

Report of Audit
on the
Financial Statements
of the
Borough of Bernardsville
in the
County of Somerset
New Jersey
for the
Year Ended
December 31, 2017

BOROUGH OF BERNARDSVILLE

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BOROUGH OF BERNARDSVILLE

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2017 AND 2016



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Committee
Borough of Bernardsville
County of Somerset
Bernardsville, New Jersey 07924

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Bernardsville, as of December 31, 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory 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 the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 entity'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 regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Bernardsville on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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 the various individual funds and account group of the Borough of Bernardsville as of December 31, 2017, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account group as of December 31, 2017, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Bernardsville's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and data listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Prior Period Financial Statements

The financial statements - regulatory basis of the Borough of Bernardsville as of December 31, 2016, and for the year then ended, were audited by other auditors whose report dated June 19, 2017, expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an except for qualified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018 on our consideration of the Borough of Bernardsville'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 of Bernardsville's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 30, 2018



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**INDEPENDENT AUDITOR'S 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**

The Honorable Mayor and Members
of the Borough Committee
Borough of Bernardsville
County of Somerset
Bernardsville, New Jersey 07924

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Bernardsville, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated April 30, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Bernardsville prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Borough's 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 Borough's internal control.

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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 of Bernardsville'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We noted other matters of noncompliance which are discussed in Part II, General Comments and Recommendations section of the audit report.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Bernardsville'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 of Bernardsville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 30, 2018

CURRENT FUND

BOROUGH OF BERNARDSVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
Current Fund:			
Cash	A-4	\$ 10,242,304.48	\$ 4,328,620.67
Change Funds	A-6	400.00	400.00
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8	12,553.88	12,242.24
		<u>\$ 10,255,258.36</u>	<u>\$ 4,341,262.91</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 302,685.26	\$ 545,389.67
Tax Title Liens Receivable	A-10	5,382.80	5,168.90
Property Acquired for Taxes - Assessed Valuation	A-11		
Revenue Accounts Receivable	A-12	5,022.12	27,047.83
Interfunds Receivable	A-13	10,248.73	10,849.16
Other Receivables	A-7	7.72	7.72
	A	<u>\$ 323,346.63</u>	<u>\$ 588,463.28</u>
Grant Fund:			
Cash	A-4	\$ 112,538.37	\$ 100,770.58
Grants Receivable	A-23	33,241.77	31,686.57
Interfunds Receivable	A-26	<u>25,372.53</u>	<u>13,022.53</u>
		<u>\$ 171,152.67</u>	<u>\$ 145,479.68</u>
		<u>\$ 10,749,757.66</u>	<u>\$ 5,075,205.87</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-14	\$ 290,992.44	\$ 339,853.75
Interfunds Payable	A-13	25,372.53	844,067.05
Reserve for Miscellaneous Deposits	A-15	89,045.63	101,836.18
Tax Overpayments	A-16	23,997.94	217.50
Encumbrances Payable	A-17	673,195.97	397,359.05
Accounts Payable	A-18	8,487.01	9,619.01
Prepaid Taxes	A-19	6,764,041.67	525,848.79
County Taxes Payable	A-20		40,107.76
		<u>\$ 7,875,133.19</u>	<u>\$ 2,258,909.09</u>
Reserve for Receivables	A	323,346.63	588,463.28
Fund Balance	A-1	<u>2,380,125.17</u>	<u>2,082,353.82</u>
		<u>\$ 10,578,604.99</u>	<u>\$ 4,929,726.19</u>
Grant Fund:			
Encumbrances Payable	A-17	\$ 40,519.06	\$
Reserve for Grants-Appropriated	A-24	113,517.55	140,454.62
Reserve for Grants-Unappropriated	A-25	<u>17,116.06</u>	<u>5,025.06</u>
		<u>\$ 171,152.67</u>	<u>\$ 145,479.68</u>
		<u>\$ 10,749,757.66</u>	<u>\$ 5,075,205.87</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2017</u>	YEAR ENDED DECEMBER <u>31, 2016</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,577,750.98	\$ 1,595,000.00
Miscellaneous Revenues Anticipated	A-2	2,659,512.30	2,212,489.36
Receipts from Delinquent Taxes	A-2	541,672.78	404,576.07
Receipts from Current Taxes	A-2	43,634,935.21	42,623,959.07
Non-Budget Revenues	A-2	34,444.06	59,196.09
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve	A-14	106,129.40	105,230.02
Close Petty Cash		250.00	250.00
Interfunds Returned		600.43	1,144.78
<u>Total Income</u>		<u>\$ 48,555,045.16</u>	<u>\$ 47,001,845.39</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Within "CAPS":			
Operations including Contingent	A-3	\$ 8,909,748.00	\$ 8,393,401.44
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	1,136,957.00	1,096,990.00
Excluded from "CAPS"			
Operations	A-3	1,112,369.36	1,107,133.80
Capital Improvement Fund	A-3	670,600.00	575,000.00
Municipal Debt Service	A-3	1,221,940.50	1,196,061.49
County Tax	A-20	8,089,350.68	8,066,466.60
County Tax for Added and Omitted Taxes	A-20	20,497.56	40,107.76
Regional District School Tax	A-21	25,047,057.00	24,527,302.00
Municipal Open Space Tax	A-22	456,063.86	460,678.35
Interfund Advances			10,889.16
Refund of Prior Year Revenue	A-18	1,142.75	
Prior Year Senior Citizen Deductions Disallowed			1,250.00
Budget Operations	A-4	13,796.12	
<u>Total Expenditures</u>		<u>\$ 46,679,522.83</u>	<u>\$ 45,475,280.60</u>
Excess in Revenue		\$ 1,875,522.33	\$ 1,526,564.79
<u>Fund Balance</u>			
Balance, January 1	A	2,082,353.82	2,150,789.03
		<u>\$ 3,957,876.15</u>	<u>\$ 3,677,353.82</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	1,577,750.98	1,595,000.00
Balance, December 31	A	<u>\$ 2,380,125.17</u>	<u>\$ 2,082,353.82</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 1,577,750.98		\$ 1,577,750.98	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-12	\$ 30,000.00	\$	\$ 30,000.00	\$
Other Licenses	A-12	14,376.00		15,962.00	1,586.00
Fees and Permits:					
Construction Code Official	A-12	344,500.00		476,557.33	132,057.33
Other	A-12	138,000.00		164,621.76	26,621.76
Fines and Costs - Municipal Court	A-12	97,000.00		88,487.04	(8,512.96)
Interest and Costs on Taxes	A-12	114,000.00		148,544.44	34,544.44
Interest on Investments and Deposits	A-12	18,249.02		61,130.82	42,881.80
Parking Meters	A-12	4,000.00		5,691.10	1,691.10
Parking Lot Fees	A-12	37,000.00		40,130.00	3,130.00
Energy Receipts Tax	A-12	662,172.00		662,172.00	
Municipal Alliance on Alcoholism & Drug Abuse	A-23	21,535.00		21,535.00	
Municipal Alliance on Alcoholism & Drug Abuse - Other					
Municipalities Share	A-23	3,284.00		3,284.00	
Bulletproof Vest	A-23	2,024.00		2,024.00	
Police Donation	A-23	3,000.00		3,000.00	
Recycling Tonnage Grant	A-23	9,870.80		9,870.80	
Utility Operating Surplus - Prior Year - Sewer	A-12	25,000.00		25,000.00	
Utility Operating Surplus - Prior Year - Recreation	A-12	43,000.00		43,472.14	472.14
Uniform Fire Safety Act	A-12	13,000.00		13,758.68	758.68
Dividend from Joint Insurance Fund	A-15	2,500.00		3,761.86	1,261.86
Library Rental	A-12	141,000.00		146,969.45	5,969.45
Hotel Tax	A-12	27,000.00		28,406.67	1,406.67
Workers Comp Assessment Fund	A-12	10,000.00		11,269.01	1,269.01
FEMA Reimbursement	A-15	51,867.00		51,867.00	
Due from Sewer & Pool/Rec. Utility Fund - Pension Costs	A-12	25,000.00		25,000.00	
Cable Franchise Fee - Verizon	A-12	82,600.54		85,453.66	2,853.12
Cable Franchise Fee - Comcast	A-12	34,910.00		34,090.56	(819.44)
Due from the Library - Pension Costs	A-12	62,000.00		65,510.67	3,510.67
Capital Fund Balance	A-12	20,000.00		20,000.00	
Library Reimbursement for Expenses	A-12	1,800.00			(1,800.00)
Pool Fees	A-12	155,000.00		170,992.50	15,992.50
Recreation Fees	A-12	180,000.00		157,479.25	(22,520.75)
Clean Communities Grant	A-23		21,524.35	21,524.35	
Youth Services	A-23		10,000.00	10,000.00	
EMAA/OEM Grant	A-23		7,000.00	7,000.00	
Body Armor	A-23		1,946.21	1,946.21	
Youth Services/MBSR	A-23		3,000.00	3,000.00	
	A-1	\$ 2,373,688.36	\$ 43,470.56	\$ 2,659,512.30	\$ 242,353.38
Receipts From Delinquent Taxes	A-2	\$ 538,000.00		\$ 541,672.78	\$ 3,672.78
Amount to be Raised by Taxes for Support of:					
Local Tax for Municipal Purposes		\$ 9,461,790.27		\$ 10,964,991.92	1,503,201.65
Minimum Library Tax	A-9:A-2	770,863.34	\$	770,863.34	\$
		10,232,653.61		11,735,855.26	1,503,201.65
<u>Budget Totals</u>		\$ 14,722,092.95	\$ 43,470.56	\$ 16,514,791.32	\$ 1,749,227.81
Non-Budget Revenues	A-2			34,444.06	34,444.06
		\$ 14,722,092.95	\$ 43,470.56	\$ 16,549,235.38	\$ 1,783,671.87
	<u>REF.</u>	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	
Allocations of Current Tax Collections:		
Revenues from Collections	A-1:A-9	\$ 43,634,935.21
Allocated to:		
School and County Taxes		\$ 33,156,905.24
Municipal Open Space Tax		<u>456,063.86</u>
		<u>33,612,969.10</u>
Balance for Support of Municipal Appropriations		\$ 10,021,966.11
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,713,889.15</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,735,855.26</u>

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	\$ <u>541,672.78</u>
	A-1:A-2	<u>\$ 541,672.78</u>
Licenses - Other:		
Clerk	A-12	\$ 5,262.00
Health Officer	A-12	<u>10,700.00</u>
	A-2	<u>\$ 15,962.00</u>
Other Fees and Permits:		
Engineering Department	A-12	\$ 1,995.00
Planning Board/Board of Adjustment	A-12	24,384.61
Fire Department	A-12	31,198.17
Police Department	A-12	1,693.00
Health Officer	A-12	29,375.00
Borough Clerk	A-12	3,520.98
Miscellaneous Fees	A-12	330.00
Zoning Board	A-12	<u>72,125.00</u>
	A-2	<u>\$ 164,621.76</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

ANALYSIS OF NON-BUDGET REVENUE

	<u>REF.</u>	
Miscellaneous Revenue Not Anticipated:		
Police Outside Duties Administrative Fees	\$	19,000.00
Post Office Land Rental		1,500.00
Miscellaneous Reimbursements		12,297.48
Miscellaneous		<u>1,646.58</u>
	A-1:A-2	\$ <u><u>34,444.06</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>			
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Financial Administration:					
Salaries and Wages	\$ 109,417.00	\$ 135,417.00	\$ 135,364.07	\$ 52.93	\$
Other Expenses	31,000.00	31,000.00	30,811.10	188.90	
Human Resources:					
Other Expenses	50,000.00	35,000.00	32,573.08	2,426.92	
Audit Services:					
Other Expenses	24,000.00	24,000.00		24,000.00	
General Administration:					
Salaries and Wages	170,000.00	180,300.00	179,896.91	403.09	
Other Expenses	62,000.00	61,000.00	48,231.89	12,768.11	
Assessment of Taxes:					
Salaries and Wages	127,000.00	122,000.00	121,903.62	96.38	
Other Expenses	4,000.00	4,000.00	2,948.50	1,051.50	
Collection of Taxes:					
Salaries and Wages	55,000.00	49,000.00	48,850.70	149.30	
Other Expenses	11,000.00	11,000.00	7,181.97	3,818.03	
Legal Services and Costs:					
Other Expenses	160,000.00	97,315.00	94,916.15	2,398.85	
Computer Information and Technology:					
Salaries and Wages	71,383.00	77,783.00	76,971.69	811.31	
Other Expenses	23,000.00	51,900.00	51,684.36	215.64	
Planning Board:					
Salaries and Wages	40,000.00	46,450.00	46,400.89	49.11	
Other Expenses	30,000.00	30,000.00	28,216.49	1,783.51	
Board of Adjustment:					
Salaries and Wages	26,000.00	27,500.00	27,418.19	81.81	
Other Expenses	20,000.00	24,500.00	19,954.20	4,545.80	
Housing/Zoning:					
Salaries and Wages	154,000.00	133,000.00	132,030.02	969.98	
Other Expenses	3,000.00	32,500.00	32,279.06	220.94	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
Engineering Services:					
Salaries and Wages	\$ 54,197.00	\$ 49,197.00	\$ 48,203.86	\$ 993.14	\$
Other Expenses	70,000.00	104,800.00	100,856.35	3,943.65	
Local Historian:					
Other Expenses	1,000.00	1,000.00	1,000.00		
Municipal Clerk:					
Salaries and Wages	200,000.00	170,000.00	168,624.88	1,375.12	
Other Expenses	12,000.00	12,000.00	11,360.82	639.18	
Insurance:					
Group Health Insurance	880,870.00	725,870.00	721,889.57	3,980.43	
General Liability Insurance	185,000.00	185,000.00	119,469.76	65,530.24	
Worker's Compensation Insurance	205,130.00	205,130.00	152,486.79	52,643.21	
Health Benefit Waiver	35,000.00	31,000.00	30,195.05	804.95	
<u>PUBLIC SAFETY</u>					
Aid to Volunteer Fire Companies	113,000.00	113,000.00	90,687.89	22,312.11	
Police:					
Salaries and Wages	2,274,000.00	2,144,000.00	2,144,000.00		
Other Expenses	110,000.00	126,000.00	126,000.00		
Purchase of Police Vehicles	53,000.00	53,000.00	52,420.08	579.92	
Municipal Radio and Communications:					
Salaries and Wages	250,000.00	250,000.00	250,000.00		
Other Expenses	24,000.00	24,300.00	23,573.03	726.97	
Aid to Volunteer Rescue Squad	62,000.00	62,000.00	62,000.00		
Emergency Management Services:					
Salaries and Wages	7,500.00	7,500.00	7,500.00		
Other Expenses	2,700.00	2,700.00	2,700.00		
<u>PUBLIC WORKS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	772,094.00	767,094.00	763,742.63	3,351.37	
Other Expenses	460,000.00	512,500.00	512,222.48	277.52	
Fire Hydrant Service	80,000.00	80,000.00	76,038.60	3,961.40	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
Shade Tree Committee:					
Other Expenses	\$ 35,000.00	\$ 40,000.00	\$ 31,221.59	\$ 8,778.41	\$
Somerset County Mandatory Recycling Program	85,000.00	85,000.00	61,038.11	23,961.89	
Senior Citizen Van:					
Other Expenses	5,500.00	5,000.00	4,980.02	19.98	
Public Buildings and Grounds:					
Salaries and Wages	240,507.00	237,507.00	237,028.08	478.92	
Other Expenses	344,000.00	401,500.00	396,362.15	5,137.85	
Vehicle Maintenance:					
Salaries and Wages	78,200.00	77,200.00	76,794.34	405.66	
Other Expenses	75,000.00	75,000.00	75,000.00		
Snow Removal (Municipal Services Act):					
Salaries and Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	8,000.00	8,000.00	8,000.00		
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Other Expenses	97,000.00	97,000.00	96,803.81	196.19	
Environmental Commission:					
Other Expenses	3,000.00	3,000.00	2,089.81	910.19	
Animal Control Regulations:					
Other Expenses	20,000.00	18,200.00	18,133.00	67.00	
Workers and Community Right to Know:					
Other Expenses	500.00	500.00		500.00	
<u>RECREATION AND EDUCATION</u>					
Swimming Pool:					
Salaries and Wages	100,000.00	101,750.00	101,735.38	14.62	
Other Expenses	57,200.00	62,200.00	62,111.81	88.19	
Recreation:					
Salaries and Wages	119,000.00	112,000.00	110,866.88	1,133.12	
Other Expenses	52,800.00	61,800.00	60,384.75	1,415.25	
Celebration of Public Events:					
Other Expenses	2,500.00	1,785.00	1,660.00	125.00	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>APPROPRIATIONS</u>		<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>CHARGED</u>		<u>BALANCE</u>
		<u>MODIFICATION</u>			<u>CANCELLED</u>
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>SANITATION</u>					
Sanitary Landfill:					
Other Expenses	\$ 50,000.00	\$ 46,000.00	\$ 33,789.50	\$ 12,210.50	\$
<u>UNIFORM CONSTRUCTION CODE NJAC 5:23-4.17</u>					
Construction Official:					
Salaries and Wages	193,000.00	189,000.00	186,212.54	2,787.46	
Other Expenses	5,000.00	5,000.00	4,293.85	706.15	
Fire Prevention Official:					
Salaries and Wages	30,000.00	28,000.00	27,871.34	128.66	
Other Expenses	1,250.00	1,250.00	1,136.99	113.01	
<u>UNCLASSIFIED</u>					
Utilities:					
Telephone	70,000.00	75,000.00	74,367.39	632.61	
Electricity	38,000.00	46,000.00	45,644.23	355.77	
Gasoline	76,600.00	76,600.00	72,951.35	3,648.65	
Street Lighting	60,000.00	48,700.00	47,692.76	1,007.24	
Natural Gas	16,000.00	2,500.00	1,689.57	810.43	
Telecommunications	1,500.00	1,500.00		1,500.00	
Salary and Wage Adjustment Program:					
Salaries and Wages	125,000.00	200,000.00	200,000.00		
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 9,014,848.00	\$ 8,909,748.00	\$ 8,625,463.93	\$ 284,284.07	\$
Contingent					
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	\$ 9,014,848.00	\$ 8,909,748.00	\$ 8,625,463.93	\$ 284,284.07	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>APPROPRIATIONS</u>		<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE CANCELLED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>			
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
DEFERRED CHARGES AND STATUTORY EXPENDITURES - <u>MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 412,885.00	\$ 420,985.00	\$ 417,732.19	\$ 3,252.81	\$
Social Security System (OASI)	235,000.00	255,900.00	255,861.80	38.20	
Police and Firemen's Retirement System of NJ	443,572.00	443,572.00	443,572.00		
Unemployment Insurance	16,000.00	16,500.00	16,490.64	9.36	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>	<u>\$ 1,107,457.00</u>	<u>\$ 1,136,957.00</u>	<u>\$ 1,133,656.63</u>	<u>\$ 3,300.37</u>	<u>\$</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	<u>\$ 10,122,305.00</u>	<u>\$ 10,046,705.00</u>	<u>\$ 9,759,120.56</u>	<u>\$ 287,584.44</u>	<u>\$</u>
<u>MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g EXCLUDED FROM "CAPS"</u>					
Maintenance of Free Public Library	\$ 913,085.00	\$ 918,085.00	\$ 918,085.00		\$
<u>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"</u>	<u>\$ 913,085.00</u>	<u>\$ 918,085.00</u>	<u>\$ 918,085.00</u>	<u>\$</u>	<u>\$</u>
<u>SHARED SERVICES AGREEMENT</u>					
Municipal Court	\$ 106,000.00	\$ 106,000.00	\$ 102,592.00	\$ 3,408.00	\$
<u>TOTAL SHARED SERVICES AGREEMENT</u>	<u>\$ 106,000.00</u>	<u>\$ 106,000.00</u>	<u>\$ 102,592.00</u>	<u>\$ 3,408.00</u>	<u>\$</u>
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE</u>					
Municipal Alliance:					
State Share	\$ 21,535.00	\$ 21,535.00	\$ 21,535.00	\$	\$
Borough Share	5,100.00	5,100.00	5,100.00		
Program Coordinator - Other Municipalities	3,284.00	3,284.00	3,284.00		
Clean Communities Grant (40A:4-87 + \$21,524.35)		21,524.35	21,524.35		
Youth Services (40A:4-87 + \$10,000.00)		10,000.00	10,000.00		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>APPROPRIATIONS</u>		<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>CHARGED</u>		<u>BALANCE</u>
		<u>MODIFICATION</u>			<u>CANCELLED</u>
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY</u>					
<u>REVENUE (CONTINUED)</u>					
EMAA/OEM Grant (40A:4-87 + \$7,000.00)	\$	7,000.00	\$ 7,000.00	\$	\$
Body Armor (40A:4-87 + \$1,946.21)		1,946.21	1,946.21		
Youth Services/MBSR (40A:4-87 + \$3,000.00)		3,000.00	3,000.00		
Body Armor Replacement Fund - State	2,024.00	2,024.00	2,024.00		
Police Donation	3,000.00	3,000.00	3,000.00		
Recycling Tonnage Grant	9,870.80	9,870.80	9,870.80	\$	
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE</u>	\$ 44,813.80	\$ 88,284.36	\$ 88,284.36	\$	\$
<u>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</u>	\$ 1,063,898.80	\$ 1,112,369.36	\$ 1,108,961.36	\$ 3,408.00	\$
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 600,000.00	\$ 670,600.00	\$ 670,600.00	\$	\$
<u>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>	\$ 600,000.00	\$ 670,600.00	\$ 670,600.00	\$	\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 876,000.00	\$ 876,000.00	\$ 876,000.00	\$	\$
Interest on Bonds	346,000.00	346,000.00	345,940.50		59.50
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	\$ 1,222,000.00	\$ 1,222,000.00	\$ 1,221,940.50	\$	59.50

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>APPROPRIATIONS</u>		<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>CHARGED</u>		<u>BALANCE</u>
		<u>MODIFICATION</u>			<u>CANCELLED</u>
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 2,885,898.80	\$ 3,004,969.36	\$ 3,001,501.86	\$ 3,408.00	\$ 59.50
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 13,008,203.80	\$ 13,051,674.36	\$ 12,760,622.42	\$ 290,992.44	\$ 59.50
RESERVE FOR UNCOLLECTED TAXES	1,713,889.15	1,713,889.15	1,713,889.15		
TOTAL GENERAL APPROPRIATIONS	\$ 14,722,092.95	\$ 14,765,563.51	\$ 14,474,511.57	\$ 290,992.44	\$ 59.50
REF.	A-2		A-1	A:A-1	
Budget		\$ 14,722,092.95			
Budget Transfers and Amendments	A-2	43,470.56			
		\$ 14,765,563.51			
Cash Disbursements	A-4		\$ 11,999,142.09		
Reserve for Encumbrances	A-17		673,195.97		
Reserve for Grants Appropriated	A-24		88,284.36		
Reserve for Uncollected Taxes	A-2		1,713,889.15		
			\$ 14,474,511.57		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

"B"

BOROUGH OF BERNARDSVILLE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>A S S E T S</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 8,554.29	\$ 5,702.92
		<u>\$ 8,554.29</u>	<u>\$ 5,702.92</u>
Other Funds:			
Cash	B-1	\$ 11,198,898.29	\$ 10,327,315.96
Deficit in Garden Community Reserve			15.00
Due From Current Fund- Open Space			460,678.35
		<u>\$ 11,198,898.29</u>	<u>\$ 10,788,009.31</u>
		<u>\$ 11,207,452.58</u>	<u>\$ 10,793,712.23</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-5	\$ 6,661.78	\$ 4,010.78
Due State of New Jersey	B-6	113.40	72.60
Due Current Fund	B-8	651.11	851.54
Prepaid Licenses	B-4	1,128.00	768.00
		<u>\$ 8,554.29</u>	<u>\$ 5,702.92</u>
Other Funds:			
Due Current Fund - Interest/Police Fees/Escrow	B-7	\$ 9,597.62	\$ 9,597.62
Due Current Fund - Revenue Accounts Receivable			21,170.02
Due to General Capital Fund - Open Space			89,800.00
Payroll Deductions Payable	B-2	80,454.56	74,785.28
Encumbrances Payable	B-9	94,603.94	
Reserves	B-3	11,014,242.17	10,592,656.39
		<u>\$ 11,198,898.29</u>	<u>\$ 10,788,009.31</u>
		<u>\$ 11,207,452.58</u>	<u>\$ 10,793,712.23</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>A S S E T S</u>			
Cash	C-2:C-3	\$ 3,907,277.72	\$ 376,177.73
Investments			5,000,000.00
Federal and State Aid Receivable	C-10	518,750.00	775,000.00
Due Current Fund			370,366.17
Due Other Trust Fund - Open Space	C-12		89,800.00
Prospective Assessments to be Raised by Taxation	C-15	100,000.00	100,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	13,705,000.00	14,581,000.00
Unfunded	C-5	200.00	200.00
		<u>\$ 18,231,227.72</u>	<u>\$ 21,292,543.90</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-9	\$ 13,705,000.00	\$ 14,581,000.00
Due Sewer Utility Capital Fund			380,000.00
Improvement Authorizations:			
Funded	C-8	3,112,458.33	5,867,927.67
Unfunded	C-8	200.00	200.00
Capital Improvement Fund	C-6	72,962.03	165,345.03
Contracts Payable	C-7	1,064,240.70	
Various Reserves	C-11	275,000.00	275,000.00
Fund Balance	C-1	1,366.66	23,071.20
		<u>\$ 18,231,227.72</u>	<u>\$ 21,292,543.90</u>

The accompanying Notes to the 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, 2016	C	\$	23,071.20
Increased by:			
Improvement Authorizations Canceled	C-8		<u>4,795.46</u>
		\$	<u>27,866.66</u>
Decreased by:			
2017 Improvement Authorization	C-8	\$	6,500.00
Anticipated in 2017 Current Fund Budget	C-2		<u>20,000.00</u>
			<u>26,500.00</u>
Balance, December 31, 2017	C	\$	<u><u>1,366.66</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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SEWER UTILITY FUND

BOROUGH OF BERNARDSVILLE

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
Operating Fund:			
Cash	E-5	\$ 584,431.59	\$ 777,242.29
Due Sewer Utility Capital Fund			66.82
		<u>584,431.59</u>	<u>777,309.11</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-7	<u>136,440.14</u>	<u>116,488.57</u>
<u>Total Operating Fund</u>		<u>720,871.73</u>	<u>893,797.68</u>
Capital Fund:			
Cash	E-5	1,069,237.70	780,220.35
Due Sewer Utility Operating Fund			120,000.00
Due General Capital Fund			380,000.00
Fixed Capital	E-16	2,564,371.64	1,374,651.82
Fixed Capital Authorized and Uncompleted	E-17	<u>995,000.00</u>	<u>2,160,000.00</u>
<u>Total Capital Fund</u>		<u>4,628,609.34</u>	<u>4,814,872.17</u>
		<u>\$ 5,349,481.07</u>	<u>\$ 5,708,669.85</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	E-4:E-9	\$ 45,108.95	\$ 38,600.94
Encumbrances Payable	E-10	32,644.40	30,602.21
Due Sewer Utility Capital Fund			120,000.00
Prepaid Sewer Rents	E-8	3,763.37	3,727.28
Accrued Interest on Bonds and Loans	E-14	14,137.14	14,150.40
		<u>95,653.86</u>	<u>207,080.83</u>
Reserve for Receivables	E-7	136,440.14	116,488.57
Fund Balance	E-1	<u>488,777.73</u>	<u>570,228.28</u>
<u>Total Operating Fund</u>		<u>720,871.73</u>	<u>893,797.68</u>
Capital Fund:			
Serial Bonds Payable	E-22	1,465,000.00	1,564,000.00
Due Sewer Utility Operating Fund			66.82
Improvement Authorizations:			
Funded	E-18	589,546.14	1,055,243.00
Unfunded	E-18		
Capital Improvement Fund	E-21	356,095.90	217,447.09
Contracts Payable	E-23	109,500.85	
Reserve for:			
Amortization	E-19	1,789,371.64	1,235,651.82
Deferred Amortization	E-20	305,000.00	735,000.00
Fund Balance	E-2	<u>14,094.81</u>	<u>7,463.44</u>
<u>Total Capital Fund</u>		<u>4,628,609.34</u>	<u>4,814,872.17</u>
		<u>\$ 5,349,481.07</u>	<u>\$ 5,708,669.85</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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

	REF.	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	E-3	\$ 80,000.00	\$ 60,000.00
Sewer Rents	E-3	1,251,263.38	1,273,682.67
Connection Fees	E-3	19,500.00	33,687.00
Interest	E-3	3,012.20	1,519.29
Non-Budget Revenue	E-3	11,890.45	13,284.83
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-9	<u>34,821.16</u>	<u>26,739.46</u>
<u>TOTAL INCOME</u>		<u>1,400,487.19</u>	<u>1,408,913.25</u>
<u>EXPENDITURES</u>			
Operating	E-4	1,002,000.00	954,245.00
Capital Improvements	E-4	170,000.00	120,000.00
Debt Service	E-4	135,000.00	139,755.00
Statutory Expenditures and Deferred Charges	E-4	67,000.00	55,000.00
Refund of Prior Year Revenue	E-5	<u>2,937.74</u>	
<u>TOTAL EXPENDITURES</u>		<u>1,376,937.74</u>	<u>1,269,000.00</u>
Excess in Revenue		23,549.45	139,913.25
<u>Fund Balance</u>			
Balance, January 1	E	<u>570,228.28</u>	<u>515,315.03</u>
		593,777.73	655,228.28
Decreased by:			
Utilized as Anticipated Revenue in Current Fund Budget	E-5	25,000.00	25,000.00
Utilization by Sewer Utility Operating Budget	E-1:E-3	<u>80,000.00</u>	<u>60,000.00</u>
Balance, December 31	E	<u>\$ 488,777.73</u>	<u>\$ 570,228.28</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2016	E	\$	7,463.44
Increased by:			
Improvement Authorization Cancelled	E-18		<u>6,631.37</u>
Balance, December 31, 2017	E	\$	<u><u>14,094.81</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	E-1	\$ 80,000.00	\$ 80,000.00	\$
Sewer Rents	E-1:E-3	1,260,000.00	1,251,263.38	\$ (8,736.62)
Connection Fees	E-1:E-5	33,000.00	19,500.00	(13,500.00)
Interest on Investments	E-1:E-3	1,000.00	3,012.20	2,012.20
Miscellaneous Revenue Not Anticipated	E-1:E-3		11,890.45	11,890.45
	E-4	\$ <u>1,374,000.00</u>	\$ <u>1,365,666.03</u>	\$ <u>(8,333.97)</u>

ANALYSIS OF REALIZED REVENUE

Sewer User Fees:

Treasurer:

Cash Received	E-5	\$ 1,247,536.10	
Prepaid Applied	E-8	<u>3,727.28</u>	
	E-3		\$ <u>1,251,263.38</u>

Other Miscellaneous

Interest on Investments

Interest on Investments - Operating Fund		\$ 1,580.28	
Due Sewer Utility Capital Fund		<u>1,431.92</u>	
	E-3;E-5		\$ <u>3,012.20</u>

Miscellaneous Revenue Not Anticipated:

Interest and Costs on Rents	E-3;E-5		\$ <u>11,890.45</u>
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The accompanying Notes to the 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, 2017

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Operating:				
Salaries and Wages	\$ 470,000.00	\$ 510,000.00	\$ 499,166.59	\$ 10,833.41
Other Expenses	532,000.00	492,000.00	466,751.14	25,248.86
<u>Total Operating</u>	<u>1,002,000.00</u>	<u>1,002,000.00</u>	<u>965,917.73</u>	<u>36,082.27</u>
Capital Improvements:				
Capital Improvement Fund	170,000.00	170,000.00	170,000.00	
<u>Total Capital Improvements</u>	<u>170,000.00</u>	<u>170,000.00</u>	<u>170,000.00</u>	
Debt Service:				
Payment of Bond Principal	99,000.00	99,000.00	99,000.00	
Interest on Bonds	36,000.00	36,000.00	36,000.00	
<u>Total Debt Service</u>	<u>135,000.00</u>	<u>135,000.00</u>	<u>135,000.00</u>	
Statutory Expenditures:				
Contributions to:				
Public Employees Retirement System	25,000.00	25,000.00	25,000.00	
Social Security System (O.A.S.I.)	42,000.00	42,000.00	32,973.32	9,026.68
<u>Total Deferred Charges and Statutory Expenditures</u>	<u>67,000.00</u>	<u>67,000.00</u>	<u>57,973.32</u>	<u>9,026.68</u>
	<u>\$ 1,374,000.00</u>	<u>\$ 1,374,000.00</u>	<u>\$ 1,328,891.05</u>	<u>\$ 45,108.95</u>
	REF.	E-3		E
Cash Disbursements			\$ 1,260,246.65	
Encumbrances Payable			32,644.40	
Accrued Interest			36,000.00	
			<u>\$ 1,328,891.05</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

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SWIMMING POOL / RECREATION UTILITY FUND

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BOROUGH OF BERNARDSVILLE

SWIMMING POOL/RECREATION UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>ASSETS</u>			
Operating Fund:			
Cash		\$ -	\$ 43,911.90
Due From Swimming Pool/Recreation Utility Capital Fund		-	0.24
<u>Total Operating Fund</u>		<u>\$ -</u>	<u>\$ 43,912.14</u>
Capital Fund:			
Cash and Cash Equivalents		\$ -	\$ 68.76
Fixed Capital		-	481,719.00
<u>Total Capital Fund</u>		<u>\$ -</u>	<u>\$ 481,787.76</u>
		<u>\$ -</u>	<u>\$ 525,699.90</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Due to Current Fund		\$ -	\$ 440.00
Fund Balance		-	43,472.14
<u>Total Operating Fund</u>		<u>\$ -</u>	<u>\$ 43,912.14</u>
Capital Fund:			
Due to Swimming Pool/Recreation Utility Operating Fund		\$ -	\$ 0.24
Capital Improvement Fund		-	68.52
Reserve for Amortization		-	481,719.00
<u>Total Capital Fund</u>		<u>\$ -</u>	<u>\$ 481,787.76</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ -</u>	<u>\$ 525,699.90</u>
		-	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF BERNARDSVILLE

SWIMMING POOL/RECREATION UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES
IN OPERATING FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2017</u>	YEAR ENDED DECEMBER <u>31, 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Surplus Anticipated		\$ -	\$ 28,200.00
Recreation Fees		-	230,772.71
Swimming Pool User Fees		-	173,759.22
Miscellaneous Revenue Anticipated		-	100,127.91
Receipts for 3% Convenience Fee		-	8,254.81
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		-	4,912.22
<u>Total Income</u>		\$ -	\$ 546,026.87
<u>EXPENDITURES</u>			
Budget Expenditures:			
Operating		-	510,326.79
Deferred Charges and Statutory Expenditures		-	31,052.78
<u>Total Expenditures</u>		\$ -	\$ 541,379.57
Excess in Revenue		\$ -	\$ 4,647.30
<u>Fund Balance</u>			
Balance, January 1	F	43,472.14	67,024.84
		\$ 43,472.14	\$ 71,672.14
Decreased by:			
Utilized as Anticipated Revenue in Utility Operating Budget		\$ -	\$ 28,200.00
Utilized as Anticipated Revenue in Current Fund Budget	F-4	43,472.14	
		\$ 43,472.14	\$ 28,200.00
Balance, December 31	F	\$ -	\$ 43,472.14

The accompanying Notes to the Financial Statements are an integral part of this statement.

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GENERAL FIXED ASSETS ACCOUNT GROUP

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

	DECEMBER <u>31, 2017</u>	DECEMBER <u>31, 2016</u>
General Fixed Assets:		
Land	\$ 2,523,797.50	\$ 2,523,797.50
Buildings and Building Improvements	10,896,971.79	10,703,130.57
Machinery and Equipment	<u>6,802,932.14</u>	<u>6,600,902.39</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 20,223,701.43</u>	<u>\$ 19,827,830.46</u>
Investment in General Fixed Assets	<u>\$ 20,223,701.43</u>	<u>\$ 19,827,830.46</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BERNARDSVILLE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Bernardsville is an instrumentality of the State of New Jersey established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

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.A. 40A:5-5. Accordingly, the financial statements of the Borough of Bernardsville do not include the operations of the municipal library or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Bernardsville conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Bernardsville are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created.

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

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

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled 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. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - New Jersey Administrative Code (NJAC 5:30-5.6), Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Borough's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of NJAC 5:30-5.6.

Property and equipment purchased by the Sewer Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction cost or current value. The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Bernardsville had the following cash and cash equivalents at December 31, 2017:

<u>FUND</u>	<u>Cash on Deposit</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>TOTAL</u>
Current Fund	\$ 8,073,086.93	\$ 2,467,598.28	\$ 298,380.73	\$ 10,242,304.48
Grant Fund	113,300.60		762.23	112,538.37
Animal Control Trust Fund	8,432.40	129.60	7.71	8,554.29
Trust Other Fund	11,459,453.79	177,282.60	437,838.10	11,198,898.29
General Capital Fund	3,967,366.75	70,672.00	130,761.03	3,907,277.72
Sewer Utility Operating Fund	618,130.85	2,476.80	36,176.06	584,431.59
Sewer Utility Capital Fund	<u>1,071,322.99</u>		<u>2,085.29</u>	<u>1,069,237.70</u>
<u>Total December 31, 2017</u>	<u>\$ 25,311,094.31</u>	<u>\$ 2,718,159.28</u>	<u>\$ 906,011.15</u>	<u>\$ 27,123,242.44</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$25,311,094.31, \$535,629.21 was covered by Federal Depository Insurance, \$24,775,465.10 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchases of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Bernardsville had no investments outstanding at December 31, 2017.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2017</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 13,705,000.00	\$ 14,581,000.00	\$ 15,433,000.00
Sewer Utility:			
Bonds and Notes	<u>1,465,000.00</u>	<u>1,564,000.00</u>	<u>1,658,000.00</u>
	<u>\$ 15,170,000.00</u>	<u>\$ 16,145,000.00</u>	<u>\$ 17,091,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$ <u>200.00</u>	\$ <u>200.00</u>	\$ <u>200.00</u>
Total Authorized But Not Issued	\$ <u>200.00</u>	\$ <u>200.00</u>	\$ <u>200.00</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	\$ <u>15,170,200.00</u>	\$ <u>16,145,200.00</u>	\$ <u>17,091,200.00</u>

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 regulatory net debt of .59%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District Debt	\$19,196,044.13	\$19,196,044.13	-0-
Sewer Utility Debt	1,465,000.00	1,465,000.00	-0-
General Debt	<u>13,705,200.00</u>		<u>\$13,705,200.00</u>
	<u>\$34,366,244.13</u>	<u>\$20,661,044.13</u>	<u>\$13,705,200.00</u>

NET DEBT \$13,705,200.00 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$2,306,394,148.33 EQUALS .59%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2017	\$2,306,394,148.33
3-1/2 of Equalized Valuation Basis	80,723,795.19
Net Debt	<u>13,705,200.00</u>
Remaining Borrowing Power	<u><u>\$67,018,595.19</u></u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of Bernardsville for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
SEWER UTILITY PER N.J.S.40A:2-45

Surplus Anticipated and Total Cash Receipts from		
Fees, Rents, or Other Charges for the Year		\$ 1,358,926.55
Deductions:		
Operating and Maintenance Cost	\$ 1,069,000.00	
Debt Service	<u>135,000.00</u>	
		\$ <u>1,204,000.00</u>
Excess in Revenue		\$ <u><u>154,926.55</u></u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2017

CALENDAR YEAR	<u>GENERAL CAPITAL</u>		<u>SEWER UTILITY CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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	272,360.25	109,000.00	28,487.01	1,382,847.26
2022	900,000.00	256,500.00	75,000.00	26,806.26	1,258,306.26
2023	900,000.00	236,250.00	80,000.00	25,118.76	1,241,368.76
2024	900,000.00	216,000.00	85,000.00	23,318.76	1,224,318.76
2025	900,000.00	195,750.00	90,000.00	21,406.26	1,207,156.26
2026	900,000.00	175,500.00	95,000.00	19,381.26	1,189,881.26
2027	900,000.00	154,125.00	100,000.00	17,125.00	1,171,250.00
2028	900,000.00	131,625.00	100,000.00	14,625.00	1,146,250.00
2029	900,000.00	108,000.00	100,000.00	12,000.00	1,120,000.00
2030	900,000.00	81,000.00	100,000.00	9,000.00	1,090,000.00
2031	900,000.00	54,000.00	100,000.00	6,000.00	1,060,000.00
2032	900,000.00	27,000.00	100,000.00	3,000.00	1,030,000.00
	<u>\$13,705,000.00</u>	<u>\$2,830,657.50</u>	<u>\$1,465,000.00</u>	<u>\$303,841.09</u>	<u>\$18,304,498.59</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

OUTSTANDING
BALANCE
DECEMBER
31, 2017

General Serial Bonds:

\$12,984,000 in General Improvement Bonds dated August 27, 2015 due in annual remaining installments ranging between of \$495,000.00 and \$900,000 due on August 15 of each year with interest rates from 2.250% to 3.00%

\$12,055,000.00

\$1,714,000 in Refunding Bonds dated September 29, 2015, due in annual remaining installments ranging between \$383,000.00 and \$436,000.00 due on February 15 of each year with an interest rate of 1.350%

1,650,000.00

\$13,705,000.00

Sewer Utility Serial Bonds:

\$1,360,000 in General Improvement Bonds dated August 27, 2015, due in annual remaining installments ranging between of \$55,000.00 and \$100,000 due on August 15 of each year with interest rates from 2.250% to 3.00%

1,260,000.00

\$213,000.00 in Refunding Bonds dated September 29, 2015, due in annual remaining installments ranging between \$49,000.00 and \$53,000.00 due on February 15 of each year with an interest rate of 1.350%

205,000.00

\$1,465,000.00

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018 were as follows:

Current Fund	\$1,892,301.66*
Sewer Utility Operating	357,750.00*

*Per Introduced Budget

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2017</u>	BALANCE DECEMBER 31, <u>2016</u>
Prepaid Taxes	<u>\$6,764,041.67</u>	<u>\$525,848.79</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2017, PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

Certain portions of the cost are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$861,304.19 for 2017, \$846,990.00 for 2016, and \$764,081.00 for 2015.

Certain Borough employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2017.

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$9,708,326.00 for the Borough of Bernardsville's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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 employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0417052931 percent, which was a decrease of 0.0034989457 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$682,790.00 for the Borough of Bernardsville's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$386,355.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	-	\$228,598.00
Changes of assumptions	\$1,948,722.00	1,955,893.00
Net difference between projected and actual earnings on pension plan investments		66,107.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>\$623,633.00</u>	<u>307,640.00</u>
	<u>\$2,572,355.00</u>	<u>\$2,558,238.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2018	\$220,098.00
2019	343,170.00
2020	147,920.00
2021	(436,730.00)
2022	<u>(288,575.00)</u>
	<u>(\$14,117.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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. Postretirement 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 1 year for females).

The actuarial assumptions used in the July 1, 2016 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65 at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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 on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$12,043,837.00	\$9,708,326.00	\$7,762,555.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$8,684,386.00 for the Borough of Bernardsville's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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 employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0562530640 percent, which was an increase of 0.0018497872 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$912,469.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$497,850.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$50,970.00	\$56,339.00
Changes of assumptions	1,422,248.00	1,070,881.00
Net difference between projected and actual earnings on pension plan investments		165,718.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>233,002.00</u>	<u>518,959.00</u>
	<u>\$1,706,220.00</u>	<u>\$1,811,897.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2018	\$203,576.00
2019	370,853.00
2020	47,550.00
2021	(375,235.00)
2022	<u>(141,067.00)</u>
	<u><u>\$105,677.00</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

	<u>2016</u>	<u>2017</u>
Inflation	3.08 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.10-8.98 Percent
	Based on Age	Based on Age
Thereafter	3.10-9.98 Percent	3.10-9.98 Percent
	Based on Age	Based on Age
Investment Rate of Return	7.65 Percent	7.00 Percent

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 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 were based 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 mortality rates were based on special mortality tables used for the period after disability retirement.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively 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 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the PFRS pension liability	\$11,442,393.00	\$8,684,386.00	\$6,418,369.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with 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.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,444,734 and \$1,339,471,188 respectively.

At December 31, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$8,684,386.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>972,724.00</u>
	<u>\$9,657,110.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under existing policy of the Borough, employees are not allowed to accrue unused vacation and compensatory time after May 31st of the subsequent year. Borough policy does allow employees with 20 years of service to the Borough to be entitled to Retirement Leave calculated in accordance with the policy. It is estimated that the current cost of such unpaid compensation at December 31, 2017 would approximate \$817,770.77. The Borough has established a reserve in the Trust Other Fund in the amount of \$641,198.64. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2017.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.

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 ultimate costs of the closure of the landfill will most likely exceed the funds held; however, no estimate of the total costs 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.

NOTE 10: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for 2017 and prior years. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51, if not paid through normal operations.

NOTE 11: 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. The Borough participates in a self-insurance program through the Suburban Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

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.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the various balance sheets at December 31, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$10,248.73	\$25,372.53
Grant Fund	25,372.53	
Animal Control Fund		651.11
Trust Other Fund		9,597.62
	<u>\$35,621.26</u>	<u>\$35,621.26</u>

All balances resulted from the time lag between dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardship.

NOTE 13: DEFERRED COMPENSATION PLAN (CONTINUED)

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by ICMA Retirement Corporation.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan Activities. The Borough's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 14: RESTATEMENT

The December 31, 2016 Trust Other Fund assets and liabilities have been restated to reflect the activity of the Borough's Payroll Account as follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Adjustment</u>	<u>Balance</u> <u>12/31/16</u> <u>Restated</u>
Cash	\$10,252,530.68	\$74,785.28	\$10,327,315.96
Payroll Deductions Payable	-0-	\$74,785.28	\$74,785.28

NOTE 15: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through April 30, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that the following event needs to be disclosed:

On March 12, 2018, the Borough Council Approved Ordinance 18-1760 to undertake various improvements within the Borough and to authorize the issuance of \$1,200,000.00 of Bonds or Notes

BOROUGH OF BERNARDSVILLE
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2017

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2016	A	\$ 4,328,620.67	\$ 100,770.58
Increased by Receipts:			
Property Taxes Receivable	A-5	\$ 50,583,698.02	\$
Revenue Accounts Receivable	A-12	2,371,824.64	
Miscellaneous Revenue Not Anticipated	A-2	34,444.06	
State of N.J. - Senior Citizens and Veterans Deductions	A-8	39,594.52	
Reserve for Miscellaneous Deposits	A-15	44,213.31	
Interfunds	A-13:A-25	6,015,135.51	220.84
Grants Receivable	A-23		76,605.16
Grants-Appropriated- Refunds	A-24		2,169.32
Reserve for Grants - Unappropriated	A-25		17,115.00
		<u>59,088,910.06</u>	<u>96,110.32</u>
		\$ 63,417,530.73	\$ 196,880.90
Decreased by Disbursements:			
2017 Appropriations	A-3	\$ 11,999,142.09	\$
2016 Appropriation Reserves	A-14	629,427.65	
Reserve for Miscellaneous Deposits	A-15	1,375.00	
Refund of Tax Overpayments	A-16	36,148.43	
Accounts Payable	A-18	3,930.50	
County Taxes Payable	A-20	8,149,956.00	
Local District School Tax	A-21	25,047,057.00	
Municipal Open Space Tax	A-22	456,063.86	
Interfunds	A-13:A-26	6,838,329.60	7,470.84
Budget Operations	A-1	13,796.12	
Reserve for Grants-Appropriated	A-24		76,871.69
		<u>53,175,226.25</u>	<u>84,342.53</u>
Balance, December 31, 2017	A	\$ 10,242,304.48	\$ 112,538.37

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

REF.

Increased by Receipts:

Property Taxes Receivable	A-9	\$	43,610,853.04	
Tax Overpayments	A-16		59,928.87	
Prepaid Taxes	A-19		6,764,041.67	
Revenue Accounts Receivable	A-12		<u>148,874.44</u>	
		\$		<u>50,583,698.02</u>

Decreased by Disbursements:

Payments to Treasurer	A-4	\$		<u><u>50,583,698.02</u></u>
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"A-6"

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

<u>DEPARTMENT</u>	BALANCE DECEMBER 31, <u>2017</u>	BALANCE DECEMBER 31, <u>2016</u>
Tax Collector	\$ <u>400.00</u>	\$ <u>400.00</u>
	\$ <u>400.00</u>	\$ <u>400.00</u>
<u>REF.</u>	A	A

"A-7"

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF MISCELLANEOUS RECEIVABLES

	<u>REF.</u>	<u>TOTAL</u>
Balance, December 31, 2016 and December 31, 2017	A	\$ <u><u>7.72</u></u>

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	12,242.24
Increased by:			
Senior Citizens Deductions Per Tax Billing		\$	4,500.00
Veterans Deductions Per Tax Billing			35,500.00
Veterans Deductions Allowed by Tax Collector			<u>375.00</u>
			40,375.00
		\$	<u>52,617.24</u>
Decreased by:			
Deductions Disallowed by Collector:			
Received in Cash From State	A-4	\$	39,594.52
2016 Deductions Disallowed by Tax Collector			<u>468.84</u>
			40,063.36
Balance, December 31, 2017	A	\$	<u><u>12,553.88</u></u>

ANALYSIS OF STATE SHARE OF 2017
SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing		\$	4,500.00
Veterans Deductions Per Tax Billing			35,500.00
Deductions Allowed by Tax Collector:			
Veterans			<u>375.00</u>
		\$	40,375.00
Less: Deductions Disallowed by Tax Collector:			
Senior Citizens			<u>468.84</u>
	A-9	\$	<u><u>39,906.16</u></u>

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>2017 LEVY</u>	<u>ADDED</u>	<u>CASH COLLECTIONS 2016</u>	<u>2017</u>	<u>CANCELED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2017</u>
2015	\$ 85.54	\$	\$	\$	85.54	\$	\$	\$
2016	\$ 545,304.13		500.00		541,587.24			4,216.89
	\$ 545,389.67	\$	\$ 500.00	\$	541,672.78	\$	\$	4,216.89
2017		43,941,146.28		525,848.79	43,109,086.42	7,528.80	213.90	298,468.37
	\$ 545,389.67	\$ 43,941,146.28	\$ 500.00	\$ 525,848.79	\$ 43,650,759.20	\$ 7,528.80	\$ 213.90	\$ 302,685.26
<u>REF.</u>	A			A-2,A-19	A-2		A-10	A

REF.

Cash-Collector
State Share of Senior Citizens and
Veterans Deductions

A-5	\$ 43,610,853.04
A-8	39,906.16
	<u>\$ 43,650,759.20</u>

TAX YIELD

General Property Tax	\$ 43,830,719.82
Added and Omitted Tax (54.4-63.1 et seq.)	<u>110,426.46</u>
	<u>\$ 43,941,146.28</u>

ANALYSIS OF 2017 PROPERTY TAX LEVY

TAX LEVY

Local District School Tax	A-21	\$ 25,047,057.00
County Taxes:		
County Tax	A-20	\$ 8,089,350.68
Due County for Added Taxes (54.4-63.1 et seq.)	A-20	<u>20,497.56</u>
		8,109,848.24
Local Tax for Municipal Purposes	A-2	9,461,790.27
Library Tax	A-2	770,863.34
Municipal Open Space	A-22	456,063.86
Additional Tax Levied		<u>95,523.57</u>
		<u>10,784,241.04</u>
		<u>\$ 43,941,146.28</u>

"A-10"

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	5,168.90
Increased by:			
Transfers From Taxes Receivable	A-9	\$	<u>213.90</u>
			<u>213.90</u>
Balance, December 31, 2017	A	\$	<u><u>5,382.80</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2016 and December 31, 2017	A	\$	<u><u>13,100.00</u></u>
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BOROUGH OF BERNARDSVILLECURRENT FUNDSCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>ACCRUED</u> <u>IN 2017</u>	<u>COLLECTED BY</u> <u>TREASURER/</u> <u>COLLECTOR</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
Clerk:					
Licenses:					
Alcoholic Beverage Licenses	A-2	\$	\$ 30,000.00	\$ 30,000.00	\$
Other	A-2		5,262.00	5,262.00	
Fees and Permits	A-2		3,520.98	3,520.98	
Board of Health					
Other Licenses	A-2		10,700.00	10,700.00	
Fees and Permits	A-2		29,375.00	29,375.00	
Planning Board/Board of Adjustment					
Fees and Permits	A-2		24,384.61	24,384.61	
Zoning					
Fees and Permits	A-2		72,125.00	72,125.00	
Engineering					
Fees and Permits	A-2		1,995.00	1,995.00	
Police					
Fees and Permits	A-2		1,693.00	1,693.00	
Fire					
Fees and Permits	A-2		31,198.17	31,198.17	
Miscellaneous					
Fees and Permits	A-2		330.00	330.00	
Construction Code Official:					
Fees and Permits	A-2	21,170.02	455,387.31	476,557.33	
Municipal Court:					
Fines and Costs	A-2	5,877.81	87,631.35	88,487.04	5,022.12
Interest on Investments and Deposits	A-2		61,130.82	61,130.82	
Interest and Costs on Taxes	A-2		148,544.44	148,544.44	
Parking Meters	A-2		5,691.10	5,691.10	
Parking Lot Fees	A-2		40,130.00	40,130.00	
Energy Receipts Tax	A-2		662,172.00	662,172.00	
Utility Operating Surplus - Prior Year - Sewer	A-2		25,000.00	25,000.00	
Utility Operating Surplus - Prior Year - Recreation	A-2		43,472.14	43,472.14	
Uniform Fire Safety Act	A-2		13,758.68	13,758.68	
Library Rental	A-2		146,969.45	146,969.45	
Hotel Tax	A-2		28,406.67	28,406.67	
Workers Comp Assessment Fund	A-2		11,269.01	11,269.01	
Pension Costs - Sewer/Pool/Recreation Utility	A-2		25,000.00	25,000.00	
Cable Franchise Fee - Verizon	A-2		85,453.66	85,453.66	
Cable Franchise Fee - Comcast	A-2		34,090.56	34,090.56	
Due from the Library - Pension Costs	A-2		65,510.67	65,510.67	
Capital Fund Balance	A-2		20,000.00	20,000.00	
Pool Fees	A-2		170,992.50	170,992.50	
Recreation Fees	A-2		157,479.25	157,479.25	
		<u>\$ 27,047.83</u>	<u>\$ 2,498,673.37</u>	<u>\$ 2,520,699.08</u>	<u>\$ 5,022.12</u>
	<u>REF.</u>	A			A
Tax Collector	A-5			\$ 148,874.44	
Treasurer	A-4			<u>2,371,824.64</u>	
				<u>\$ 2,520,699.08</u>	

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	GRANT FUND	ANIMAL CONTROL TRUST FUND	TRUST OTHER FUNDS	GENERAL CAPITAL FUND	SEWER UTILITY OPERATING FUND	POOL/RECREATION UTILITY OPERATING FUND
Balance, December 31, 2016							
Due From	\$ 10,849.16	\$	\$ 851.54	\$ 9,597.62	\$ 370,366.17	\$	\$ 400.00
Due To	844,067.05	13,022.53		460,678.35			
Transfer - Grant Match	5,100.00	5,100.00					
Treasurer-Receipts	6,015,135.51	7,250.00	200.43	4,512,546.60	1,283,303.17	211,435.31	400.00
Treasurer-Disbursements	6,838,329.60			4,973,224.95	1,653,669.34	211,435.31	
Balance, December 31, 2017							
Due From	\$ 10,248.73	\$	\$ 651.11	\$ 9,597.62	\$	\$	\$
Due To	25,372.53	25,372.53					

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Salaries and Wages:</u>				
General Administration	\$ 9,354.54	\$ 439.92	\$ 439.92	\$
Municipal Clerk	1,622.44			
Financial Administration	1,435.49	1,785.49	1,742.04	43.45
Computer Information Technology	271.82	271.82		271.82
Assessment of Taxes	5,644.50	1,044.50	546.71	497.79
Revenue Administration	1,783.10			
Engineering Services	1,437.71			
Planning Board	408.40	408.40		408.40
Zoning Officer	990.04	2,490.04	2,484.15	5.89
Police	2,352.58	2,702.58	2,686.76	15.82
Municipal Radio & Communications	3,603.99	2,309.24	2,309.24	
Road Repairs & Maintenance	3,696.28	3,696.28	820.00	2,876.28
Vehicle Maintenance	1,023.44	1,023.44		1,023.44
State Uniform Construction Code	602.51	602.51		602.51
Fire Prevention Official	1,299.61	1,299.61	326.88	972.73
<u>Other Expenses:</u>				
General Administration	5,009.70	26,367.66	19,269.50	7,098.16
Human Resources	4,698.27	4,869.27	3,255.75	1,613.52
Municipal Clerk	287.96	854.59	846.26	8.33
Financial Administration:				
Other Expenses	12,122.49	15,096.05	8,876.90	6,219.15
Audit Services	22,000.00	25,000.00	25,000.00	
Computer Information Technology	4,041.33	2,361.61	1,526.24	835.37
Assessment of Taxes	300.82	1,321.13	1,237.00	84.13
Revenue Administration	2,413.49	4,259.59	63.00	4,196.59
Legal Services	11,499.31	11,499.31	4,812.50	6,686.81
Local Historian	592.70			
Engineering Services	1,129.79	23,336.25	21,898.54	1,437.71
Planning Board	9,202.67	9,263.83	429.18	8,834.65
Board of Adjustment	1,527.42	3,349.86	1,600.00	1,749.86
Housing Inspector	1,040.19	1,838.94	1,142.75	696.19
Insurance:				
Group Insurance	92,356.32	2,356.32		2,356.32
General Liability Insurance	6,275.76	39,466.07	39,190.31	275.76
Workers Compensation Insurance	1,000.00	48,000.00	47,000.00	1,000.00
Health Benefit Waiver	61.76	61.76		61.76
Police	2,576.73	53,939.31	52,199.61	1,739.70
Purchase of Police Vehicle	1,985.73	1,985.73		1,985.73
Fire	22,925.00	22,925.00	19,829.18	3,095.82
Emergency Management Services	81.39	1,723.52	1,642.13	81.39
Road Repairs & Maintenance	6,369.99	103,118.51	98,755.95	4,362.56
Fire Hydrant Service	17,471.50	17,471.50	6,945.40	10,526.10
Shade Tree Committee		12,758.90	12,580.00	178.90
Somerset County Mandatory Recycling Program	23,755.55	27,555.55	26,948.15	607.40
Senior Citizen Van	4,660.47	1,660.47	1,232.96	427.51
Public Buildings & Grounds	1,156.99	51,117.40	46,544.12	4,573.28

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses (Continued):</u>				
Vehicle Maintenance	\$ 473.85	\$ 20,472.41	\$ 15,443.14	\$ 5,029.27
Snow Removal	0.07	0.07		0.07
Sanitary Landfill	1,129.21	26,211.45	23,143.74	3,067.71
Borough Clean Up Day	5.43	5.43		5.43
Environmental Commission	2,345.00	2,345.00		2,345.00
Animal Control Regulations	2,460.00	70.00	70.00	
Workers & Community Right to Know	500.00	500.00		500.00
State Uniform Construction Code	542.75	771.65	636.40	135.25
Fire Prevention Official	41.83	412.42	370.59	41.83
Unclassified				
Gasoline	10,038.96	6,734.97	(793.29)	7,528.26
Electricity	6,156.95	2,156.95	2.81	2,154.14
Telephone	1,025.01	3,525.01	2,868.19	656.82
Natural Gas	7,506.98	506.98		506.98
Street Lighting	7,383.86	11,983.86	11,983.86	
Telecommunication Costs	140.46	140.46		140.46
Statutory Expenditures				
Social Security System (OASI)	2,517.75	2,517.75		2,517.75
Unemployment Compensation	2,887.07	2,887.07	1,466.26	1,420.81
Interlocal Agreements				
Municipal Court	2,628.79	2,628.79		2,628.79
Capital Improvement Fund		110,000.00	110,000.00	
Municipal Radio & Communications		5,228.19	5,228.19	
Municipal Services Act		6,482.38	6,482.38	
	<u>\$ 339,853.75</u>	<u>\$ 737,212.80</u>	<u>\$ 631,083.40</u>	<u>\$ 106,129.40</u>

REF.

A: A-14

A-1

Budget - Reserved A-14
Reserve for Encumbrances A-17

\$ 339,853.75
397,359.05
\$ 737,212.80

Cash Disbursements A-4
Transferred to Accounts Payable A-18

\$ 629,427.65
1,655.75
\$ 631,083.40

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER 31, 2016	INCREASE	DECREASE	BALANCE DECEMBER 31, 2017
Due State of New Jersey:	\$	\$	\$	\$
Marriage License Fees	583.00	1,067.00	1,375.00	275.00
Special Deposits	9,314.83			9,314.83
Joint Insurance Fund Dividends	3,761.86	4,246.06	3,761.86	4,246.06
Renovation for Hurricane Sandy	81,676.87	38,900.25	51,867.00	68,710.12
Unallocated Tax Receipts 2008 Audit	2,161.62			2,161.62
Mitigation Fees	4,338.00			4,338.00
	<u>\$ 101,836.18</u>	<u>\$ 44,213.31</u>	<u>\$ 57,003.86</u>	<u>\$ 89,045.63</u>
REF.	A	A-4		A
Cash Disbursements	A-4		\$ 1,375.00	
2017 Budget Revenue	A-2		<u>55,628.86</u>	
			<u>\$ 57,003.86</u>	

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	217.50
Increased by:			
Cash Receipts	A-5		59,928.87
		\$	<u>60,146.37</u>
Decreased by:			
Cash Disbursements	A-4	\$	<u>36,148.43</u>
		\$	<u>36,148.43</u>
Balance, December 31, 2017	A	\$	<u><u>23,997.94</u></u>

"A-17"

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	397,359.05
Increased by:			
Budget Appropriations	A-3	\$	673,195.97
Grant Appropriations	A-24		<u>40,519.06</u>
			713,715.03
		\$	<u>1,111,074.08</u>
Decreased by:			
Transferred to Appropriation Reserves	A-14	\$	<u>397,359.05</u>
			<u>397,359.05</u>
Balance, December 31, 2017	A	\$	<u><u>713,715.03</u></u>
<u>Analysis of Balance</u>			
Current Fund			673,195.97
Grant Fund			<u>40,519.06</u>
			<u><u>713,715.03</u></u>

"A-18"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2016	A	\$	9,619.01
Increased by:			
Transferred from			
Appropriation Reserves	A-14	\$	1,655.75
Operations	A-1		<u>1,142.75</u>
			2,798.50
		\$	<u>12,417.51</u>
Decreased by:			
Cash Disbursements	A-4	\$	<u>3,930.50</u>
			<u>3,930.50</u>
Balance, December 31, 2017	A	\$	<u><u>8,487.01</u></u>

"A-19"

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	525,848.79
Increased by:			
Collections - 2018 Taxes	A-5		6,764,041.67
		\$	<u>7,289,890.46</u>
Decreased by:			
Applied to Taxes Receivable	A-9		<u>525,848.79</u>
Balance, December 31, 2017	A	\$	<u><u>6,764,041.67</u></u>

"A-20"

SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2016	A	\$	40,107.76
2017 Tax Levy:			
County Tax	A-1:A-9	\$	8,089,350.68
Added County Taxes	A-1:A-9		<u>20,497.56</u>
			<u>8,109,848.24</u>
		\$	<u>8,149,956.00</u>
Decreased by:			
Cash Disbursements	A-4	\$	<u><u>8,149,956.00</u></u>

"A-21"

BOROUGH OF BERNARDSVILLE

CURRENT FUND

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAX

REF.

Increased by:		
Levy Calendar Year 2017	A-9	\$ <u>25,047,057.00</u>
Decreased by:		
Payment to Regional District School	A-4	\$ <u><u>25,047,057.00</u></u>

"A-22"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Increased by:		
Levy Calendar Year 2017	A-1:A-9	\$ <u>456,063.86</u>
Decreased by:		
Cash Disbursements	A-4	\$ <u><u>456,063.86</u></u>

BOROUGH OF BERNARDSVILLE

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>ACCRUED 2017 BUDGET</u>	<u>RECEIVED</u>	<u>UNAPPROPRIATED APPLIED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Municipal Alliance Program - 2013	\$ 1,224.91	\$		\$	1,224.91
Municipal Alliance Program - 2014	703.06				703.06
Municipal Alliance Program - 2015	9,661.53		5,030.54		4,630.99
Municipal Alliance Program - 2016	13,557.00		4,371.11		9,185.89
Municipal Alliance Program - 2017		21,535.00	10,578.10		10,956.90
Municipal Alliance Program - Other Municipalities	0.39	3,284.00	3,284.05		0.34
Recycling Tonnage		9,870.80	9,870.80		
Child Passenger Safety Grant	3,652.59				3,652.59
Click it or Ticket Grant	2,887.09				2,887.09
Bulletproof Vests		2,024.00		2,024.00	
Body Armor Replacement Fund		1,946.21	1,946.21		
Muni Youth Services Grant		3,000.00	3,000.00		
Muni Youth Services Grant		10,000.00	10,000.00		
Clean Communities Program		21,524.35	21,524.35		
OEM - EMAA Grant		7,000.00	7,000.00		
Police Donation		3,000.00		3,000.00	
	<u>\$ 31,686.57</u>	<u>\$ 83,184.36</u>	<u>\$ 76,605.16</u>	<u>\$ 5,024.00</u>	<u>\$ 33,241.77</u>
<u>REF.</u>	<u>A</u>	<u>A-2</u>	<u>A-4</u>	<u>A-25</u>	<u>A</u>

BOROUGH OF BERNARDSVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>2017 BUDGET APPROPRIATIONS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE DECEMBER 31, 2017</u>
	\$	\$	\$	\$
Drunk Driving Enforcement Fund	8,934.01		956.90	7,977.11
Municipal Alliance Program - State - 2016	16,595.56		11,194.17	5,401.39
Municipal Alliance Program - Other Muni 2016	3,284.00			3,284.00
Municipal Alliance Program - Local Marching 2016	6,383.68		612.97	5,770.71
Municipal Alliance Program - 2017		21,535.00	10,400.09	11,134.91
Municipal Alliance Program - 2017 Match		5,100.00	2,911.39	2,188.61
Municipal Alliance Program - Other Muni 2017		3,284.00	3,284.00	
Reserve for Police Donations			1,403.34	
Clean Communities Grant	3,471.00	21,524.35	25,630.00	2,067.66
Alcohol Education and Rehab.	26,609.36		375.00	22,503.71
Body Armor Replacement Fund - 2017	2,631.31		5,372.60	2,256.31
Office of Emergency Management Exercise	3,348.60	2,024.00	1,946.21	
Donation for Senior Citizen's Van	3,606.99	1,946.21	1,737.68	8,869.31
Somerset County Youth Services	2,252.72	7,000.00		2,252.72
Youth Service - Bedminster Township	5,000.00		5,000.00	
Federal Bulletproof Vest Grant	1,354.05		4,689.03	310.97
Police Donation	1,500.00	3,000.00	4,500.00	
Recycling Tonnage Grant	42,296.41	9,870.80	26,440.30	25,726.91
Somerset Hills BOE - DARE Program	763.28		763.28	
DOT Overtime Reimbursement	1,000.00		1,000.00	
Mayor Wellness Campaign	300.00			300.00
Hennessey Family Charity	250.00			250.00
Donation - Rescue Squad	500.00			500.00
Click It or Ticket Grant	2,876.55		317.12	2,559.43
Sustainable NJ	2,497.10		2,333.30	163.80
Municipal Youth Services Grant		5,000.00	3,000.00	2,000.00
Municipal Youth Services Grant		5,000.00		5,000.00
Municipal Youth Services Grant		3,000.00		3,000.00
	<u>\$ 140,454.62</u>	<u>\$ 88,284.36</u>	<u>\$ 115,221.43</u>	<u>\$ 113,517.55</u>

REF.

A

A-3

A

Cash Disbursements
Encumbrances Payable
Less: Refunds

\$ 76,871.69
40,519.06
117,390.75
2,169.32
\$ 115,221.43

BOROUGH OF BERNARDSVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>RECEIPTS</u>	<u>APPLIED TO RECEIVABLES</u>	<u>BALANCE DECEMBER 31, 2017</u>
Recycling Tonnage Grant	\$ 0.43	\$		\$ 0.43
Municipal Alliance-Other Match	0.05			0.05
Body Armor Replacement Fund	2,024.58		2,024.00	0.58
Donation - Paragano	3,000.00	5,000.00	3,000.00	5,000.00
Recycling Grant		11,865.00		11,865.00
Police Donation - St. Johns		250.00		250.00
	<u>\$ 5,025.06</u>	<u>\$ 17,115.00</u>	<u>\$ 5,024.00</u>	<u>\$ 17,116.06</u>

REF.

A

A-4

A-23

A

BOROUGH OF BERNARDSVILLE

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2016			
Due From	A	\$ 13,022.53	\$ 13,022.53
Cash Receipts	A-4	<u>220.84</u>	<u>220.84</u>
Cash Disbursements	A-4	\$ 7,470.84	\$ 7,470.84
Transfer - Grant Match	A-13	<u>5,100.00</u>	<u>5,100.00</u>
Balance, December 31, 2017			
Due From	A	\$ <u><u>25,372.53</u></u>	\$ <u><u>25,372.53</u></u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF TRUST CASH

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2016 (as restated)	B	\$ 5,702.92	\$ 10,327,315.96
Increased by Receipts:			
Dog License Fees	B-5	\$ 5,547.00	
Miscellaneous Fees	B-5	836.00	
State Registration Fees	B-6	657.60	
Prepaid Licenses	B-4	1,128.00	
Due Current Fund	B-8	19.32	
Various Reserves and Deposits	B-3		2,668,055.12
Due Current Fund	B-7		5,766,771.19
Due General Capital Fund	B-7		200.00
Payroll Deductions Payable	B-2		6,999,843.33
Deferred Charge - Deficit in Community Gardens			15.00
		<u>8,187.92</u>	<u>15,434,884.64</u>
		\$ <u>13,890.84</u>	\$ <u>25,762,200.60</u>
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	B-5	\$ 4,500.00	
State Registration Fees	B-6	616.80	
Various Reserves and Deposits	B-3		2,138,242.83
Due Current Fund	B-7		5,340,885.43
Due General Capital Fund	B-7		90,000.00
Due Current Fund	B-8	219.75	
Payroll Deductions Payable	B-2		6,994,174.05
		<u>5,336.55</u>	<u>14,563,302.31</u>
Balance, December 31, 2017	B	\$ <u>8,554.29</u>	\$ <u>11,198,898.29</u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016 (as restated)	B	\$	74,785.28
Increased by:			
Cash Receipts	B-1	\$	<u>6,999,843.33</u>
			7,074,628.61
Decreased by:			
Cash Disbursements	B-1		<u>6,994,174.05</u>
Balance, December 31, 2017	B	\$	<u><u>80,454.56</u></u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2016	CASH RECEIPTS	EXPENDITURES	BALANCE DECEMBER 31, 2017
Landfill Closure	\$ 11,098.25	\$	11,098.25	\$
POAA	2,523.52		2,523.52	
Tax Sale Premium	322,600.00	266,900.00	182,200.00	407,300.00
Outside Lien Redemption	1,535.82	245,713.05	242,174.83	5,074.04
Lost Funds		65.00		65.00
Recreation		82,952.48	80,604.42	2,348.06
Housing Trust (COAH)	2,463,142.01	296,065.38	83,507.06	2,675,700.33
Escrow	366,636.57	163,057.37	208,434.29	321,259.65
Railroad Station	150,081.40	91,902.32	64,990.13	176,993.59
Shade Tree	46,249.49	17,201.00	30,540.00	32,910.49
Accumulated Absences	499,778.69	629,000.00	487,580.05	641,198.64
Community Garden		880.00	346.45	533.55
Police Outside Duty	25,191.79	275,363.00	281,506.50	19,048.29
Special Law Enforcement Trust	785.48	1.85	38.52	748.81
Open Space	6,590,299.86	470,217.67	433,218.84	6,627,298.69
Snow Removal	100,000.00	95,630.00	99,994.68	95,635.32
Public Defender	6,386.24	456.63		6,842.87
Fire Prevention	3,131.47	2,473.37	4,320.00	1,284.84
Construction Code - Due State	3,215.00	30,176.00	33,391.00	
	<u>\$ 10,592,655.59</u>	<u>\$ 2,668,055.12</u>	<u>\$ 2,246,468.54</u>	<u>\$ 11,014,242.17</u>
	REF. B	B-1		B
Encumbrances Payable	B-9		\$ 94,603.94	
Cash Disbursements	B-1		2,138,242.83	
Due Current	B-7		<u>13,621.77</u>	
			<u>\$ 2,246,468.54</u>	

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF PREPAID LICENSES - ANIMAL CONTROL FUND

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ <u>768.00</u>
Increased by:		
Cash Receipts	B-1	<u>1,128.00</u>
		\$ <u>1,896.00</u>
Decreased by:		
Applied	B-5	<u>768.00</u>
Balance, December 31, 2017	B	\$ <u><u>1,128.00</u></u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	4,010.78
Increased by:			
License Fees Collected	B-1	\$	5,547.00
Prepaid Licenses Applied	B-4		768.00
Miscellaneous Fees	B-1		<u>836.00</u>
			7,151.00
		\$	<u>11,161.78</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-1		<u>4,500.00</u>
Balance, December 31, 2017	B	\$	<u><u>6,661.78</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2015 \$	6,078.00
2016	<u>5,670.00</u>
\$	<u><u>11,748.00</u></u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF STATE REGISTRATION FEES
ANIMAL CONTROL FUND

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	72.60
Increased by:			
Registration Fees	B-1		<u>657.60</u>
			730.20
Decreased by:			
Cash Disbursements	B-1		<u>616.80</u>
Balance, December 31, 2017	B	\$	<u><u>113.40</u></u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GENERAL CAPITAL FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2016:				
Due From	B	\$ 429,909.91	\$	429,909.91
Due To	B	<u>89,800.00</u>	<u>89,800.00</u>	<u></u>
Increased by:				
Cash Receipts	B-1	5,766,971.19	200.00	5,766,771.19
Reserves Cancelled	B-3	<u>13,621.77</u>	<u></u>	<u>13,621.77</u>
		\$ <u>5,870,392.96</u>	\$ <u>90,000.00</u>	\$ <u>5,780,392.96</u>
Decreased by:				
Cash Disbursements	B-1	<u>5,430,885.43</u>	<u>90,000.00</u>	<u>5,340,885.43</u>
Balance, December 31, 2017:				
Due To	B	\$ <u><u>9,597.62</u></u>	\$ <u><u></u></u>	\$ <u><u>9,597.62</u></u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-ANIMAL CONTROL FUND

	<u>REF.</u>		
Balance, December 31, 2016 - (Due To)	B	\$	851.54
Increased by:			
Cash Receipts	B-2		<u>19.32</u>
		\$	870.86
Decreased by:			
Cash Disbursements	B-2		<u>219.75</u>
Balance, December 31, 2017 - (Due To)	B	\$	<u><u>651.11</u></u>

BOROUGH OF BERNARDSVILLE

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Increased by:		
Encumbrances Payable	B-1	\$ <u>94,603.94</u>
Balance, December 31, 2017	B	\$ <u><u>94,603.94</u></u>

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	5,376,177.73
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-6	\$	780,600.00
Due Current Fund	C-14		2,171,111.89
Due Sewer Utility Capital Fund	C-13		61,609.38
Due Trust Fund	C-12		90,000.00
Refunds	C-8		4,100.20
State Aid Receivable	C-10		256,250.00
			<u>3,363,671.47</u>
		\$	<u>8,739,849.20</u>
Decreased by Disbursements:			
Due Current Fund	C-14	\$	1,800,745.72
Contracts Payable	C-7		2,570,016.38
Fund Balance Anticipated as Current Fund Revenue	C-1		20,000.00
Due Sewer Utility Capital Fund	C-13		441,609.38
Due Trust Fund	C-12		200.00
			<u>4,832,571.48</u>
Balance, December 31, 2017	C	\$	<u><u>3,907,277.72</u></u>

"C-3"

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

BALANCE
DECEMBER
31, 2017

Fund Balance	\$	1,366.66
Capital Improvement Fund		72,962.03
Improvement Authorizations Funded as Set Forth on "C-8"		3,112,458.33
Prospective Assessments to be Raised by Taxation		(100,000.00)
Contracts Payable		1,064,240.70
Various Reserves		275,000.00
State Aid Receivable		<u>(518,750.00)</u>
	\$	<u><u>3,907,277.72</u></u>

REF.

C

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 14,581,000.00
Decreased by:		
2017 Budget Appropriation to Pay Bonds	C-9	<u>876,000.00</u>
Balance, December 31, 2017	C	<u><u>\$ 13,705,000.00</u></u>

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ANALYSIS OF BALANCE - DECEMBER 31, 2017</u>		
		<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>UNEXPENDED IMPROVEMENT AUTHORIZATIONS</u>
1481/1501	Downtown Projects - Supplemental	\$ 200.00 \$	200.00 \$	200.00
		\$ 200.00 \$	200.00 \$	200.00
	<u>REF.</u>	C	C	
	Improvement Authorizations Unfunded	C-8		200.00

"C-6"

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	165,345.03
Increased by:			
2017 Budget Appropriation	C-2	\$	780,600.00
Improvement Authorizations Canceled	C-8		<u>1,517.00</u>
			782,117.00
		\$	<u>947,462.03</u>
Decreased by:			
2017 Improvement Authorizations	C-8		<u>874,500.00</u>
Balance, December 31, 2017	C	\$	<u><u>72,962.03</u></u>

"C-7"

SCHEDULE OF CONTRACTS PAYABLE

Increased by:			
Charges to Improvement Authorizations	C-8	\$	<u>3,634,257.08</u>
Decreased by:			
Cash Disbursements	C-2		<u>2,570,016.38</u>
Balance, December 31, 2017	C	\$	<u><u>1,064,240.70</u></u>

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE		2017 AUTHORIZATIONS	NET PAID OR CHARGED	CANCELED	REFUNDS	BALANCE	
		DATE	AMOUNT	DECEMBER 31, 2016	UNFUNDED					DECEMBER 31, 2017	UNFUNDED
				FUNDED						FUNDED	
General Improvements:											
10-1537	Various Improvements	3/22/10	\$ 900,000.00	\$ 13,247.64	\$	\$	13,247.64	\$		\$	\$
10-1539	Improvements of Various Roads	5/10/10	450,000.00	97,539.99						97,539.99	
10-1573	Rebuilding Claremont Stens	11/8/10	120,000.00	22,019.55			21,935.80			83.75	
11-1579	Various Improvements	1/17/11	900,000.00	2,500.00			2,495.25			4.75	
11-1590	Various Improvements	5/23/11	100,000.00	2,289.05				2,289.05			
12-1597	Various Improvements	1/23/12	970,000.00	2,020.18			2,020.18				
13-1621	Various Improvements	2/20/13	1,200,000.00	10,000.00			10,000.00				
13-1643	Road Equipment (Bomford)	9/23/13	107,000.00	1,517.00			1,517.00				
14-1652	Various Improvements	3/24/14	535,000.00	99,742.83			96,581.08			655.34	
14-1664	Peters Tract	5/27/14	17,500.00	5,815.25			4,995.25			820.00	
14-1666	Various Improvements	7/14/14	2,470,000.00	144,142.76			144,142.76				
14-1671	Drainage Claremont Field	9/22/14	90,000.00	8,201.00						8,201.00	
14-1672	Guide Rail Replacement	9/22/14	60,000.00	6,895.00							
15-1691	Various Improvements	5/26/15	6,698,000.00	5,087,828.22		90,000.00	6,895.00		330.20	2,915,207.70	
15-1693	Various Equipment	6/8/15	333,000.00	60,836.84			60,836.84				
16-1712	Construct Basketball Court Repairs	3/14/16	141,000.00	11,743.52			11,743.52				
16-1715	Various Equipment	5/9/16	50,000.00	248,562.77			229,950.24		3,770.00	22,382.53	
16-1721	Repair Claremont Steps	6/27/16	60,000.00	32,500.00			32,500.00				
17-1732	Improvements to the Bernardsville Municipal Building Site	1/23/17	250,000.00		250,000.00		231,334.95			18,665.05	
17-1734	Generator at the Bernardsville Library	2/14/17	150,000.00		150,000.00		150,000.00				
17-1743;1754	Various Equipment and Improvements	10/23/17	365,000.00		365,000.00		320,867.55			44,132.45	
17-1752	Four Wheel Drive Vehicle for DPW	10/10/17	26,000.00		26,000.00		24,017.00			1,983.00	
Local Improvements:											
1481/1501	Downtown Projects-Sidewalks	4/30/08	649,200.00	10,526.07	200.00		7,743.30			2,782.77	200.00
				\$ 5,967,927.67	\$ 200.00	\$ 881,000.00	\$ 3,634,257.08	\$ 6,312.46	\$ 4,100.20	\$ 3,112,459.33	\$ 200.00
		REF.	C	C	C		C-7		C-2	C-C-3	C-C-5
	Capital Surplus	C-1		\$		\$ 6,500.00					
	Capital Improvement Fund	C-6				874,500.00					
				\$		881,000.00					
	Capital Surplus	C-1						\$ 4,795.46			
	Capital Improvement Fund	C-6						1,517.00			
								\$ 6,312.46			

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Bonds of 2007	2/15/2007	\$ 4,579,000.00				\$ 370,000.00	\$ 370,000.00	\$
General Bonds of 2015	8/27/2015	12,984,000.00	8/15/2018	495,000.00				
			8/15/2019	520,000.00				
			8/15/2020	550,000.00				
			8/15/2021	590,000.00				
			8/15/2022	900,000.00				
			8/15/2023	900,000.00				
			8/15/2024	900,000.00				
			8/15/2025	900,000.00				
			8/15/2026	900,000.00				
			8/15/2027	900,000.00				
			8/15/2028	900,000.00				
			8/15/2029	900,000.00				
Refunding Bonds of 2015	9/29/2015	1,714,000.00	8/15/2030	900,000.00				
			8/15/2031	900,000.00				
			8/15/2032	900,000.00		12,530,000.00	475,000.00	12,055,000.00
			2/15/2018	401,000.00				
			2/15/2019	436,000.00				
			2/15/2020	430,000.00				
			2/15/2021	383,000.00		1,681,000.00	31,000.00	1,650,000.00
						<u>\$ 14,581,000.00</u>	<u>\$ 876,000.00</u>	<u>\$ 13,705,000.00</u>
					<u>REF.</u>	C	C-4	C

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 775,000.00
Decreased by:		
Cash Receipts	C-2	<u>256,250.00</u>
Balance, December 31, 2017	C	<u><u>\$ 518,750.00</u></u>

ANALYSIS OF BALANCE

New Jersey Department of Transportation:	
Ordinance #10-1537 / 10-1539 Safe Routes to Schools	\$ 300,000.00
Ordinance #15-1691 NJDOT	43,750.00
Ordinance #15-1691 Federal Highway Administration	100,000.00
Ordinance #14-1666 NJDOT	<u>75,000.00</u>
	<u><u>\$ 518,750.00</u></u>

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

REF.

Balance, December 31, 2016 and
December 31, 2017

C

\$ 275,000.00

Analysis of Balance

Prospective Assessments

\$ 100,000.00

Federal Highway Administration Grant

100,000.00

N.J. DOT Grant

75,000.00

\$ 275,000.00

"C-12"

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DUE TRUST OTHER FUND

REF.

Balance, December 31, 2016 (Due From)	C	\$	89,800.00
Increased by:			
Cash Disbursements	C-2		<u>200.00</u>
		\$	<u>90,000.00</u>
Decreased by:			
Cash Receipts	C-2	\$	<u><u>90,000.00</u></u>

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DUE SEWER UTILITY CAPITAL FUND

REF.

Balance, December 31, 2016 (Due To)	C	\$ 380,000.00
Increased by:		
Cash Receipts	C-2	<u>61,609.38</u>
		\$ <u>441,609.38</u>
Decreased by:		
Cash Disbursements	C-2	\$ <u><u>441,609.38</u></u>

"C-14"

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

REF.

Balance, December 31, 2016 (Due From)	C	\$ 370,366.17
Increased by:		
Cash Disbursements	C-2	<u>1,800,745.72</u>
		\$ <u>2,171,111.89</u>
Decreased by:		
Cash Receipts	C-2	\$ <u><u>2,171,111.89</u></u>

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2017</u>
<u>Local Improvements:</u>			
1481/1501	Downtown Projects-Sidewalks	\$ <u>100,000.00</u>	\$ <u>100,000.00</u>
		\$ <u>100,000.00</u>	\$ <u>100,000.00</u>
	<u>REF.</u>	C	C

"C-16"

BOROUGH OF BERNARDSVILLE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2017</u>
1481/1501	Downtown Projects-Sidewalks	\$ <u>200.00</u>
		\$ <u><u>200.00</u></u>

BOROUGH OF BERNARDSVILLE

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2016	E	\$	\$ 777,242.29	\$ 780,220.35
Increased by Receipts:				
Sewer Rents Receivable	E-7		1,247,536.10	
Connection Fees	E-3		19,500.00	
Interest on Investments	E-3		3,012.20	
Sewer Rents Prepaid	E-8		3,763.37	
Due Current Fund	E-13		211,435.31	
Capital Improvement Fund	E-21			170,000.00
Overpayments	E-12		1,017.64	
Miscellaneous	E-3		11,890.45	
Due Sewer Operating Fund	E-15			121,431.92
Due Sewer Capital Fund	E-11		66.82	
Due General Capital Fund	E-24			380,000.00
			<u>1,498,221.89</u>	<u>671,431.92</u>
			2,275,464.18	1,451,652.27
Decreased by Disbursements:				
Appropriations	E-4		1,260,246.65	
Appropriation Reserves	E-9		34,381.99	
Accounts Payable				
Payment to Current Fund as Anticipated Revenue	E-1		25,000.00	
Accrued Interest Payable	E-14		36,013.26	
Overpayments Refunded	E-12		1,017.64	
Improvement Authorizations	E-18			380,915.83
Due Sewer Capital Fund	E-11		120,000.00	
Due Current Fund	E-13		211,435.31	
Due Sewer Operating Fund	E-15			1,498.74
Refund of Prior Year Revenue	E-1		<u>2,937.74</u>	
			<u>1,691,032.59</u>	<u>382,414.57</u>
Balance, December 31, 2017	E	\$	<u>584,431.59</u>	<u>1,069,237.70</u>

"E-6"

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER 31,
2017

Fund Balance	\$	14,094.81
Capital Improvement Fund		356,095.90
Encumbrances Payable		109,500.85
Improvement Authorizations:		
Ord. 13-1620 Improvement of the Sanitary Sewerage System		582,873.45
Ord. 15-1702 Improvement of the Sanitary Sewerage System		3,794.08
Ord. 17-1750 Replacement of WWTP Sludge Pump		<u>2,878.61</u>
	\$	<u><u>1,069,237.70</u></u>

REF.

E

"E-7"

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

	<u>REF.</u>		
Balance, December 31, 2016	E	\$	116,488.57
Increased by:			
Sewer Rents Levied			<u>1,274,396.83</u>
		\$	<u>1,390,885.40</u>
Decreased by:			
Collections	E-5	\$	1,247,536.10
Cancellation of receivables			3,181.88
Prepaid Applied	E-8		<u>3,727.28</u>
			<u>1,254,445.26</u>
Balance, December 31, 2017	E	\$	<u><u>136,440.14</u></u>

"E-8"

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER RENT PREPAID

Balance, December 31, 2016	E	\$	3,727.28
Increased by:			
Collected	E-5		<u>3,763.37</u>
		\$	<u>7,490.65</u>
Decreased by:			
Applied	E-7		<u>3,727.28</u>
Balance, December 31, 2017	E	\$	<u><u>3,763.37</u></u>

BOROUGH OF BERNARDSVILLE

SEWER UTILITY OPERATING FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

		BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages		\$ 19,067.31	\$ 19,067.31	\$ 2,217.32	\$ 16,849.99
Other Expenses		16,774.90	47,377.11	31,719.92	15,657.19
Contributions to:					
Social Security System (O.A.S.I.)		<u>2,758.73</u>	<u>2,758.73</u>	<u>444.75</u>	<u>2,313.98</u>
		<u>\$ 38,600.94</u>	<u>\$ 69,203.15</u>	<u>\$ 34,381.99</u>	<u>\$ 34,821.16</u>
	<u>REF.</u>	E		E-5	E-1
Balance, December 31, 2016	E		\$ 38,600.94		
Encumbrances Payable	E-10		30,602.21		
Cash Disbursements	E-5		<u> </u>	<u>\$ 34,381.99</u>	
			<u>\$ 69,203.15</u>	<u>\$ 34,381.99</u>	

BOROUGH OF BERNARDSVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	E	\$	30,602.21
Increased by:			
Charges to 2017 Budget Appropriations	E-4	\$	<u>32,644.40</u>
		\$	63,246.61
Decreased by:			
Transferred to Appropriation Reserves	E-9		<u>30,602.21</u>
Balance, December 31, 2017	E	\$	<u><u>32,644.40</u></u>

BOROUGH OF BERNARDSVILLE

SEWER UTILITY OPERATING FUND

SCHEDULE OF DUE SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance, December 31, 2016 (Due to)	E	\$ 120,000.00
Balance, December 31, 2016 (Due From)	E	(66.82)
Increased by:		
Receipts	E-5	<u>66.82</u>
		\$ <u>120,000.00</u>
Decreased by:		
Disbursements	E-5	\$ <u><u>120,000.00</u></u>

"E-12"

BOROUGH OF BERNARDSVILLE

SEWER UTILITY OPERATING FUND

SCHEDULE OF SEWER RENT OVERPAYMENTS

REF.

Increased by:
Cash Receipts

E-5 \$ 1,017.64

Decreased by:
Cash Disbursements

E-5 \$ 1,017.64

"E-13"

SEWER UTILITY OPERATING FUND

SCHEDULE OF DUE CURRENT FUND

Increased by:
Cash Receipts

E-5 \$ 211,435.31

Decreased by:
Cash Disbursements

E-5 \$ 211,435.31

"E-14"

BOROUGH OF BERNARDSVILLE

SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

	<u>REF.</u>		
Balance, December 31, 2016	E	\$	14,150.40
Increased by:			
Charges to Budget Appropriations	E-4		<u>36,000.00</u>
			50,150.40
Decreased by:			
Cash Disbursements	E-5		<u>36,013.26</u>
Balance, December 31, 2017	E	\$	<u><u>14,137.14</u></u>

"E-15"

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE FROM SEWER OPERATING FUND

Balance, December 31, 2016 (Due From)	E	\$	119,933.18
Increased by:			
Disbursements	E-5		<u>1,498.74</u>
			<u>121,431.92</u>
Decreased by:			
Receipts	E-5	\$	<u><u>121,431.92</u></u>

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	<u>ORDINANCE #</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>TRANSFERRED FROM FIXED AUTHORIZED & UNCOMPLETED</u>	<u>BALANCE DECEMBER 31, 2016</u>
Pickup Truck	96-1061	\$ 22,474.12		\$ 22,474.12
Sewer Plant Line	Capital Outlay	8,000.00		8,000.00
Purchase and Installation of Pumps/Motors for Morrison Avenue Pump Station	97-1104	16,677.62		16,677.62
Purchase of Air Compressor	98-1132	11,260.00		11,260.00
Construction of Storage Shed	98-1133	14,896.00		14,896.00
Design Engineering for Childs Road Pumping Station	99-1170	45,000.00		45,000.00
Purchase of Equipment at GPU Pumping Station	00-1196	50,000.00		50,000.00
Purchase of Sewer Jet Equipment	99-1165	37,836.00		37,836.00
Pickup Truck/Generator Morris Avenue Pump Station	01-1233	49,168.64		49,168.64
Improvements of the Sanitary Sewerage System	00-1202	700,000.00		700,000.00
Remediation of Contaminated Soil and Ground	95-1048	30,000.00		30,000.00
Various Projects	97-1087	96,339.44		96,339.44
Acq of Sewer Equipment	02-1290	55,000.00		55,000.00
Improvement to Pumping Station	03-1330	35,000.00		35,000.00
Improvement to Morris Ave Pumping Station	03-1336	15,000.00		15,000.00
Engineering Service for WT Plant	10-1546	37,000.00		37,000.00
Utility Pickup Truck w/Crane Hoist	10-1566	55,000.00		55,000.00
SBR Control System Improvements	11-1566	79,000.00		79,000.00
Traveling Bridge Filters Engineering Study	12-1600	17,000.00		17,000.00
Improvements to Pumping Station	02-1297		14,672.19	14,672.19
Sludge Aeration Blower, SBR Blower/Motor and Air Compressor	04-1367		36,065.00	36,065.00
Replacement of Filter Media in the Wastewater Treatment Plant	06-1438		49,483.00	49,483.00
Improvements of the Sanitary Sewerage System	12-1610		636,930.85	636,930.85
Utility Pickup Truck with Snow Plow	12-1616		31,131.00	31,131.00
Improvements of the Sanitary Sewerage System	15-1702		128,000.00	128,000.00
Improvements of the Sanitary Sewerage System	15-1690		293,437.78	293,437.78
		<u>\$ 1,374,651.82</u>	<u>1,189,719.82</u>	<u>\$ 2,564,371.64</u>

REF.

E

E-17

E

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

ACCOUNT	ORDINANCE #	BALANCE DECEMBER 31, 2016	DEFERRED CHARGES TO FUTURE REVENUE	TRANSFERRED TO FIXED CAPITAL	CANCELLED	BALANCE DECEMBER 31, 2017
Improvements to Pumping Station	02-1297	\$ 15,000.00	\$	14,672.19	327.81	\$
Sludge Aeration Blower, SBR Blower Motor and Air Compressor	04-1367	40,000.00		36,065.00	3,935.00	
Various Projects	05-1399	65,000.00				65,000.00
Replace Filter Media in Water Treatment Plant	06-1438	50,000.00		49,483.00	517.00	
Wastewater Treatment Plant Traveling Bridge Filter	07-1469	65,000.00				65,000.00
Improvement of the Sanitary Sewerage System	12-1610	637,000.00		636,930.85	69.15	
Utility Pickup Truck w/Snow Plow	12-1616	35,000.00		31,131.00	3,869.00	
Improvement of the Sanitary Sewerage System	13-1620	700,000.00				700,000.00
Reconstruct/Rehab Sewer Main - Liberty Road	15-1687	128,000.00		128,000.00		
Improvement of the Sanitary Sewerage System	15-1690	400,000.00		293,437.78	6,562.22	100,000.00
Improvement of the Sanitary Sewerage System	15-1702	25,000.00				25,000.00
Replacement of WWTP Sludge Pump	17-1750		40,000.00			40,000.00
		<u>\$ 2,160,000.00</u>	<u>\$ 40,000.00</u>	<u>1,189,719.82</u>	<u>15,280.18</u>	<u>\$ 995,000.00</u>
REF.		E	E-20	E-16	E-18	E

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2016		2017 AUTHORIZATION	PAID OR CHARGED	CANCELLED	BALANCE DECEMBER 31, 2017		
		DATE	AMOUNT	FUNDED	FUNDED				FUNDED	FUNDED	
<u>General Improvements:</u>											
02-1297	Improvements to Pumping Station	10/21/2002	\$ 15,000.00	\$	327.81	\$		\$	327.81	\$	
04-1367	Sludge Aeration Blower, SBR Blower Motor and Air Compressor	11/8/2004	40,000.00		11,880.00		7,945.00		3,935.00		
05-1399	Various Projects	8/15/2005	65,000.00		5,383.00		5,383.00				
06-1438	Replace Filter Media in Water Treatment Plant	7/10/2006	50,000.00		517.00				517.00		
12-1610	Improvement of the Sanitary Sewerage System	6/11/2012	700,000.00		11,381.85		11,312.70		69.15		
12-1616	Utility Pick-Up Truck with Snow Plow	11/26/2012	35,000.00		3,869.00				3,869.00		
13-1620	Improvement of the Sanitary Sewerage System	1/14/2013	700,000.00		692,873.45		110,000.00			582,873.45	
15-1690	Improvement of the Sanitary Sewerage System	5/26/2015	400,000.00		325,216.81		318,654.59		6,562.22	3,794.08	
15-1702	Improvement of the Sanitary Sewerage System	9/14/2015	25,000.00		3,794.08					2,878.61	
17-1750	Replacement of WWTP Sludge Pump	9/11/2017	40,000.00			40,000.00	37,121.39				
				\$	1,055,243.00	\$	490,416.68	\$	15,280.18	\$	
										589,546.14	
										E	
		<u>REF.</u>									
	Capital Improvement Fund	E-21		\$	40,000.00						
	Cash Disbursements	E-5		\$	380,915.83						
	Encumbrances Payable	E-23			109,500.85						
				\$	490,416.68						
	Capital Improvement Fund	E-21		\$	8,648.81						
	Fund Balance	E-2			6,631.37						
				\$	15,280.18						

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2016	E	\$	1,235,651.82
Increased by:			
Serial Bonds Paid by Operating Budget	E-22	\$	99,000.00
Transfer from Deferred Reserve for Amortization	E-20		<u>454,719.82</u>
			<u>553,719.82</u>
Balance, December 31, 2017	E	\$	<u><u>1,789,371.64</u></u>

"E-20"

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2016	E		\$ 735,000.00
Increased by:			
Fixed Capital Authorized	E-17	\$ 40,000.00	
			<u>40,000.00</u>
			775,000.00
Decreased by:			
Canceled Improvement Authorization	E-18	15,280.18	\$
To Reserve for Amortization Fixed Capital	E-19	<u>454,719.82</u>	
			<u>470,000.00</u>
Balance, December 31, 2017	E		<u>\$ 305,000.00</u>

Analysis of Balance:

Various Projects		\$ 65,000.00
Improvement of the Sanitary Sewerage System		110,000.00
Improvement of the Sanitary Sewerage System		65,000.00
Improvement of the Sanitary Sewerage System		25,000.00
Replacement of WWTP Sludge Pump		<u>40,000.00</u>
		<u>\$ 305,000.00</u>

"E-21"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016	E		\$ 217,447.09
Increased by:			
2017 Budget Appropriation	E-5	\$ 170,000.00	
Improvement Authorization Canceled	E-18	<u>8,648.81</u>	
			<u>178,648.81</u>
			396,095.90
Decreased by:			
Improvement Authorizations	E-18		<u>40,000.00</u>
Balance, December 31, 2017	E		<u>\$ 356,095.90</u>

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Improvement of Sanitary Sewerage System	2/15/2007	\$ 525,000.00				\$ 45,000.00	\$ 45,000.00	\$
	8/27/2015	1,360,000.00	8/15/2018	\$ 55,000.00	2.250%			
General Bonds of 2015			8/15/2019	60,000.00	2.250%			
			8/15/2020	60,000.00	2.250%			
			8/15/2021	60,000.00	2.250%			
			8/15/2022	75,000.00	2.250%			
			8/15/2023	80,000.00	2.250%			
			8/15/2024	85,000.00	2.250%			
			8/15/2025	90,000.00	2.250%			
			8/15/2026	95,000.00	2.380%			
			8/15/2027	100,000.00	2.500%			
			8/15/2028	100,000.00	2.630%			
			8/15/2029	100,000.00	3.000%			
			8/15/2030	100,000.00	3.000%			
			8/15/2031	100,000.00	3.000%			
			8/15/2032	100,000.00	3.000%			
						1,310,000.00	50,000.00	1,260,000.00
Refunding Bonds of 2015	9/25/2015	213,000.00	2/15/2018	53,000.00	1.350%			
			2/15/2019	52,000.00	1.350%			
			2/15/2020	51,000.00	1.350%			
			2/15/2021	49,000.00	1.350%			
						209,000.00	4,000.00	205,000.00
						<u>1,564,000.00</u>	<u>99,000.00</u>	<u>1,465,000.00</u>
						E	E-19	E
					<u>REF.</u>			

BOROUGH OF BERNARDSVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Increased by:		
Encumbrances Issued	E-18	\$ <u>109,500.85</u>
Balance, December 31, 2017	E	\$ <u><u>109,500.85</u></u>

BOROUGH OF BERNARDSVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance, December 31, 2016 (Due From)	E	\$ <u>380,000.00</u>
Decreased by:		
Receipts	E-5	\$ <u><u>380,000.00</u></u>

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

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2016	F	\$ <u>43,911.90</u>	\$ <u>68.76</u>
Increased by Receipts:			
Due Swim Pool/Recreation Utility Capital Fund		\$ <u>0.24</u>	\$ <u> </u>
		\$ <u>0.24</u>	\$ <u> </u>
Decreased by Disbursements:			
Anticipated as Revenue in Current Fund Budget	F-1	\$ 43,472.14	\$
Due Current Fund		440.00	
Due Swim Pool/Recreation Utility Operating Fund			0.24
Capital Improvement Fund			<u>68.52</u>
		\$ <u>43,912.14</u>	\$ <u>68.76</u>
Balance, December 31, 2017	F	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

BOROUGH OF BERNARDSVILLE

SWIMMING POOL/RECREATION UTILITY FUND

SCHEDULE OF FIXED CAPITAL

	BALANCE DECEMBER 31, 2016	CANCELLED
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>\$ 481,719.00</u>	<u>\$ 481,719.00</u>

REF.

F

F-5

BOROUGH OF BERNARDSVILLE

SWIMMING POOL/RECREATION UTILITY FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance December 31, 2016	F	\$ <u>68.52</u>
Decreased by:		
Cancel	F-4	\$ <u><u>68.52</u></u>

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

	<u>REF.</u>	
Balance, December 31, 2016	F	\$ <u>481,719.00</u>
Decreased by:		
Cancelled	F-3	\$ <u><u>481,719.00</u></u>

PART II

BOROUGH OF BERNARDSVILLE

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2017		YEAR 2016	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,577,750.98	3.25	\$ 1,595,000.00	3.39
Miscellaneous-From Other Than Local				
Property Tax Levies	2,800,686.19	5.77	2,378,310.25	5.05
Collection of Delinquent Taxes and				
Tax Title Liens	541,672.78	1.12	404,576.07	0.86
Collection of Current Tax Levy	<u>43,634,935.21</u>	<u>89.87</u>	<u>42,623,959.07</u>	<u>90.69</u>
<u>TOTAL INCOME</u>	<u>\$ 48,555,045.16</u>	<u>100.00%</u>	<u>\$ 47,001,845.39</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 13,051,614.86	27.96	\$ 12,368,586.73	27.20
County Taxes	8,109,848.24	17.37	8,106,574.36	17.83
School Taxes	25,047,057.00	53.66	24,527,302.00	53.94
Municipal Open Space Taxes	456,063.86	0.98	460,678.35	1.01
Other	<u>14,938.87</u>	<u>0.03</u>	<u>12,139.16</u>	<u>0.03</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 46,679,522.83</u>	<u>100.00%</u>	<u>\$ 45,475,280.60</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,875,522.33		\$ 1,526,564.79	
Fund Balance, January 1	<u>2,082,353.82</u>		<u>2,150,789.03</u>	
	\$ 3,957,876.15		\$ 3,677,353.82	
Less: Utilization as Anticipated Revenue	<u>1,577,750.98</u>		<u>1,595,000.00</u>	
Fund Balance, December 31	<u>\$ 2,380,125.17</u>		<u>\$ 2,082,353.82</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE-SEWER UTILITY FUND

	YEAR ENDED DECEMBER 31, 2017		YEAR ENDED DECEMBER 31, 2016	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 80,000.00	5.71%	\$ 60,000.00	4.26%
Collection of Sewer Rents	1,251,263.38	89.34%	1,273,682.67	90.40%
Miscellaneous - Other Than Sewer Rents	69,223.81	4.94%	75,230.58	5.34%
<u>TOTAL INCOME</u>	<u>\$ 1,400,487.19</u>	<u>100.00%</u>	<u>\$ 1,408,913.25</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 1,002,000.00	72.77%	\$ 954,245.00	75.20%
Capital Improvements	170,000.00	12.35%	120,000.00	9.46%
Debt Service	135,000.00	9.80%	139,755.00	11.01%
Deferred Charges and Statutory Expenditures	67,000.00	4.87%	55,000.00	4.33%
Refund of Prior Year Revenue	2,937.74	0.21%		
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,376,937.74</u>	<u>100.00%</u>	<u>\$ 1,269,000.00</u>	<u>100.00%</u>
Excess in Revenue	23,549.45		\$ 139,913.25	
Fund Balance, January 1	570,228.28		515,315.03	
	\$ 593,777.73		\$ 655,228.28	
Decreased by:				
	25,000.00		25,000.00	
Utilized as Anticipated Revenue	80,000.00		60,000.00	
Fund Balance, December 31	<u>\$ 488,777.73</u>		<u>\$ 570,228.28</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$1.927	\$1.876	\$1.837
Appointment of Tax Rate:			
Municipal	0.416	0.400	0.384
Municipal Library	0.034	0.033	0.034
County	0.356	0.353	0.354
Municipal Open Space	0.020	0.020	0.020
Local School	1.101	1.070	1.045

Assessed Valuation:

Year 2017	\$2,274,557,257.00		
Year 2016		\$2,292,050,134.00	
Year 2015			\$2,308,708,231.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2017	\$43,941,146.28	\$43,634,935.21	99.30%
2016	43,211,655.89	42,623,959.07	98.64%
2015	42,493,654.39	42,044,464.38	98.94%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2017	\$5,382.80	\$302,685.26	\$308,068.06	0.70%
2016	5,168.90	545,389.67	550,558.57	1.27%
2015	4,962.54	412,514.78	417,477.32	0.98%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$13,100.00
2016	13,100.00
2015	13,100.00

EQUALIZED VALUATIONS – REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$2,312,390,853.00
2016	2,308,111,492.00
2015	2,298,680,100.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN BUDGET</u> <u>OF SUCCEEDING</u> <u>YEAR</u>
Current Fund	2017	\$2,380,125.17	\$1,892,301.66 *
	2016	2,082,353.82	1,577,750.98
	2015	2,150,789.03	1,595,000.00
	2014	2,000,598.99	1,570,000.00
	2013	1,946,697.67	1,570,000.00
Sewer Utility Operating Fund	2017	\$488,777.73	\$357,750.00 *
	2016	570,228.28	80,000.00
	2015	515,315.03	60,000.00
	2014	488,874.30	60,000.00
	2013	424,662.74	69,850.00

* Per Introduced Budget

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Kevin Sooy	Mayor	
Michael DePoortere	Council President	
Peter Birnbaum	Councilman	
Jeffrey J. DeLeo	Councilman	
Chris Schmidt	Councilman	
Bill Youngblood	Councilman	
Michael Sullivan	Councilman	
Ralph A. Maresca, Jr.	Administrator	*
	Chief Financial Officer	*
John D. Cassells	Assistant to the Administrator/CFO	*
Leslie Roberson	Tax Collector	*
	Sewer Collector	*
	Tax Searcher	*
Sandra G. Jones	Borough Clerk/Assistant Administrator	*
	Dog Licensing Official	*
	Assessment Searcher	*
	Held positions up to 6/29/17	
Anthony Suriano	Acting Borough Clerk 7/1/17 – Present	*
	Deputy Borough Clerk up to 6/29/17.	*
Cindy Beringer	Deputy Borough Clerk 7/1/17 – Present	*
Katherine Howes	Judge – Shared Service with Bedminster	
Teresa Van Allen	Court Administrator	*
John Pidegon	Attorney	
John M. MacDowall	Assistant to the Engineer/Public Works Director	*

All of the Bonds were examined and were properly executed.

*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.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has elected to increase its bid threshold to \$40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Various Infrastructure Improvements
Grass-cutting and Lawn Maintenance
Road Improvements
Library Generator

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.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000.00 "for the performance of any work or the furnishing or hiring of any material or supplies," other than those where bids had been previously sought by public advertisement or where resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2017 for the following professional services:

Auditor
Attorney
Engineer
Bond Counsel
Wastewater Consulting

In addition, purchases utilizing state contracts were made for the following:

Portable Radios – Police
Fire Brush Truck

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 3, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

"BE IT RESOLVED by the Governing Body of the Borough of Bernardsville that the rate of interest on delinquent taxes and assessments owed to the said Borough of Bernardsville, be and it hereby is set at eight percent (8%) on the first One Thousand Five Hundred Dollars (\$1,500.00) of taxes due and eighteen percent (18%) of any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). Such interest shall not be charged, however, on payments made within ten (10) days from the due date."

"BE IT FURTHER RESOLVED there will be a six percent (6%) penalty on delinquency of Ten Thousand Dollars (\$10,000.00) or more at the end of the calendar year."

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

A tax sale was held on September 13, 2017.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

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

<u>YEAR</u>	<u>AMOUNT</u>
2017	1
2016	1
2015	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

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 the mailing of verification notices as follows:

TYPE

Payments of 2018 Taxes	25
Payments of 2017 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Finance

During our examination of the financial records, we discovered that the Escrow Trust and Payroll bank accounts were not reconciled on a timely basis. In addition, detailed analysis of the balances in these accounts were not accurately maintained. Bank reconciliations are an important element of good internal controls and should be performed on a monthly basis.

In the General Capital Fund, we noted that the Federal and State Grants Receivable balance contained items that show no activity over the last several accounting periods. These balances should be reviewed to determine their validity.

RECOMMENDATIONS

That the Escrow and Payroll bank accounts be reconciled on a monthly basis and that the balances in each account be analyzed.

That the Federal and State Grants Receivable balances in the General Capital Fund be reviewed for validity.

