 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$111,465.

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Borough's liability for its proportionate share of the net pension liability was \$10,392,417. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The 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, 2016, the Borough's proportion was 0.054%, which was a decrease of 0.002% from its proportion measured as of June 30, 2015.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$872,705 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the 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, 2016, the State's proportion was 0.054%, which was a decrease of 0.002% from its proportion measured as of June 30, 2015 which is the same proportion as the Borough's.

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Borough's Proportionate Share of the Net Pension Liability	\$ 10,392,417
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>872,705</u>
Total Net Pension Liability	<u><u>\$ 11,265,122</u></u>

For the year ended December 31, 2016, the Borough recognized total pension expense of \$461,838.

Actuarial Assumptions

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2016 are summarized in the following table:

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

Discount Rate – PFRS

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

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the 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, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 14,525,550	\$ 11,265,123	\$ 8,606,441

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, 2016. Employee contributions to DCRP amounted to \$-0- for the year ended December 31, 2016.

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(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 31<sup>st</sup> 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, 2016 would approximate \$777,564.89. 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. The Borough has established a reserve in the Other Trust Fund in the amount of \$499,778.69 for this item.

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.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	\$ 1.876	\$ 1.837	\$ 1.829
<u>Apportionment of Tax Rate</u>			
Municipal	.453	.437	.433
(Includes Library and Open Space)			
County	.353	.354	.356
Regional School District	1.070	1.046	1.040
<u>Assessed Valuations</u>			
2016	\$ 2,292,050,134.00		
2015		\$ 2,308,708,231.00	
2014			\$ 2,266,051,368.00

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>
2016	\$ 43,211,655.89	\$ 42,623,959.07	98.63%
2015	42,493,654.39	42,044,464.38	98.94%
2014	41,459,707.97	40,870,762.80	98.58%

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, 2016  
(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.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

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

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

The market value of the collateral must equal 5% of the average daily balance of public funds 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, 2016  
(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 Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4)
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41);
  - (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, 2016  
(Continued)

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

As of December 31, 2016, cash and cash equivalents and investments of the Borough of Bernardsville consisted of the following:

Fund	Cash on Hand	Checking Accounts and Certificates of Deposit	Total
Current	\$ 400.00	\$ 4,328,620.67	\$ 4,329,020.67
Federal and State Grants		100,770.58	100,770.58
Animal Control		5,702.92	5,702.92
Other Trust		10,252,530.68	10,252,530.68
General Capital		5,376,177.73	5,376,177.73
Sewer Utility Operating		777,242.29	777,242.29
Sewer Utility Capital		780,220.35	780,220.35
Swimming Pool/Recreation			
Utility Operating		43,911.90	43,911.90
Swimming Pool/Recreation			
Utility Capital		68.76	68.76
	<u>\$ 400.00</u>	<u>\$ 21,665,245.88</u>	<u>\$ 21,665,645.88</u>

During the year December 31, 2016, 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, 2016, was \$21,665,645.88 and the bank balance was \$21,861,529.46

During the year December 31, 2015, 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, 2015, was \$22,304,193.94 and the bank balance was \$22,318,023.53.

The Borough has classified \$6,000,000 and \$5,000,000 of Certificates of Deposit in the General Capital Fund as investments at December 31, 2015 and 2016, respectively.

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, 2016  
(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, 2016 is as follows:

Total Assets	\$ 6,609,020
Net Position	\$ 3,259,461
Total Revenue	\$ 5,253,056
Total Expenses	\$ 4,795,576
Change in Net Position	\$ 457,480
Member Dividends	\$ 83,527

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, 2016  
(Continued)

**Note 10: Interfund Receivables and Payables**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 10,889.16	\$ 844,067.05
Federal and State Grant Fund	13,022.53	
Animal Control Fund		851.54
Other Trust Fund	460,678.35	99,397.62
General Capital Fund	460,166.17	380,000.00
Sewer Utility Operating Fund	66.82	120,000.00
Sewer Utility Capital Fund	500,000.00	66.82
Swimming Pool/Recreation Utility Operating Fund	0.24	440.00
Swimming Pool/Recreation Utility Capital Fund		0.24
	<u>\$ 1,444,823.27</u>	<u>\$ 1,444,823.27</u>

The interfund receivable in the Federal and State Grant Fund and the Interfund payable in the Current Fund are due to the normal timing difference between the receipt and disbursement of grants. 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. The Interfund between General Capital and Current Fund is a DOT grant deposited into Current Fund and the Balance of Capital Improvement Fund not paid by the end of the year. The interfund between Sewer Utility Capital, General Capital is due to the prior year balance not being liquidated from the prior year.

**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 \$11,098.25 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, 2016  
(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, 2016, the balance in the Open Space Trust Fund was \$6,590,299.86.

Note 15: Fixed Assets

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

	Balance Dec. 31, 2015	Additions	Balance Dec. 31, 2016
Land	\$ 2,523,797.50		\$ 2,523,797.50
Buildings	10,703,130.57		10,703,130.57
Machinery and Equipment	6,563,302.39	\$ 37,600.00	6,600,902.39
	<u>\$ 19,790,230.46</u>	<u>\$ 37,600.00</u>	<u>\$ 19,827,830.46</u>
	Balance Dec. 31, 2014	Additions	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>\$ 19,790,230.46</u>

BOROUGH OF BERNARDSVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 16: Prior Period Adjustments

The Borough made certain prior year adjustments in the Sewer Capital Fund financials. The restatement adjusted the unfunded improvement authorization to the Sanitary Sewerage System, Ordinance 12-1610 and fixed capital authorized and uncompleted. The following is a summarization of the restatements to the Sewer Utility Capital Fund for the year ended December 31, 2015:

	Balance 12/31/15	Retroactive Adjustments	Balance 12/31/15 Restated
Assets:			
Sewer Utility Capital Fund:			
Fixed Capital Authorized and Uncompleted	\$ 2,223,000.00	\$ (63,000.00)	\$ 2,160,000.00
Estimated Proceeds of Bonds and Notes Authorized but not issued	63,000.00	(63,000.00)	
Total Sewer Capital Fund Assets	<u>\$ 4,857,513.32</u>	<u>\$ (63,000.00)</u>	<u>\$ 4,794,513.32</u>
Liabilities:			
Sewer Utility Capital Fund:			
Improvement Authorizations:			
Funded	\$ 96,590.91	\$ 1,058,282.33	\$ 1,154,873.24
Unfunded	1,121,282.33	(1,121,282.33)	
Bonds and Notes Authorized But Not Issued	63,000.00	(63,000.00)	
Total Sewer Capital Fund Liabilities	<u>\$ 4,857,513.32</u>	<u>\$ (63,000.00)</u>	<u>\$ 4,794,513.32</u>

Note 17: Recreation/Pool Utility Fund

During 2016 the Borough dissolved the Recreation/Pool Utility Fund. Over the past few years revenues started to decrease and the Borough was concerned that the Recreation/Pool Utility would be put in a deficit position. The Borough has set up a dedication by rider to establish a Recreation Trust Fund to continue the program. The Borough has created revenue and appropriation line items in the 2017 Current Fund Budget for related salaries and other expenses. As of January 1, 2017 all the money in the Recreation/Pool Utility Fund has been liquidated into the Current Fund.

## SUPPLEMENTARY DATA

BOROUGH OF BERNARDSVILLE  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2016

Name	Title	Amount of Bond
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 (Until 3/1/16)	(A)
Katherine Howes	Judge- Shared Service with Bedminister	
Teresa Van Allen	Court Administrator -Shared Services	(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  
2016  
CURRENT FUND

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 3,390,485.59
Increased by Receipts:		
Tax Collector	\$ 43,242,954.07	
Revenue Accounts Receivable	1,887,419.50	
Due State of New Jersey:		
Marriage License Fees	1,008.00	
Veterans and Senior Citizens' Deductions	42,750.00	
Miscellaneous Revenue Not Anticipated	50,292.19	
Due from Other Trust Fund	332.38	
Due Federal and State Grant Fund	1,354.05	
Due From Animal Control Fund Interest	15.00	
Due From General Capital Fund	1,050,160.34	
Due From Sewer Utility Operating Fund	93,215.57	
Due From Railroad Trust Fund	235.69	
Due From Swimming Pool/Recreation Pool Fund	8,111.78	
2015 Appropriation Refunds	956.93	
2016 Appropriation Refunds	435,225.97	
Petty Cash	850.00	
Reserve for Joint Insurance Fund Dividend	3,761.86	
Reserve for Renovation for Hurricane Sandy	81,676.87	
		<u>46,900,320.20</u>
		50,290,805.79
Decreased by Disbursements:		
2016 Appropriation Expenditures	11,957,849.66	
2015 Appropriation Reserves	519,348.51	
Regional School Taxes	24,527,302.00	
County Taxes	8,066,466.60	
Tax Overpayments	89,161.98	
Petty Cash	600.00	
Due to State of New Jersey:		
Marriage License Fees	750.00	
Due Other Trust - Garden Community Reserve	50.00	
Due Other Trust - Railroad Reserve	235.69	
Due To Other Trust - Escrow Reserve	19,459.50	
Due Sewer Utility Operating Fund	93,215.57	
Due To Recreation/Pool Operating Fund	8,111.78	
Due To General Capital Fund	679,633.83	
		<u>45,962,185.12</u>
Balance December 31, 2016	A	<u>\$ 4,328,620.67</u>

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2016

Prepaid Taxes	\$	525,848.79	
2016 Taxes Receivable		42,116,125.42	
Delinquent Taxes Receivable		404,576.07	
Interest and Costs on Taxes		114,111.76	
Tax Overpayments		82,292.03	
			<u>\$ 43,242,954.07</u>
Decreased by:			
Payments to Municipal Treasurer			<u><u>\$ 43,242,954.07</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 83,147.02
Increased by Receipts:		
Due to Current Fund - Interest	\$ 109.66	
Grants Receivable	74,552.66	
Unappropriated Reserves	<u>35,478.60</u>	
		110,140.92
		<u>193,287.94</u>
Decreased by Disbursements:		
Due to Current Fund - Interest	107.86	
Appropriated Grant Reserves	<u>92,409.50</u>	
		<u>92,517.36</u>
Balance December 31, 2016	A	<u><u>\$ 100,770.58</u></u>

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

Year	Balance Dec. 31, 2015	2016 Levy	Collections		State's Share of Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2016
			2015	2016				
2014								
2015	\$ 412,514.78			\$ 404,576.07	\$ (1,250.00)	\$ 9,103.17		\$ 85.54
	412,514.78			404,576.07	(1,250.00)	9,103.17		85.54
2016		\$ 43,211,655.89	\$ 465,239.13	42,116,125.42	42,594.52	42,186.33	\$ 206.36	545,304.13
	\$ 412,514.78	\$ 43,211,655.89	\$ 465,239.13	\$ 42,520,701.49	\$ 41,344.52	\$ 51,289.50	\$ 206.36	\$ 545,389.67

Ref. A

A

Analysis of 2016 Property Tax Levy

Tax Yield :

General Purpose Tax	\$ 42,998,860.75	
Added Taxes (54:4-63.1 et seq.)	212,795.14	
		<u>\$ 43,211,655.89</u>

Tax Levy :

Regional School District Tax		\$ 24,527,302.00
County Taxes	8,066,466.60	
Amount Due to County for Added Taxes (54:4-63.1 et seq.)	<u>40,107.76</u>	
		8,106,574.36
Municipal Open Space		<u>460,678.35</u>
		33,094,554.71
Minimum Library Tax	767,653.00	
Local Tax for Municipal Purposes	9,168,206.34	
Add : Additional Tax Levied	<u>181,241.84</u>	<u>10,117,101.18</u>
		<u>\$ 43,211,655.89</u>

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 4,962.54
Increased by:		
Transfer from Taxes Receivable		<u>206.36</u>
Balance December 31, 2016	A	<u><u>\$ 5,168.90</u></u>

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued In	Received In		Balance
	Dec. 31, 2015	2016	2016		Dec. 31, 2016
			Collector	Treasurer	
Licenses:					
Alcoholic Beverage Licenses		\$ 30,000.00		\$ 30,000.00	
Other Licenses		15,898.00		15,898.00	
Fees and Permits:					
Construction Code Official	\$ 22,645.73	386,675.50		388,151.21	\$ 21,170.02
Other		137,149.79		137,149.79	
Municipal Court:					
Fines and Costs	7,256.71	96,171.73		97,550.63	5,877.81
Interest and Costs on Taxes		114,111.76	\$ 114,111.76		
Parking Meters		4,790.52		4,790.52	
Parking Lot Fees		37,085.00		37,085.00	
Energy Receipts Taxes		662,172.00		662,172.00	
Library Reimbursement for Pension		62,689.55		62,689.55	
Due from Utilities - Pension Costs		35,000.00		35,000.00	
Verizon Franchise Fee		82,600.54		82,600.54	
Comcast Franchise Fee		34,909.63		34,909.63	
Library Reimbursement for Expenses		1,880.42		1,880.42	
Worker's Compensation Assessment Fund		11,007.34		11,007.34	
Uniform Fire Safety		13,179.73		13,179.73	
Capital Fund Balance		89,000.00		89,000.00	
Library Rental		131,985.60		131,985.60	
Hotel Tax		27,369.54		27,369.54	
Sewer Fund Balance		25,000.00		25,000.00	
	<u>\$ 29,902.44</u>	<u>\$ 1,998,676.65</u>	<u>\$ 114,111.76</u>	<u>\$ 1,887,419.50</u>	<u>\$ 27,047.83</u>

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016  
(NOT APPLICABLE)



BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries & Wages	\$ 12,608.35	\$ 254.57	\$ 254.57	
Other Expenses	12,377.82	26,480.40	21,703.96	\$ 4,776.44
Human Resources:				
Other Expenses	11,609.05	8,609.05	8,500.00	109.05
Municipal Clerk:				
Salaries & Wages	392.82	392.82		392.82
Other Expenses	83.46	83.46	68.15	15.31
Financial Administration:				
Salaries & Wages	2,703.68	2,703.68	2,703.68	
Other Expenses	1,772.37	2,772.37	1,044.17	1,728.20
Annual Audit	22,000.00	22,000.00	19,285.28	2,714.72
Computer Information Technology:				
Salaries & Wages	1,465.00			
Other Expenses	1,616.00	1,536.00	1,536.00	
Insurance (N.J.S.A. 40A:4-45.3(00)):				
Group Insurance	77,500.47			
General Liability Insurance	37,914.41	35,222.95	35,222.95	
Workers Compensation Insurance	47,000.00	47,000.00	47,000.00	
Health Benefit Waiver	324.80	324.80		324.80
Tax Assessment Administration:				
Salaries & Wages	1,088.75	1,088.75	885.06	203.69
Other Expenses	1,032.15	63.80	63.80	0.00
Revenue Administration (Tax Collection):				
Salaries & Wages	655.47			
Other Expenses	3,336.59	133.51	133.51	0.00
Legal Services and Costs:				
Other Expenses	20,765.88	26,759.05	9,641.44	17,117.61
Engineering Services and Costs:				
Salaries & Wages	885.08			
Other Expenses	9,314.82	15,314.82	9,249.34	6,065.48
Planning Board:				
Salaries & Wages	648.12			
Other Expenses	15,181.24	22,681.24	21,623.41	1,057.83
Zoning Officer:				
Other Expenses	3,100.52	3,100.52	2,624.23	476.29
Board of Adjustment:				
Other Expenses	5,185.20	3,185.20	1,668.20	1,517.00
Shade Tree Commission:				
Other Expenses	13,276.71	13,276.71	13,134.97	141.74
Environmental Commission (N.J.S.A.40:56.1,et seq.):				
Other Expenses	2,442.70	2,442.70	1,014.28	1,428.42

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<b>PUBLIC SAFETY:</b>				
Police:				
Salaries & Wages	\$ 11,405.67	\$ 15,236.70	\$ 15,236.70	
Other Expense	49,948.04	57,996.92	56,187.00	\$ 1,809.92
Purchase of Police Cars	4,048.88			
Municipal Radio and Communications:				
Salaries & Wages	1,990.85	3,117.64	3,117.64	
Other Expense	2,570.93	2,246.88	2,020.00	226.88
Municipal Court:				
Salaries & Wages	183.72	183.72	94.90	88.82
Other Expenses	1,058.08	450.00	450.00	
Public Defender:				
Other Expenses	1,500.00			
Fire:				
Other Expenses	1,026.00	1,026.00		1,026.00
Emergency Management Services:				
Other Expenses	1,576.80	1,576.80	1,192.60	384.20
<b>PUBLIC WORKS:</b>				
Road Repairs and Maintenance:				
Salaries & Wages	11,316.35	7,128.83	7,128.83	
Other Expenses	92,300.76	141,988.28	114,425.85	27,562.43
Shade Tree Committee:				
Somerset County Mandatory Recycling Program	16,550.48	16,550.48	8,820.00	7,730.48
Public Buildings and Grounds:				
Other Expenses	21,759.39	29,759.39	16,896.33	12,863.06
Vehicle Maintenance:				
Salaries & Wages	1,847.70			
Other Expenses	13,235.96	13,235.96	7,721.88	5,514.08
Snow Removal:				
Other Expenses	8,000.00	8,000.00	7,999.50	0.50
Senior Citizen Van:				
Other Expenses	4,000.00	1,157.00	1,157.00	
<b>HEALTH AND WELFARE:</b>				
Animal Control Regulations:				
Other Expenses	1,293.43	1,293.43	35.00	1,258.43
Workers and Community Right to Know:				
Other Expenses	500.00	500.00		500.00
<b>RECREATION AND EDUCATION:</b>				
Celebration of Public Events:				
Other Expenses	653.36	653.36		653.36
Salary and Wage Adjustment Program		50,000.00	50,000.00	

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UNIFORM CONSTRUCTION CODE:				
State Uniform Construction Code:				
Salaries & Wages	\$ 2,092.39	\$ 2,092.39	\$ 2,032.26	\$ 60.13
Other Expenses	1,225.93	1,225.93	60.02	1,165.91
Fire Prevention Official:				
Salaries & Wages	1,415.98	1,415.98	1,154.46	261.52
Other Expenses	692.52	692.52	159.00	533.52
SANITATION:				
Sanitary Landfill:				
Other Expenses	32,078.80	25,505.20	24,506.49	998.71
UNCLASSIFIED:				
Electricity	11,936.49	143.12	143.12	
Street Lighting	1,076.28	56.63	56.63	
Telephone	2,266.03	2,266.03	2,139.07	126.96
Telecommunication Costs	1,500.00	1,500.00		1,500.00
Natural Gas	2,821.63	2,821.63		2,821.63
Gasoline	13,589.40	2,304.31	2,304.31	
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	6,808.22	3,000.00	3,000.00	
Police and Firemen's Retirement System of New Jersey	74.08	74.08		74.08
	<u>\$ 630,625.61</u>	<u>\$ 630,625.61</u>	<u>\$ 525,395.59</u>	<u>\$ 105,230.02</u>
<u>Analysis of Balance @ 12/31/2015</u>				
Unencumbered	\$ 361,082.24			
Encumbered	269,543.37			
	<u>\$ 630,625.61</u>			

Cash Disbursed	\$ 519,348.51
Accounts Payable	7,004.01
	<u>526,352.52</u>
Less: Refunds	956.93
	<u>\$ 525,395.59</u>

BOROUGH OF BERNARDSVILLE  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

Increased by:

Levy - Calendar Year 2016	\$ 24,527,302.00
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Decreased by:

Payments to Regional School District	<u>\$ 24,527,302.00</u>
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BOROUGH OF BERNARDSVILLE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance Dec 31, 2015	2016 Realized Revenue	2016 Cash Receipts	Due from Current Fund	Transferred from Unappropriated Reserves	Balance Dec 31, 2016
Municipal Alliance Program-2014	\$ 703.06					\$ 703.06
Municipal Alliance Program-2013	1,224.91					1,224.91
Municipal Alliance Program-2015	19,945.00		\$ 10,283.47			9,661.53
Municipal Alliance Program - Other Municipalities	0.39	\$ 3,284.00			\$ 3,284.00	0.39
Municipal Alliance- Program-2016		21,535.00	7,978.00			13,557.00
Clean Communities Program 2016		25,335.80	25,335.80			
Sustainable Jersey		2,000.00	2,000.00			
Somerset County Youth Services	5,000.00		5,000.00			
Somerset County Youth Services-2016		5,000.00	5,000.00			
Recycling Tonnage Grant		27,171.00			27,171.00	
Child Passenger Safety Grant	3,652.59					3,652.59
Click It or Ticket Grant	2,887.09	1,315.64	1,315.64			2,887.09
Reserve for Police Donation		1,500.00	1,500.00			
Office of Emergency Management- Trailer		5,000.00			5,000.00	
Drunk Driving Enforcement Fund		6,139.75	6,139.75			
Body Armor Replacement Fund		2,015.00			2,015.00	
Youth Service - Bedminster Township	5,000.00	5,000.00	10,000.00			
Federal Bullet Proof Vest Grant		1,354.05		\$ 1,354.05		
	<u>\$ 38,413.04</u>	<u>\$ 106,650.24</u>	<u>\$ 74,552.66</u>	<u>\$ 1,354.05</u>	<u>\$ 37,470.00</u>	<u>\$ 31,686.57</u>

Ref.

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

Grant	Balance Dec 31, 2015	From 2016 Budget Appropriations	Appropriations By N.J.S.A. 40A:4-87	Paid or Charged	Balance Dec 31, 2016
Drunk Driving Enforcement Fund	\$ 6,665.34		\$ 6,139.75	\$ 3,871.08	\$ 8,934.01
Municipal Alliance Program:					
State	21,294.62	\$ 21,535.00		26,234.06	16,595.56
Other Municipalities Share		3,284.00			3,284.00
Local Matching	4,283.68	2,100.00			6,383.68
Reserve for Police Donation/OEM	9,436.00			5,965.00	3,471.00
Clean Communities Program	27,967.56		25,335.80	26,694.00	26,609.36
Alcohol Education and Rehabilitation Fund	3,431.31			800.00	2,631.31
Body Armor Replacement Fund	2,018.00	2,015.00		684.40	3,348.60
Office of Emergency Management Exercise		5,000.00		1,393.01	3,606.99
Donation for Senior Citizen's Van	2,252.72				2,252.72
Somerset County Youth Services	5,000.00		5,000.00	5,000.00	5,000.00
Youth Service - Bedminster Township	5,000.00		5,000.00	5,000.00	5,000.00
Federal Bullet Proof Vest Grant	2,023.70		1,354.05	2,023.70	1,354.05
Police Donation		1,500.00			1,500.00
Recycling Tonnage Grant	25,714.78	27,171.00		10,589.37	42,296.41
Somerset Hills Board of Education- DARE Program	2,653.68			1,890.40	763.28
DOT Overtime Reimbursement	1,000.00				1,000.00
Girl on Move	114.34			114.34	
Mayor Wellness Campaign	300.00				300.00
Hennessey Family Charity	250.00				250.00
Donation- Rescue Squad	500.00				500.00
Sustainable Jersey	1,321.06		2,000.00	823.96	2,497.10
Click it or Ticket Grant	2,887.09		1,315.64	1,326.18	2,877
	<u>\$ 124,113.88</u>	<u>\$ 62,605.00</u>	<u>\$ 46,145.24</u>	<u>\$ 92,409.50</u>	<u>\$ 140,454.62</u>
Ref. A					A
Grant Funds		\$ 60,505.00	\$ 46,145.24		
Matching Share Grant- Current Fund		2,100.00			
		<u>\$ 62,605.00</u>	<u>\$ 46,145.24</u>		

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

Grant	Balance Dec 31, 2015	Cash Received	Budget Revenue Realized	Balance Dec 31, 2016
Recycling Tonnage Grant	\$ 0.65	\$ 27,170.78	\$ 27,171.00	\$ 0.43
Municipal Alliance-Other Match		3,284.05	3,284.00	0.05
Body Armor Replacement Fund	2,015.81	2,023.77	2,015.00	2,024.58
Office of Emergency Management	5,000.00		5,000.00	
Donation -Paragano		3,000.00		3,000.00
	<u>\$ 7,016.46</u>	<u>\$ 35,478.60</u>	<u>\$ 37,470.00</u>	<u>\$ 5,025.06</u>
<u>Ref.</u>	A			A

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
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, 2015	B \$ 12,473.86	\$ 9,777,075.38
Increased by Receipts:		
Borough Dog and Cat License Fees	\$ 5,670.00	
Prepaid Fees	768.00	
Due to State of New Jersey	72.00	
Penalties on Dog License Fees	452.00	
State Dog License Fees	574.80	
Due Current Fund:		
Interest Earnings	15.00	\$ 1,114.25
Zoning Fees	200.00	
Construction Code Fees		400,439.50
Escrow		1,500.00
Police Fees		7,800.00
Due from General Capital Fund		300,000.00
Due from Current Fund		2,000,000.00
Due to State of New Jersey - DCA Fees		24,179.00
Developer's Escrow		261,147.99
Open Space Trust		137,769.13
Public Defender		937.50
Fire Prevention		1,627.42
Police Outside Duty		116,882.04
Railroad Station		75,279.00
Shade Tree		35,150.00
Outside Lien Redemption Trust		73,129.48
Law Enforcement Trust		3,224.85
Parking Offenses Adjudication Act		160.00
Tax Sale Premiums		199,900.00
Housing Trust		307,003.59
Community Garden Trust		800.00
Snow Removal		30,000.00
Accumulated Absences		192,610.31
	<u>7,751.80</u>	<u>4,170,654.06</u>
	20,225.66	13,947,729.44

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	\$ 687.00	
Administrative Expenses (R.S. 4:19-15.11)	13,820.22	
Due to Current Fund:		
Interest Earned	15.52	\$ 949.01
Construction Code Fees		401,915.21
Interfunds Returned - Open Space		2,000,000.00
Due to General Capital Fund:		
Interfunds Returned - Open Space		300,000.00
Due to State of New Jersey - DCA Fees		26,541.00
Developer's Escrow		237,035.05
Open Space Trust		249,897.04
Law Enforcement Trust		2,500.00
Fire Prevention		648.94
Police Outside Duty		117,451.50
Railroad Station		130,151.56
Outside Lien Redemption Trust		71,628.66
Tax Sale Premiums		75,500.00
Housing Trust		39,691.59
Community Garden Trust		3,000.00
Accumulated Absences		38,289.20
	<u>\$ 14,522.74</u>	<u>\$ 3,695,198.76</u>
Balance December 31, 2016	B <u>\$ 5,702.92</u>	<u>\$ 10,252,530.68</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 10,536.00
Increased by:		
Dog and Cat License Fees Collected	\$ 5,670.00	
Late Fees	450.00	
Replacements	2.00	
Prior Year Prepaids Applied	<u>1,173.00</u>	
		<u>7,295.00</u>
		17,831.00
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>13,820.22</u>
Balance December 31, 2016	B	<u><u>\$ 4,010.78</u></u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2014	\$ 4,854.00
2015	<u>6,078.00</u>
Maximum Allowable Reserve	<u><u>\$ 10,932.00</u></u>

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
GENERAL CAPITAL FUND

BOROUGH OF BERNARDSVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

Balance December 31, 2015	<u>Ref.</u> C	\$ 7,473,995.35
Increased by:		
Donation	S	49,397.00
2016 Budget Appropriation:		
Capital Improvement Fund		500,000.00
Duc From Open Space		501,000.00
Improvement Authorization Refunds		3,511.24
Due Current Fund:		
Interfund Returned		1,946,061.49
Interest Earned		38,461.21
		<u>3,038,430.94</u>
		10,512,426.29
Decreased by:		
Improvement Authorization Expenditures		2,759,529.50
Due to Current Fund as Anticipated Revenue:		
Capital Fund Balance		89,000.00
Due Current Fund:		
Interfund Returned		1,946,061.49
Interest Earned		38,698.82
Reserve for Preliminary Expenses		2,958.75
Duc From Open Space Trust Fund		300,000.00
		<u>5,136,248.56</u>
Balance December 31, 2016	C	<u><u>\$ 5,376,177.73</u></u>
Analysis of Balance December 31, 2016:		
Cash and Cash Equivalents	C	\$ 376,177.73
Investments	C	<u>5,000,000.00</u>
		<u><u>\$ 5,376,177.73</u></u>

BOROUGH OF BERNARDSVILLE  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2015	Receipts		Disbursements				Balance/ (Deficit) Dec. 31, 2016
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous			
						From	To	
Capital Fund Balance	\$ 89,989.67				\$ 89,000.00	\$ 10,000.00	\$ 32,081.53	\$ 23,071.20
Capital Improvement Fund	20,335.03	\$ 500,000.00				510,000.00	155,010.00	165,345.03
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	(600,000.00)						300,000.00	(300,000.00)
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	2,958.75				2,958.75			
Due from Open Space Trust Fund	(90,000.00)		\$ 201,000.00			201,000.00	200.00	(89,800.00)
Due Sewer Utility Capital Fund	380,000.00							380,000.00
Due From (To) Current Fund	160.34		38,461.21		38,698.82	376,297.71	6,008.81	(370,366.17)
Donation			49,397.00			49,397.00		
Ord. No.	Improvement Description							
1354	Various Improvements		468.71		\$ 468.71			
1394	Various Improvements		42,170.17		38,407.70	3,762.47		
1426	Various Improvements		2,291.53			2,291.53		
1452/147								
6/1501	Various Improvements		955.98		955.98			
1490	Improvement of Olcott Avenue		100.87			100.87		
09-1509	Various Improvements		1,451.67		1,302.92	148.75		
09-1511	Lighting at the Ammerman Parking Lot		200.00			200.00		
10-1537	Various Improvements		93,398.85		19,972.96	60,178.25		13,247.64
10-1539	Improvement of Various Roads		42,939.65				54,600.34	97,579.99
10-1555	Dunsten Squibb Property		200.00			200.00		
10-1573	Rebuilding Clarendon Steps		44,867.00		2,847.45	20,000.00		22,019.55
11-1579	Various Improvements		18,509.02		16,009.02			2,500.00
11-1590	Various Improvements		2,688.05		399.00			2,289.05
12-1597	Various Improvements		8,970.23		6,950.05			2,020.18
13-1621	Various Improvements		76,134.04		66,134.04			10,000.00
13-1643	Road Equipment (Bomford)		1,517.00					1,517.00
14-1652	Various Improvements		225,133.38		125,390.55			99,742.83
14-1662	Audio Visual Equipment		10.00			10.00		
14-1664	Peters Tract		5,815.25					5,815.25
14-1666	Various Improvements		581,574.91		438,729.86		1,297.71	144,142.76
14-1671	Drainage Clarendon Field		8,201.00					8,201.00
14-1672	Guide Rail Replacement		6,895.00					6,895.00
15-1691	Various Improvements		6,583,943.78		1,490,106.75	6,008.81		5,087,828.22
15-1693	Various Equipment		210,439.40		149,602.56			60,836.84
16-1712	Construct Basketball Court/Pool Repairs				129,256.48		141,000.00	11,743.52
16-1715	Various Improvements				171,437.23	80,000.00	500,000.00	248,562.77
16-1718	Fire/First Aid Equipment Refurbishment				49,397.00		49,397.00	
16-1721	Repair Clarendon Steps				27,500.00		60,000.00	32,500.00
16-1724	Four Wheel Drive Vehicle - Const. Dept				20,000.00		20,000.00	
1481/1501	Downtown Projects- Supplemental		11,676.07		1,150.00			10,526.07
		\$ 7,473,995.35	\$ 500,000.00	\$ 288,858.21	\$ 2,756,018.26	\$ 1,319,595.39	\$ 1,319,595.39	\$ 5,376,177.73
			Cash Disbursed	2,759,529.50				
			Less Refunds	(3,511.24)				
				2,756,018.26				

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Analysis of Balance</u> <u>December 31, 2016</u>
				<u>Unexpended</u> <u>Improvement</u> <u>Authorizations</u>
1481/1501	Downtown Projects - Supplemental	\$ 200.00	\$ 200.00	\$ 200.00
		\$ 200.00	\$ 200.00	\$ 200.00
	<u>Ref.</u>	<u>C</u>	<u>C</u>	

**BOROUGH OF BERNARDSVILLE**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

2016 Authorizations											
Ord No	Improvement Description	Ordinance		Balance Dec. 31, 2015		Capital Improvement	Other Funding	Paid or Charged	Cancellation	Balance Dec. 31, 2016	
		Date	Amount	Funded	Unfunded	Fund	Sources			Funded	Unfunded
General Improvements:											
1354	Various Improvements	09/16/04	\$ 950,000.00	\$ 468.71				\$ 468.71			
1194/1476	Various Improvements	05/18/05	968,615.00	42,170.17				38,407.70	\$ (3,762.47)		
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	955.98				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	1,451.67				1,302.92	(148.75)		
09-1511	Lighting at the Amnnerman Parking Lot	04/30/09	7,000.00	200.00					(200.00)		
10-1537	Various Improvements	03/22/10	900,000.00	38,798.51				19,972.96	(5,577.91)	\$ 13,247.64	
10-1539	Improvement of Various Roads	05/10/10	450,000.00	97,539.99						97,539.99	
10-1555	Dunster Squibb Property	07/12/10	20,000.00	200.00					(200.00)		
10-1573	Rebuilding Claremont Steps	11/08/10	120,000.00	44,867.00				2,847.45	(20,000.00)	22,019.55	
11-1579	Various Improvements	01/17/11	900,000.00	18,509.02				16,009.02		2,500.00	
11-1590	Various Improvements	05/23/11	100,000.00	2,688.05				399.00		2,289.05	
12-1597	Various Improvements	01/23/12	970,000.00	8,970.23				6,950.05		2,020.18	
13-1621	Various Improvements	02/20/13	1,200,000.00	76,134.04				66,134.04		10,000.00	
13-1643	Road Equipment (Boniford)	09/23/13	107,000.00	1,517.00						1,517.00	
14-1652	Various Improvements	03/24/14	535,000.00	225,133.38				125,390.55		99,742.83	
14-1662	Audio Visual Equipment	05/27/14	24,000.00	10.00					(10.00)		
14-1664	Peters Tract	05/27/14	17,500.00	5,815.25						5,815.25	
14-1666	Various Improvements	07/14/14	2,470,000.00	581,574.91				437,432.15		144,142.76	
14-1671	Drainage Claremont Field	09/22/14	90,000.00	8,201.00						8,201.00	
14-1672	Guide Rail Replacement	09/22/14	60,000.00	6,895.00						6,895.00	
15-1691	Various Improvements	05/26/15	6,698,000.00	6,583,943.78				1,496,115.56		5,087,828.22	
15-1693	Various Equipment	06/08/15	333,000.00	210,439.40				149,602.56		60,836.84	
16-1712	Construct Basketball Court/Pool Repairs	03/14/16	141,000.00				\$ 141,000.00	129,256.48		11,743.52	
16-1715	Various Equipment	05/09/16	500,000.00			\$ 500,000.00		171,437.23	(80,000.00)	248,562.77	
16-1718	Fire/First Aid Equipment Refurbishment	05/09/16	49,397.00				49,397.00				
16-1721	Repair Claremont Steps	06/27/16	60,000.00				60,000.00	27,500.00		32,500.00	
16-1724	Four Wheel Drive Vehicle - Const. Dept	09/12/16	20,000.00			10,000.00	10,000.00	20,000.00			
Local Improvement:											
1481/1501	Downtown Projects- Sidewalks	04/30/08	649,200.00	11,676.07	\$ 200.00			1,150.00		10,526.07	\$ 200.00
				\$ 7,970,551.56	\$ 200.00	\$ 510,000.00	\$ 260,397.00	\$ 2,760,729.36	\$ (112,291.53)	\$ 5,867,927.67	\$ 200.00
		Ref.	C	C						C	C
						Open Space Trust Fund	\$ 201,000.00				
						Donation	49,397.00				
						Capital Fund Balance	10,000.00				
						Total	\$ 260,397.00				
						Cash Disbursed	\$ 2,759,529.50				
						Capital Improvement Fund		\$ 80,010.00			
						Due From Open Space Trust		200.00			
						Due To Current Fund	4,711.10				
						Refunds	(3,511.24)				
						Capital Fund Balance		32,081.53			
								\$ 2,760,729.36	\$ 112,291.53		



BOROUGH OF BERNARDSVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 20,335.03
Increased by:		
2016 Budget Appropriation		\$ 575,000.00
Improvement Authorizations Cancelled		<u>80,010.00</u>
		655,010.00
		<u>675,345.03</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>510,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 165,345.03</u></u>

BOROUGH OF BERNARDSVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2016  
NOT APPLICABLE

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, 2015	Matured	Balance Dec. 31, 2016
			December 31, 2016					
			Date	Amount				
General Bonds of 2007	02/15/07	\$ 4,579,000.00	02/15/17	\$ 370,000.00	3.750%	\$ 735,000.00	\$ 365,000.00	\$ 370,000.00
General Bonds of 2015	08/27/15	12,984,000.00	08/15/17	475,000.00	2.250%	12,984,000.00	454,000.00	12,530,000.00
			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%			
Refunding Bonds of 2015	09/29/15	1,714,000.00	02/15/17	31,000.00	1.350%	1,714,000.00	33,000.00	1,681,000.00
			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%			
						\$ 15,433,000.00	\$ 852,000.00	\$14,581,000.00

Ref.

C

C

BOROUGH OF BERNARDSVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ WASTEWATER TREATMENT LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

BOROUGH OF BERNARDSVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord.</u> <u>#</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
1481/1501	Downtown Projects- Sidewalks	<u>\$ 200.00</u>	<u>\$ 200.00</u>

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
WATER UTILITY FUND  
NOT APPLICABLE

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
SEWER UTILITY FUND

BOROUGH OF BERNARDSVILLE  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	E	\$ 599,923.17	\$ 879,861.50
Increased by Receipts:			
Consumer Accounts Receivable		\$ 1,270,051.88	
Overpayments		3,154.00	
Prepaid Sewer Rents		3,727.28	
Connection Fees		33,687.00	
Miscellaneous Revenue		13,284.83	
Interest on Investments		686.20	\$ 833.09
Received from Sewer Capital		844.00	
Budget Refunds		10,041.31	
		<u>1,335,476.50</u>	<u>833.09</u>
		1,935,399.67	880,694.59
Decreased by Disbursements:			
2016 Budget Appropriations		1,044,083.16	
2015 Appropriation Reserves		49,026.86	
Improvement Authorizations			99,630.24
Accrued Interest on Bonds and Notes		36,893.36	
Due to Current Fund:			
Revenue Anticipated		25,000.00	
Due to Sewer Utility Operating Fund:			
Interest on Investments			844.00
Overpayments Refunded		3,154.00	
		<u>1,158,157.38</u>	<u>100,474.24</u>
Balance December 31, 2016	E	<u>\$ 777,242.29</u>	<u>\$ 780,220.35</u>



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

	Restated Balance (Deficit) Dec. 31, 2015	Receipts Miscellaneous	Disbursements		Transfers		Balance (Deficit) Dec. 31, 2016
			Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 97,447.09					\$ 120,000.00	\$ 217,447.09
Due To Sewer Utility Operating Fund	77.73	\$ 833.09		\$ 844.00			66.82
Due From Sewer Utility Operating Fund					\$ 120,000.00		(120,000.00)
Due From General Capital Fund	(380,000.00)						(380,000.00)
Fund Balance	7,463.44						7,463.44
<u>Improvement Authorizations:</u>							
Ord Number	Improvement Description						
02-1297	Improvements to Pumping Station		327.81				327.81
04-1367	Sludge Aeration Blower, SBR Blower/Motor and Air Compressor		29,020.00	\$ 17,140.00			11,880.00
05-1399	Various Projects		16,066.57	10,683.57			5,383.00
06-1438	Replacement of Filter Media in the Water Treatment Plant		517.00				517.00
12-1610	Improvement of the Sanitary Sewerage System		13,282.33	1,900.48			11,381.85
12-1616	Utility Pick-Up Truck w/ Snow Plow		3,869.00				3,869.00
13-1620	Improvement of the Sanitary Sewerage System		692,873.45				692,873.45
15-1690	Improvement of the Sanitary Sewerage System		382,260.48	57,043.67			325,216.81
15-1702	Improvement of the Sanitary Sewerage System		16,656.60	12,862.52			3,794.08
	<u>\$ 879,861.50</u>	<u>\$ 833.09</u>	<u>\$ 99,630.24</u>	<u>\$ 844.00</u>	<u>\$ 120,000.00</u>	<u>\$ 120,000.00</u>	<u>\$ 780,220.35</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 143,099.83
Increased by:		
Sewer Rents Levied		1,247,071.41
		<u>1,390,171.24</u>
Decreased by:		
Collections	\$ 1,270,051.88	
Prepays Applied	<u>3,630.79</u>	
		<u>1,273,682.67</u>
Balance December 31, 2016	E	<u><u>\$ 116,488.57</u></u>

BOROUGH OF BERNARDSVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2015	E	<u>\$ 1,374,651.82</u>
Balance December 31, 2016	E	<u><u>\$ 1,374,651.82</u></u>

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

Improvement Description	Ordinance			Restated	Balance
	Number	Date	Amount	Balance Dec. 31, 2015	Dec. 31, 2016
Improvements to Pumping Station	02-1297	10/21/2002	\$ 15,000.00	\$ 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	40,000.00
Various Projects	05-1399	8/15/2005	65,000.00	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	50,000.00
Wastewater Treatment Plant Traveling Bridge Filter	07-1469	9/24/2007	65,000.00	65,000.00	65,000.00
Improvement of the Sanitary Sewerage System	12-1610	6/11/2012	700,000.00	637,000.00	637,000.00
Utility Pick-Up Truck w/ Snow Plow	12-1616	11/26/2012	35,000.00	35,000.00	35,000.00
Improvement of the Sanitary Sewerage System	13-1620	9/23/2013	700,000.00	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>\$ 2,160,000.00</u>	<u>\$ 2,160,000.00</u>
			<u>Ref.</u>	E	E

BOROUGH OF BERNARDSVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016

		<u>Balance</u> <u>Dec. 31, 2015</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		\$ 3,500.80	\$ 3,500.80	\$ 2,533.72	\$ 967.08
Other Expenses		72,053.32	72,053.32	46,493.14	25,560.18
Statutory Expenditures:					
Contribution to:					
Social Security System		212.20	212.20		212
		<u>\$ 75,766.32</u>	<u>\$ 75,766.32</u>	<u>\$ 49,026.86</u>	<u>\$ 26,739.46</u>
	<u>Ref.</u>				
<u>Balance at December 31, 2015</u>					
Encumbered	E	\$ 24,205.63			
Unencumbered	E	<u>51,560.69</u>			
		<u>\$ 75,766.32</u>			

BOROUGH OF BERNARDSVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Amount	Balance Dec. 31, 2015 Restated		Paid or Charged	Balance Dec. 31, 2016	
	Number	Date		Funded	Unfunded		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		\$ 17,140.00	11,880.00	
Various Projects	05-1399	8/15/2005	65,000.00	16,066.57		10,683.57	5,383.00	
Replace Filter Media in Water Treatment Plant	06-1438	7/10/2006	50,000.00	517.00			517.00	
Improvement of the Sanitary Sewerage System	12-1610	6/11/2012	700,000.00	13,282.33		1,900.48	11,381.85	
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	692,873.45			692,873.45	
Improvement of the Sanitary Sewerage System	15-1690	5/26/2015	400,000.00	382,260.48		57,043.67	325,216.81	
SBR Control System	15-1702	9/14/2015	25,000.00	16,656.60		12,862.52	3,794.08	
				<u>\$ 1,154,873.24</u>	<u>\$ -0-</u>	<u>\$ 99,630.24</u>	<u>\$ 1,055,243.00</u>	<u>\$ -0-</u>
			<u>Ref.</u>	E	E		E	E

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 97,447.09
Increased by:		
2016 Budget Appropriation		<u>120,000.00</u>
Balance December 31, 2016	E	<u>\$ 217,447.09</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 1,141,651.82
Increased by:		
Serial Bonds Paid		<u>94,000.00</u>
Balance December 31, 2016	E	<u><u>\$ 1,235,651.82</u></u>



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

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2015	Balance Dec. 31, 2016
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	310,000.00	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	110,000.00	110,000.00
15-1687	Improvement of the Sanitary Sewerage System	4/27/2015	65,000.00	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>\$ 735,000.00</u>	<u>\$ 735,000.00</u>
		<u>Ref.</u>	<u>E</u>	<u>E</u>

BOROUGH OF BERNARDSVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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, 2015	Defeased/ Matured	Balance Dec. 31, 2016
			December 31, 2016					
			Date	Amount				
Improvement of Sanitary Sewerage System	2/15/2007	\$ 525,000.00	02/15/17	\$45,000.00	3.75%	\$ 85,000.00	\$ 40,000.00	\$ 45,000.00
General Bonds of 2015	08/27/15	1,360,000.00	08/15/17	50,000.00	2.25%	1,360,000.00	50,000.00	1,310,000.00
			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%			
Refunding Bonds of 2015	09/29/15	213,000.00	02/15/17	4,000.00	1.35%	213,000.00	4,000.00	209,000.00
			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%			
						<u>\$ 1,658,000.00</u>	<u>\$ 94,000.00</u>	<u>\$ 1,564,000.00</u>
Ref.						E		E

BOROUGH OF BERNARDSVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

BOROUGH OF BERNARDSVILLE  
COUNTY OF SOMERSET  
2016  
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, 2015	F	\$ 73,319.90	\$ 12,527.07
Increased by Receipts:			
Recreation Fees		\$ 230,947.71	
Pool Fees		186,973.60	
3% Convenience Fee		8,254.81	
Interest on Investments		119.81	\$ 8.10
Borough Share of Management Costs		100,000.00	
Miscellaenous		213.07	
Due From Swimming Pool/Recreation			
Utility Capital Fund		8.93	
Due to Current Fund:			
Interfunds Advanced		440.00	
Appropriation Refunds		11,635.74	
		<u>538,593.67</u>	<u>8.10</u>
		611,913.57	12,535.17
Decreased by Disbursements:			
2016 Budget Appropriations		553,015.31	
2015 Appropriation Reserves		1,243.91	
Accounts Payable		140.00	
Improvement Authorizations			12,457.48
Refund of Pool Fees		13,427.45	
Refund of Recreation Fees		175.00	
Due Swimming Pool/Recreation Utility Operating Fund:			
Interest on Investments			8.93
		<u>568,001.67</u>	<u>12,466.41</u>
Balance December 31, 2016	F	<u>\$ 43,911.90</u>	<u>\$ 68.76</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, 2015	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2016
Capital Improvement Fund		\$ 8,312.70				\$ 12,500.00	\$ 4,255.82	\$ 68.52
Due Swimming Pool/ Recreation Utility Operating Fund		1.07	\$ 8.10		\$ 8.93			0.24
Ordinance Number	Improvement Authorizations:							
1491	Computer Software	820.01				820.01		
1528	Purchase of Computer Hardware	1,511.04		\$ 457.48		1,053.56		
1591	Replacement of a Slide at the Kiwanis/Peters Park Playground	350.00				350.00		
1658	Various Equipment							
1682	Various Equipment	652.25				652.25		
1689	Various Equipment	880.00				880.00		
1716	Various Equipment			12,000.00		500.00	12,500.00	
		<u>\$ 12,527.07</u>	<u>\$ 8.10</u>	<u>\$ 457.48</u>	<u>\$ 8.93</u>	<u>\$ 16,755.82</u>	<u>\$ 16,755.82</u>	<u>\$ 68.76</u>

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

	Balance Dec 31, 2015	Additions by Ordinance	Balance Dec 31, 2016
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	25,000.00		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
Various Equipment		\$ 12,000.00	12,000.00
Computer Software		19,179.99	19,179.99
Computer Hardware		3,039.44	3,039.44
Slide at the Kiwanis/Peters Park Playground		6,650.00	6,650.00
Various Equipment		9,347.75	9,347.75
Various Equipment		2,620.00	2,620.00
	<u>\$ 428,881.82</u>	<u>\$ 52,837.18</u>	<u>\$ 481,719.00</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, 2015</u>	<u>2016 Authorizations</u>	<u>To Fixed Capital</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2016</u>
Computer Software	1491	\$ 20,000.00		\$ 19,179.99	\$ 820.01	
Purchase of Computer Hardware	1528	4,093.00		3,039.44	1,053.56	
Kiwanis/Peters Park Playground	1591	7,000.00		6,650.00	350.00	
Various Equipment	1658					
Various Equipment	1682	10,000.00		9,347.75	652.25	
Various Equipment	1689	3,500.00		2,620.00	880.00	
Various Equipment	1716		\$ 12,500.00	12,000.00	500.00	
		<u>\$ 44,593.00</u>	<u>\$ 12,500.00</u>	<u>\$ 52,837.18</u>	<u>\$ 4,255.82</u>	<u>\$ -0-</u>
<u>Ref.</u>		F				F

BOROUGH OF BERNARDSVILLE  
SWIMMING POOL/RECREATION UTILITY OPERATING FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016

		<u>Balance</u> <u>Dec. 31, 2015</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		\$ 118.52	\$ 118.52		\$ 118.52
Recreation		1,067.92	1,067.92		1,067.92
Other Expenses					
Swimming Pool		343.65	343.65		343.65
Recreation		1,685.32	1,685.32	\$ 1,243.91	441.41
Health and Dental Benefits		1,940.72	1,940.72		1,940.72
Statutory Expenditures:					
Contribution to:					
Social Security System		1,000.00	1,000.00		1,000.00
		<u>\$ 6,156.13</u>	<u>\$ 6,156.13</u>	<u>\$ 1,243.91</u>	<u>\$ 4,912.22</u>
	<u>Ref.</u>				
<u>Balance at December 31, 2015</u>					
Unencumbered	F	\$ 5,688.37			
Encumbered	F	467.76			
		<u>\$ 6,156.13</u>			

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

Ord Number	Improvement Description	Ordinance		Balance December 31, 2015 Funded	2016 Authorizations		Paid or Charged	Cancelled	Balance December 31, 2016 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			\$ 457.48	1,053.56	
1591	Replacement of a Slide at the Kiwanis/Peters Park Playground	06/13/11	7,000.00	350.00				350.00	
1682	Various Equipment	03/25/15	10,000.00	652.25				652.25	
1689	Various Equipment	05/11/15	3,500.00	880.00				880.00	
1716	Various Equipment	05/09/16	12,500.00		\$ 12,500.00	12,000.00		500.00	
				<u>\$ 4,213.30</u>	<u>\$ 12,500.00</u>	<u>\$ 12,457.48</u>	<u>\$ 4,255.82</u>	<u>\$ -0-</u>	
				Ref.	F			F	

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

	<u>Ref.</u>	
Balance December 31, 2015	F	\$ 8,312.70
Increased by:		
Improvement Authorizations Cancelled		4,255.82
		<u>12,568.52</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		12,500.00
		<u>12,500.00</u>
Balance December 31, 2016	F	<u>\$ 68.52</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, 2015	2016 Authorizations	Transferred to Reserve for Amortization	Authorizations Canceled	Balance Dec. 31, 2016
1491	Computer Software	07/14/08	\$ 20,000.00		\$ 19,179.99	\$ 820.01	
1528	Purchase of Computer Hardware	11/23/09	4,093.00		3,039.44	1,053.56	
1591	Replacement of a Slide at the Kiwanis/Peters Park Playground	06/13/11	7,000.00		6,650.00	350.00	
1682	Various Equipment	03/25/15	10,000.00		9,347.75	652.25	
1689	Various Equipment	05/11/15	3,500.00		2,620.00	880.00	
1716	Various Equipment	05/09/16		\$ 12,500.00	12,000.00	500.00	
			<u>\$ 44,593.00</u>	<u>\$ 12,500.00</u>	<u>\$ 52,837.18</u>	<u>\$ 4,255.82</u>	<u>\$ -0-</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, 2015	F	\$ 428,881.82
Increased by:		
Transfer from Deferred Reserve for Amortization		<u>52,837.18</u>
Balance December 31, 2016	F	<u><u>\$ 481,719.00</u></u>

BOROUGH OF BERNARDSVILLE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF BERNARDSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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	\$ 2,023.70		\$ 2,023.70	\$ 2,023.70	
								2,023.70	2,023.70	-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	01/01/16	12/31/16	1,315.64	\$ 1,315.64	1,326.18	1,326.18	-0-
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			185,000.00	
				01/01/11	12/31/11	150,000.00	131,250.00		150,000.00	
				01/01/13	12/31/15	175,000.00	168,750.00		175,000.00	
Total Department of Transportation							300,000.00	-0-	510,000.00	-0-
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA Hurricane Sandy	97.036	N/A	01/01/16	12/31/16	81,676.87	81,676.87	81,676.87	81,676.87	*
TOTAL FEDERAL AWARDS							\$ 382,992.51	\$ 85,026.75	\$ 595,026.75	-0-

N/A - Not Available/ Applicable

\* Expended in Prior Years



**BOROUGH OF BERNARDSVILLE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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		\$ 5,814.00	\$ 12,420.34
			01/01/15	12/31/16	22,153.56		20,880.00	20,880.00
			01/01/16	12/31/16	25,335.80	\$ 25,335.80		
						\$ 25,335.80	\$ 26,694.00	\$ 33,300.34
	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		2,752.94	8,796.06
			01/01/15	12/31/15	13,063.30		7,836.43	7,836.43
			01/01/16	12/31/16	27,171.00	27,170.78		
						27,170.78	10,589.37	16,632.49
	Youth Services- Bedminister	N/A	01/01/15	12/31/16	5,000.00	5,000.00	5,000.00	5,000.00
			01/01/16	12/31/17	5,000.00	5,000.00		
						10,000.00	5,000.00	5,000.00
	Somerset Hills Board of Education- DARE Program	N/A	01/01/12	12/31/16	5,000.00		913.97	5,000.00
			01/01/13	12/31/16	2,500.00		976.43	1,736.72
	Somerset County Youth Services	N/A	01/01/16	12/31/16	5,000.00	5,000.00	5,000.00	5,000.00
			01/01/16	12/31/16	5,000.00	5,000.00		
						10,000.00	5,000.00	20,000.00
Subtotal - Department of Environmental Protection						72,506.58	47,283.37	99,163.60
New Jersey Highlands Council	2009 Plan Conformance Grant- Highlands	100-082-2078-032	01/01/09	12/31/17	50,000.00			17,964.80
	Initial Assessment Grant- Highlands	10-032-080-1430	01/01/10	12/31/17	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	01/01/15	12/31/17	17,417.03		800.00	11,907.83
Municipal Alliance Program- Program Coordinator-	Program Coordinator - Other Municipalities Share		07/01/15	06/30/16	3,284.05	3,284.05		
			07/01/15	06/30/16	10,283.47	10,283.47	10,283.47	10,283.47
			07/01/15	06/30/16	21,535.00	7,978.00	15,950.59	15,950.59
Subtotal - Department of Treasury						21,545.52	27,034.06	68,466.39
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-078-6400-260-YYYY	01/01/10	12/31/16	3,085.94		1,558.33	3,085.94
			01/01/11	12/31/16	2,465.05		2,147.55	2,465.05
			01/01/16	12/31/16	6,139.75	6,139.75	165.20	165.20
						6,139.75	3,871.08	5,716.19

BOROUGH OF BERNARDSVILLE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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	001-YCJS-6120	01/01/16	12/31/16	\$ 2,015.49		\$ 684.40	\$ 1,221.05
			01/01/16	12/31/16	2,023.77	\$ 2,023.77		
						<u>2,023.77</u>	<u>684.40</u>	<u>1,221.05</u>
	Office of Emergency Management	726-YEMR	01/01/15	12/31/16	5,000.00		5,000.00	5,000.00
			01/01/16	12/31/16	1,500.00	1,500.00	1,393.01	1,393.01
						<u>1,500.00</u>	<u>6,393.01</u>	<u>6,393.01</u>
	OEM-Police Donations		01/01/12	12/31/16	10,000.00		965.00	7,494.00
Subtotal - Department of Law and Public Safety						<u>9,663.52</u>	<u>11,913.49</u>	<u>20,824.25</u>
TOTAL STATE AWARDS						<u>\$ 103,715.62</u>	<u>\$ 86,230.92</u>	<u>\$ 209,980.60</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, 2016

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, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the 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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 19, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 2016-01, 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**

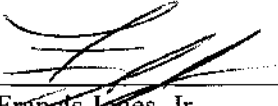
The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 19, 2017

  
NISIVOCCIA LLP

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

BOROUGH OF BERNARDSVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016

- 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, 2016 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 2016-1

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, 2016

The prior year finding regarding segregation of duties has not been resolved and is included as current year Finding 2016-1.

BOROUGH OF BERNARDSVILLE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016



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 July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent.

The governing body of the 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, 2016, 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>
2016	1
2015	1
2014	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 2016 Taxes	20
Payment of 2017 Taxes	20
Delinquent Taxes	15
Tax Title Liens	1
Payment of 2016 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 is currently in compliance with the accounting requirements for the encumbrance accounting system and fixed asset accounting and reporting system.

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, 2016.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Receipts	Disbursements	Balance Dec. 31, 2016
State of New Jersey				
Fines & Costs	\$ 3,910.29	\$ 51,885.52	\$ 53,006.37	\$ 2,789.44
County of Somerset	2,838.00	40,320.25	40,843.50	2,314.75
Municipality	7,256.71	96,171.73	97,550.63	5,877.81
Municipality - POAA	8.00	204.00	200.00	12.00
Weights and Measures		10,900.00	10,900.00	
Restitution		100.00	100.00	
Conditional Discharge	75.00	564.00	587.00	52.00
Interest	1.51	17.47	17.13	1.85
Public Defender	70.00	961.50	931.50	100.00
	<u>\$ 14,159.51</u>	<u>\$ 201,124.47</u>	<u>\$ 204,136.13</u>	<u>\$ 11,147.85</u>

Payroll Account

Finding:

During our review of the Borough's bank reconciliations we noted that there were outstanding checks that were over a year old. These checks are already in the process of be reviewed by management for proper disposition and no formal recommendation is warranted at this time.

General Ledger

Finding:

During our review of the general ledger it was noted that the manual general ledger was not in agreement with the general ledger within the municipal software program.

Recommendation:

It is recommended that greater care be taken when entering transactions into the general ledger in order to ensure that the individual account lines within the general ledger accurately reflect the activity therein.

General Ledger (Cont'd)

Management Response

Management will ensure that that greater care be taken when entering transactions into the general ledger in order to ensure that the individual account lines within the general ledger accurately reflect the activity therein.

BOROUGH OF BERNARDSVILLE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Sewer Capital

Finding:

During our review of the Sewer Capital Fund, it was noted that there are several Ordinances that are old and should be complete or that are fully expended and should be complete. Management is in the process of reviewing the older ordinances and no formal recommendation is warranted at this time.

Management Suggestions:

Governmental Accounting Standards Board Statements

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

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.

Arbitrage- Outstanding Bonds

The Borough has issued debt in the form of serial bonds which may be subject to arbitrage rebate. The Borough should maintain records to assist in the determination of the need for an arbitrage calculation. This calculation will determine whether or not the Borough is subject to the arbitrage rebate payable to the federal government. If a liability does exist, it would be required to be raised by the Borough in the year the liability is payable.

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.
2. Greater care be taken when entering transactions into the general ledger in order to ensure that the individual account lines within the general ledger accurately reflect the activity therein.

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